

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 8, 2021**

**NEW AND RENEWAL ISSUES  
BOOK-ENTRY-ONLY BONDS**

**RATING: See “RATING” herein  
SERIAL BONDS**

*In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds 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 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Bonds 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 City WILL designate the Bonds as “qualified tax-exempt obligations” pursuant to the provisions of Section 265(b)(3) of the Code.*

**CITY OF PORT JERVIS  
ORANGE COUNTY, NEW YORK**

**\$6,680,000\***

**VARIOUS PURPOSES SERIAL BONDS – 2021 SERIES A  
(the “Series A Bonds”)**

**Dated Date: Date of Delivery**

**Maturity Date: October 1, 2022 – 2036**

**\$2,035,000\***

**REFUNDING SERIAL BONDS – 2021 SERIES B  
(the “Series B Bonds” and together with the Series A Bonds, the “Bonds”)**

**Dated Date: Date of Delivery**

**Maturity Date: September 1, 2022 - 2033**

The Bonds are general obligations of the City of Port Jervis, in the County of Orange, New York (the “City”), and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the City, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the “Tax Levy Limit Law”). (See “*Tax Levy Limit Law*” herein).

The Series A Bonds will be dated the date of delivery, will bear interest from such date payable October 1, 2022 and semiannually thereafter on April 1 and October 1 in each year until maturity and will mature on October 1 in the years and amounts as set forth on the inside cover page hereof. The Series B Bonds will be dated the date of delivery, will bear interest from such date payable March 1, 2022, September 1, 2022 and semiannually thereafter on March 1 and September 1 in each year until maturity and will mature on September 1 in the years and amounts as set forth on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity on the dates and subject to the conditions described herein. (See “*Optional Redemption*” herein.)

At the option of the purchaser(s), the Bonds will be either (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, Jersey City, New Jersey (“DTC”) as book-entry bonds.

If the Bonds are registered in the name of the successful bidder(s), a single note certificate will be issued for those Bonds bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Bonds will be payable in Federal Funds by the City, 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).

If the Bonds are issued in book-entry form, such bonds will be delivered to DTC, which will act as Securities Depository for such Bonds. Said Bonds will be registered to Cede & Co. as partnership nominee for DTC. Individual purchases of such Bonds may be made in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds issued in book-entry form. Principal of and interest on such Bonds will be paid in Federal Funds by the City to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Bonds as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See “*Description of Book-Entry System*” herein.)

Capital Markets Advisors, LLC has served as the Municipal Advisor to the City in connection with the issuance of the Bonds.

The Bonds are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the offices of DTC on or about October 7, 2021.

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

Dated: September \_\_, 2021

\* Preliminary, subject to change.

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

The Series A Bonds will mature on October 1, subject to optional redemption, in the following years and principal amounts:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>
2022	\$330,000				2030**	\$480,000			
2023	340,000				2031**	490,000			
2024	360,000				2032**	500,000			
2025	375,000				2033**	510,000			
2026	395,000				2034**	520,000			
2027	415,000				2035**	530,000			
2028	435,000				2036**	545,000			
2029	455,000								

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

\*\* Subject to optional redemption prior to maturity. (See “*Optional Redemption*” herein).

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

The Series B Bonds will mature on September 1, subject to optional redemption, in the following years and principal amounts:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>
2022	\$140,000				2028	\$175,000			
2023	135,000				2029	180,000			
2024	140,000				2030**	190,000			
2025	145,000				2031**	195,000			
2026	150,000				2032**	205,000			
2027	165,000				2033**	215,000			

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

\*\* Subject to optional redemption prior to maturity. (See “*Optional Redemption*” herein).

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

**CITY OF PORT JERVIS  
ORANGE COUNTY, NEW YORK**

**KELLY B. DECKER  
Mayor**

**CITY COUNCIL**

LISA M. RANDAZZO-MISCZUK ..... COUNCILWOMAN-AT-LARGE

REGIS FOSTER ..... COUNCILMAN

DOMINICK SANTINI ..... COUNCILMAN

MARIA MANN .....COUNCILWOMAN

CHANDLER CAMPBELL ..... COUNCILMAN

KRISTIN TROVEL.....COUNCILWOMAN

GERALD ONEY..... COUNCILMAN

STANLEY SIEGEL ..... COUNCILMAN

TIMOTHY SIMMONS..... COUNCILMAN

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LAURA QUICK..... CITY CLERK-TREASURER

WILLIAM A. FRANK, ESQ.. .....CORPORATION COUNSEL

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**BOND COUNSEL**

**HAWKINS DELAFIELD & WOOD LLP**  
*New York, New York*

**MUNICIPAL ADVISOR**



**CAPITAL MARKETS ADVISORS, LLC**  
*Long Island \* Hudson Valley \* Southern Tier \* Western New York*  
**(516) 487-9818**

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

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**OFFICIAL STATEMENT**  
**CITY OF PORT JERVIS**  
**ORANGE COUNTY, NEW YORK**

relating to

**\$6,680,000\***

**VARIOUS PURPOSES SERIAL BONDS – 2021 SERIES A**

and

**\$2,035,000\***

**REFUNDING SERIAL BONDS – 2021 SERIES B**

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the City of Port Jervis, in the County of Orange, in the State of New York (the “City”, “County” and “State,” respectively) in connection with the sale of \$6,680,000\* Various Purposes Serial Bonds – 2021 Series A (the “Series A Bonds”) and \$2,035,000\* Refunding Serial Bonds – 2021 Series B (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”).

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the City’s overall economic situation and outlook (and all of the specific City 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 BONDS**

***Description of the Bonds***

The City will act as Fiscal Agent for the Bonds. Paying agent fees, if any, will be paid by the purchaser. The City’s contact information is as follows: Ms. Laura Quick, City Clerk-Treasurer, telephone number: (845) 858-4000 x4012, email: [clerktreasurer@portjervisny.gov](mailto:clerktreasurer@portjervisny.gov).

The Series A Bonds are dated their Date of Delivery and will bear interest from that date until maturity, payable on October 1, 2022 and semiannually thereafter on April 1 and October 1 in each year until maturity. The Series A Bonds shall mature on October 1 in each year in the principal amounts specified on the inside cover page hereof. The Series B Bonds are dated their Date of Delivery and will bear interest from that date until maturity, payable on March 1, 2022, September 1, 2022 and semiannually thereafter on March 1 and September 1 in each year until maturity. The Series B Bonds shall mature on September 1 in each year in the principal amounts specified on the inside cover page hereof.

The Bonds will be subject to redemption prior to maturity as described herein. (See “*Optional Redemption*” herein.)

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

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\* Preliminary, subject to change.

***Authority for and Purpose of the Series A Bonds***

The Series A Bonds are issued pursuant to the Constitution and Laws of the State, including among others, the General Municipal Law, the Local Finance Law, the General City Law, the City Charter and various bond resolutions duly adopted by the Common Council on their respective dates. A portion of the proceeds from the sale of the Bonds in the amount of \$2,360,000, together with \$140,000 in available funds, will be used to redeem the City’s outstanding Bond Anticipation Notes – 2020 at maturity on October 8, 2021 as described in the table below. A portion of the proceeds from the sale of the Bonds in the amount of \$4,320,000 will be used to provide for various capital projects original financing as described in the table below.

<u>Purpose</u>	<u>Authorization Date</u>	<u>Amount Outstanding</u>	<u>Principal Paydown</u>	<u>New Money</u>	<u>Amount to Bonds</u>
Construction of Road Improvements on East Main Street and South Maple Avenue	8/27/2018 <sup>(1)</sup>	\$2,500,000	\$140,000	\$2,500,000	\$4,860,000
Acquire a Rescue/Pumper Fire Truck	8/23/2021	0	0	770,000	770,000
Acquire a Light Duty Rescue Vehicle	8/23/2021	0	0	200,000	200,000
Acquire a Large Snow Blower	8/23/2021	0	0	150,000	150,000
Acquire a Dump Truck with Plow	8/23/2021	0	0	200,000	200,000
Construct a New DPW Facility	8/23/2021	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>500,000</u>
Totals:		<u>\$2,500,000</u>	<u>\$140,000</u>	<u>\$4,320,000</u>	<u>\$6,680,000</u>

(1) Amended on August 23, 2021.

***Authorization and the Refunding Plan for the Series B Bonds***

The Series B Bonds are being issued pursuant to the Constitution and Laws of the State, including among others, the Local Finance Law, the General City Law, the City Charter and a refunding bond resolution adopted by the Common Council of the City on August 23, 2021 (the “Refunding Bond Resolution”). The Series B Bonds are being issued to refund up to \$2,250,000 of the outstanding principal of the City’s Various Purposes Serial Bonds – 2013 which mature in the years 2022 to 2033, inclusive (the "Refunded Bonds"). Under the Refunding Plan, the Refunded Bonds are to be called and redeemed as detailed in the table on the following page.

The net proceeds from the sale of the Series B Bonds (after payment of the underwriting fee and other costs of issuance relating to the Series B Bonds) will be used to purchase non-callable, direct obligations of or obligations guaranteed by the United States of America (the “Government Obligations”) which, together with remaining cash proceeds from the sale of the Series B Bonds, will be placed in an irrevocable trust fund (the “Escrow Fund”) to be held by Manufacturers and Traders Trust Company Corporate Trust Services (the “Escrow Holder”), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the City and the Escrow Holder, dated as of the delivery date of the Series B Bonds (the “Escrow Contract”). The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of, interest on and applicable redemption premium, if any, of the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the Refunding Bond Resolution of the City and the Escrow Contract, to pay the Refunded Bonds at maturity or at the earliest date on which the Refunded Bonds may be called for redemption prior to maturity.

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

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

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

The following is a summary of the Refunded Bonds:

Refunded Bonds\*:

<u>Maturity Date:</u>	<u>Principal*</u>	<u>Coupon</u>	<u>CUSIP</u>	<u>Redemption Date/Price*</u>
September 1, 2022	\$150,000	4.000%	734540 KH9	November 8, 2021 @ 100%
September 1, 2023	155,000	4.000	734540 KJ5	November 8, 2021 @ 100%
September 1, 2024	160,000	4.000	734540 KK2	November 8, 2021 @ 100%
September 1, 2025	165,000	4.000	734540 KL0	November 8, 2021 @ 100%
September 1, 2026	170,000	4.000	734540 KM8	November 8, 2021 @ 100%
September 1, 2027	180,000	4.000	734540 KN6	November 8, 2021 @ 100%
September 1, 2028	190,000	4.125	734540 KP1	November 8, 2021 @ 100%
September 1, 2029	195,000	4.250	734540 KQ9	November 8, 2021 @ 100%
September 1, 2030	205,000	4.375	734540 KR7	November 8, 2021 @ 100%
September 1, 2031	215,000	4.500	734540 KS5	November 8, 2021 @ 100%
September 1, 2032	225,000	4.500	734540 KT3	November 8, 2021 @ 100%
September 1, 2033	<u>240,000</u>	4.500	734540 KU0	November 8, 2021 @ 100%
Total:	<u>\$2,250,000</u>			

\* Preliminary, subject to change.

### ***Sources and Uses of Proceeds of the Series B Bonds***

Sources:

Refunding Bond Proceeds:	
Par Amount	\$
Original Issue Premium (Discount)	
Total:	

Uses:

Refunding Escrow Deposits:	\$
Delivery Date Expenses:	
Costs of Issuance and Contingency	
Underwriter's Discount	
Total:	\$

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

Causey Demgen & Moore P.C. will verify from the information provided to them, the mathematical accuracy, as of the date of the closing of the Series B Bonds, of: (1) the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits listed in the underwriter's schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium requirements, if any, of the Refunded Bonds, and (2) the computations of the yield on both the Government Obligations and the Series B Bonds. Causey Demgen & Moore P.C. will express no opinion on the assumptions provided to them.

### ***Optional Redemption***

The Series A Bonds maturing on or before October 1, 2029 are not subject to redemption prior to maturity. The Series A Bonds maturing on or after October 1, 2030 will be subject to redemption prior to maturity, at the option of the City, on any date on or after October 1, 2029, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption equal to the principal amount of the Series A Bonds to be redeemed, plus accrued interest to the date of redemption.

The Series B Bonds maturing on or before September 1, 2029 are not subject to redemption prior to maturity. The Series B Bonds maturing on or after September 1, 2030 will be subject to redemption prior to maturity, at the option of the City, on any date on or after September 1, 2029, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption equal to the principal amount of the Series B Bonds to be redeemed, plus accrued interest to the date of redemption.

The City may select the maturities of the Bonds to be redeemed and the amount to be redeemed of each maturity selected, as the City shall determine to be in the best interest of the City at the time of such redemption. If less than all the Bonds of any maturity are to be redeemed prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the City by lot in any customary manner of selection as determined by the City Clerk-Treasurer. Notice of such call for redemption shall be given by mailing such notice to the registered owner not less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date of redemption set forth in such call for redemption, become due and payable, together with accrued interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

### ***Nature of Obligation***

The Bonds when duly issued and paid for will constitute a contract between the City and the holder thereof.

The Bonds will be general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Bonds, the City has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the City, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein.)

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State is specifically precluded from restricting the power of the City to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the City’s power to increase its annual tax levy. As a result, the power of the City to levy real estate taxes on all the taxable real property within the City is subject to statutory limitations set forth in Tax Levy Limit Law, unless the City complies with certain procedural requirements to permit the City to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*” herein.)

## **DESCRIPTION OF BOOK-ENTRY SYSTEM**

The Depository Trust Company (“DTC”) will act as securities depository for any Bonds issued in book-entry form. Said Bonds will be issued as fully-registered bonds and 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 bond certificate will be issued for each maturity of each series of Bonds, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”)



deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

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

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

to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond 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 City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (IV) THE SELECTION BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER AND BONDOWNER.

### **REMEDIES UPON DEFAULT**

Neither the Bonds nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds should the City default in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds upon the occurrence of any such default. The Bonds are general obligation contracts between the City and the owners for which the faith and credit of the City are pledged and while remedies for enforcement of payment are not expressly included in the City'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 Bonds at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the City. 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 City 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 City and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Bonds, the owners of such Bonds could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the City to assess, levy and collect an ad valorem tax, upon all taxable property of the City subject to taxation by the City sufficient to pay the principal of and interest on the Bonds 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 Bonds and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. 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 Bonds 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 Bondholders, 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*, 40 N.Y.2d 1088 (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 City.

Pursuant to Article VIII, Section 2 of the State Constitution, the City 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.

### **NO PAST DUE DEBT**

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

## **MUNICIPAL BANKRUPTCY**

The undertakings of the City should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended (“Chapter IX”) and, in general, to other bankruptcy laws affecting creditors’ rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner’s creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the City could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the City 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 Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the “indubitable equivalent”. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the City, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may 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. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has enacted legislation establishing financial control boards and fiscal stability authorities to monitor finance matters and restructure outstanding indebtedness for the cities of Yonkers, Troy and Buffalo and for the counties of Nassau and Erie.

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

The above references to the Bankruptcy Act are not to be construed as an indication that the City is currently considering or expects to resort to the provisions of the Bankruptcy Act.

## **FINANCIAL CONTROL BOARDS**

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has

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

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

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

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

Several municipalities in the State are presently working with the FRB. The City has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

## **RISK FACTORS**

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

The City’s credit rating could be affected by circumstances beyond the City’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 City 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 City’s credit rating could adversely affect the market value of the Bonds.

If and when an owner of any of the Bonds should elect to sell all or a part of the Bonds 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 Bonds. The market value of the Bonds is dependent upon the ability of holder to potentially incur a capital loss if such Bonds are sold prior to their maturity.

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

The City 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 availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State’s economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefore. The City’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 City 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, the City 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 City will have market access for any such borrowing on a cost effective basis. (See also “*Impacts of COVID-19*” and “*State Aid*” herein.)

In addition, in some recent years, the City’s receipt of State aid was delayed as a result of the County’s delay in disseminating State aid to municipalities within its borders, including the City. If the County should further delay payments to the municipalities within its borders, including the City, in this year or future years, the City may be affected by such a delay.

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

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the City, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Bonds. (See “*Tax Levy Limit Law*” herein.)

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

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 City’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, COVID-19, a respiratory disease caused by a new strain of coronavirus, 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 affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State also declared a state of emergency (which has now been terminated) and the Governor took steps designed to mitigate the spread and impacts of COVID-19. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected 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. Similarly, the degree of the impact to the City’s operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the City. The City is monitoring the situation and will take such proactive

measures as may be required to maintain its operations and meet its obligations. (See “*Impacts of COVID-19*” and “*State Aid*” herein).

## **CYBERSECURITY**

The City, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the City may invest in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage City digital networks and systems and the costs of remedying any such damage could be substantial. In 2019, the City employed a third-party to vet the City’s information technology and has implemented additional security and backup systems.

## **LITIGATION**

The City, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury or other types of claims. Of the claims pending, none are expected to have a material effect on the City, if adversely settled.

The City is a defendant in pending certiorari proceedings, the results of which could require the payment of future tax refunds by the City, if existing assessment rolls are modified based on the outcome of the litigation proceedings. The amount of the possible refunds cannot be determined at the present time. It is expected that any payments pursuant to such judgments will be funded in the year in which the payment is made.

## **TAX MATTERS**

### ***Opinion of Bond Counsel***

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds 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 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the City (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Bonds, 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 City and others in connection with the Bonds, and Bond Counsel has assumed compliance by the City with certain ongoing 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 Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Bonds 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 other federal, state or local tax consequences arising with respect to the Bonds, 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 its 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 Bonds.

### ***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 Bonds in order that interest on such Bonds 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 Bonds, 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 Bonds 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 City, in executing the Tax Certificate, will certify to the effect that the City 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 the exclusion of interest on the Bonds 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 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bonds. 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 Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, 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 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

### ***Original Issue Discount***

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (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 Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Obligation”), OID that has accrued and is properly allocable to the owners of the Discount Obligations under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Obligation 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 Obligation. An owner’s adjusted basis in a Discount Obligation is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Obligation even though there will not be a corresponding cash payment.



Owners of Discount Obligations 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 Obligations.

### ***Bond Premium***

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

### ***Information Reporting and Backup Withholding***

Information reporting requirements will apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or 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 Bond 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 Bonds 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, could adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) or such decisions could affect the market price or marketability of the Bonds.

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

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of each series of Bonds are subject to the respective approving legal opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. The respective opinions of Bond Counsel will be in substantially the forms attached hereto in Appendix D.

## **DISCLOSURE UNDERTAKINGS**

### ***Disclosure Undertaking for the Bonds***

In order to assist the purchaser in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”) with respect to the Bonds, the City will execute an Undertaking to Provide Continuing Disclosure for each series of Bonds, the form of which is attached hereto as Appendix E.

### ***Compliance History***

The City made late filings of the event notices related to the rating downgrades by Moody’s Investor Service on March 16, 2016 and December 20, 2016. The City filed a failure to timely file notice with respect to these late filings.

For the fiscal year ended December 31, 2016, the City was unable to provide full updated information for its annual financial information and operating data within 180 days of the close of its fiscal year. The City was six days late in completing the updated information for their continuing disclosure document.

## **RATING**

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

On August 29, 2017, Moody’s assigned a credit rating of “Baa1” to the outstanding indebtedness of the City.

Such ratings reflect only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency, at the following address: Moody’s Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody’s circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such bonds or the availability of a secondary market for those bonds and notes.

## **MUNICIPAL ADVISOR**

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

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

Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

### **ADDITIONAL INFORMATION**

Additional information, including the City's most recent audited financial statements, may be obtained from Ms. Laura Quick, City Clerk-Treasurer, 20 Hammond Street, Port Jervis, New York 12771, (845) 858-4000 x4012 or from the City's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 487-9818.

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

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

The City hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

The statements contained in this Official Statement and the appendices hereto that are not purely historical are forwardlooking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date of this Official Statement, and the City assumes no obligation to update any such forward-looking statements. The forwardlooking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material.

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

CITY OF PORT JERVIS  
ORANGE COUNTY, NEW YORK

By: \_\_\_\_\_  
Laura Quick  
City Clerk-Treasurer

DATED: September \_\_, 2021

**APPENDIX A**

**THE CITY**

## **THE CITY**

### ***General Information***

The City was incorporated in 1907 and is located in the southwestern part of Orange County at the juncture of the Delaware and Neversink Rivers at that point where the States of New York, New Jersey and Pennsylvania meet, approximately 80 miles northwest of New York City. According to 2020 data from the U.S. Census Bureau, the population of the City is approximately 8,775. The City has a diverse economic base, being one of the retail trading centers for the surrounding rural-suburban area as well as the site of certain industrial, governmental and educational establishments. The City is largely residential in character but has a number of light industries.

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

The City has the powers and responsibilities inherent in the operation of a municipal government, including independent taxing and debt issuance authority. Subject to the provisions of the State constitution, the City operates under the charter adopted on September 18, 1981, and in accordance with other statutes, including the General City Law, the General Municipal Law, the Local Finance Law and the Real Property Tax Law, to the extent that these statutes apply to a city operating pursuant to a charter.

### ***Elected and Appointed Officials***

The Common Council is the legislative body of the City and consists of nine members elected to serve two-year terms, plus the Mayor. It is the responsibility of the Common Council to approve, by resolution, all legislation, including ordinances and local laws, adopt and modify, as required, operating and capital budgets, levy real property taxes and authorize the issuance of all indebtedness.

The Mayor is elected at a general election for a two-year term and there is no restriction on the number of terms that may be served. As a member of the Common Council, the Mayor presides over this body but is not eligible to vote on matters before the Common Council. However, he must approve the resolutions adopted by the Common Council in order for such resolutions to become effective.

The Mayor is the Chief Executive Officer of the City. Appointive officers, including those of the City Clerk-Treasurer, Corporation Council and City Assessor, are nominated by the Mayor and appointed by the Common Council.

### ***City Services***

The City is responsible for and provides the following services: maintains police, fire, sanitation, water, sewer, streets, and various park and recreational facilities. Pursuant to State law, the County, not the City, is responsible for providing health and social services.

Public education is provided by the City School District of the City of Port Jervis (the "School District"), which serves the City and certain areas outside the City. The School District has a separately elected governing body and has independent taxing and debt issuance authority.

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## ***Employees***

The City provides services through 77 full-time and 50 part-time employees, some of which are represented by two unions. The Civil Service Employees Association represents clerical workers and various labor groups including certain supervisory personnel and the Police Benevolent Association is the collective bargaining agent for the City policemen. The following table summarizes the current contract status of each unit.

<b><u>Employees</u></b>		
<b><u>Number of Employees</u></b>	<b><u>Organization</u></b>	<b><u>Contract Expiration Date</u></b>
36	Civil Service Employees Association	12/31/22
31	Policemen's Benevolent Association ("PBA")	12/31/21

## ***Employee Pension Benefits***

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System (the "Retirement System" or "ERS"). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for members hired on or after January 1, 2010 whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at which time contributions become voluntary. Members hired after January 1, 2010 through and including March 31, 2012 must contribute three percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

Pension reform enacted by New York State changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the City. Under the previous method, the City was not provided with the required payment until after its budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the City is notified of and can include the actual cost of the employer contribution in its budget. The pension reform law also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible. The pension payment date for all local governments was changed from December 15 to February 1.

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

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

The New York State Retirement System has advised the City that municipalities can elect to make employer contribution payments in December or the following February, as required. If such payments are made in December

prior to the scheduled payment date in February, such payments may be made at a discount amount. The City has not prepaid its employer contributions in December but has instead made all of its employer contributions in February. The City amortized a portion of its required contributions in the amount of \$374,860 for 2013, \$471,320 for 2015 and \$32,900 for 2016.

The City’s contributions to ERS and PFRS, inclusive of amortization repayments, for the last three fiscal years are as follows:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2018	\$456,437	\$741,405
2019	462,666	747,186
2020	462,749	769,129

Due to significant capital market declines in certain years, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State’s Retirement System continues to be higher than the minimum contribution rate established by the pension reform law. The State calculates contribution amounts based upon a five-year rolling average. As a result, contribution rates are expected to remain higher than the minimum contribution rates set by the pension reform law in the near-term. To mitigate the expected increases in the employer contribution rate, legislation was enacted that authorizes local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 3%. The legislation also required those local governments and school districts, who decide to amortize their pension obligations pursuant to the new law, to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance.

In Spring 2013, the State and ERS approved a Stable Contribution Option (“SCO”), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. For ERS, the 2013-14 SCO rate is 12%. The City will not be participating in the modified ERS SCO plan at this time.

***Other Post Employment Benefits***

Accounting rule, GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”) has been replaced by GASB Statement No. 75 (“GASB 75”), which requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

Under GASB 75, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements. There is no longer an amortized liability like under GASB 45, but now reflects the full liability.

GASB 75 does not require that the unfunded liabilities actually be funded, only that the City account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation will be required every 2 years for the City.

The City is in compliance with the requirements of GASB 75 as was required by the end of the City's 2020 fiscal year. It has been determined that the City's actuarial accrued liability ("AAL") for OPEB as of December 31, 2020 was approximately \$50,779,062 using a discount of 2.12%.

### ***Related Entities***

***Port Jervis Community Development Agency.*** Pursuant to the General Municipal Law, the City established the Port Jervis Community Development Agency (the "Agency") by Chapter 266 of the Laws of 1964, as amended by Chapter 71a of the Laws of 1968, which added Section 584 to the General Municipal Law. The purpose of the Agency is to manage redevelopment projects which correct blighted conditions existing within the City. By statute, the Agency is a body corporate and politic, perpetual in its duration, and possesses the following powers: to borrow money as provided by the General Municipal Law, acquire real property by purchase, condemnation or otherwise, accept grants or other forms of assistance from the Federal and State governments, as well as from public or private sources, and to provide for demolition and site clearance to effectuate development plans. In addition, the Agency possesses such implied powers as are required to conduct its program which are not otherwise inconsistent with the general provisions of law. The Agency is currently involved in Section 8 Housing Projects and in administering Urban Development Action Grant programs.

An acting Executive Director is responsible for the general supervision of day-to-day operations and administrative matters for the Community Development Agency.

***Port Jervis Industrial Development Agency.*** The Port Jervis Industrial Development Agency (the "IDA") was created by Chapter 475 of the Laws of 1972, which added Section 890-d to the General Municipal Law pursuant to the request of the Common Council as set forth in its resolution adopted January 24, 1972. In accordance with this statute, the IDA promotes, develops and assists in various industrial and commercial projects that advance job opportunities and improve the quality of life for the residents of the City. In furtherance of these objectives, the IDA may issue bonds or notes which are special obligations of the IDA payable solely from revenue derived from the lease, sale or other disposition of a project, subject only to any agreements with holders of particular bonds or notes pledging any particular moneys or revenues. The State has provided that interest income from such obligations shall be exempt from taxation except for transfer and estate taxes. None of the obligations issued by the IDA constitute a debt of the State of New York or the City, and neither the State nor the City is liable for payment of principal or interest thereon.

An Executive Director is responsible for the general supervision of day-to-day operations and administrative matters for the IDA.

***Port Jervis Housing Authority.*** Public housing in the City is the responsibility of the Port Jervis Housing Authority (the "Authority"), an independent governing agency created by Chapter 228 of the Laws of 1969, which added Section 521 to the Public Housing Law. The Authority currently maintains affordable housing units at Minisink Housing on Minisink Avenue and senior citizens' housing at Hillside Terrace at 39 Pennsylvania in the City.

***Port Jervis Parking Authority.*** Pursuant to the Public Authorities Law, the City established the Port Jervis parking Authority by Chapter 707 of the Laws of 1963, as amended by Chapter 972 of the laws of 1969, which added Section 1585-a to the Public Authorities Law.

## **FINANCIAL FACTORS**

### ***Budget Process***

The budget process begins in late summer as department heads prepare estimates of revenue and expenditures for the following year. Departmental estimates must be submitted to the City Clerk-Treasurer by October 1.

A tentative budget is submitted to the Mayor, on or before October 15. The Common Council reviews the tentative budget and may make changes or revisions that are not inconsistent with the law. After the review by the Common Council has been completed, notice is given of a public hearing on the tentative budget on or before November 10.



The public hearing on the budget is no later than November 30. Members of the public may express their views; however, there is no formal vote on the budget. Following the public hearing, the Common Council may make whatever additional revisions that they deem necessary. The final budget for the next fiscal year is adopted by resolution of the Common Council not later than December 31.

***Independent Audit***

The financial statements of the City have been audited by Bonadio & Co. LLP, independent certified public accountants. Appendix B to this Document presents a summary of the audited financial statements for the City’s last five fiscal years. The City’s audited financial statements for the fiscal year ended December 31, 2020 can be found on the Electronic Municipal Market Access (“EMMA”) website at the link provided in Exhibit C.

***Fund Structures and Accounts***

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

There are two broad fund categories: (1) governmental funds that are used to account for basic services and capital projects; and (2) fiduciary funds that account for assets held in a trustee or custodial capacity. Account groups, which do not represent funds, are concerned with the measurement of financial position and not the results of operations.

***Real Property Taxes***

The City receives a significant portion of its general fund revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B, herein). Property taxes accounted for 47.7% of total general fund revenues for the fiscal year ended December 31, 2020, while State aid accounted for 11.8%.

The following table sets forth total general fund revenues and real property tax revenues during the last five audited fiscal years and the amount budgeted for the current fiscal year.

<b><u>Property Taxes</u></b>			
<u>Fiscal Year</u>	<u>Total Revenues<sup>(1)</sup></u>	<u>Real Property Taxes</u>	<u>Percentage Real Property Taxes to Revenues</u>
2016	\$12,898,982	\$5,207,330	40.4%
2017	14,590,128	5,393,520	40.0
2018	13,581,951	6,160,164	45.4
2019	13,958,225	6,459,239	46.3
2020	13,474,987	6,425,495	47.7
2021 (Adopted Budget)	13,919,124	6,526,438	46.9

(1) General Fund.

Source: Audited Financial Statements and Adopted Budget of the City.

***State Aid***

The City receives financial assistance from the State. State aid is budgeted to be 11.2% of the total General Fund revenues in 2021.

If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City, in this year or future years, the

City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the City, may be affected by a delay in the payment of State aid.

The amount of State aid to municipalities, including the City, and school districts in the State is dependent in part upon the financial condition of the State. The State is not constitutionally obligated to maintain or continue State aid to the City. No assurance can be given that present State aid levels will be maintained in the future. Due to the outbreak of COVID-19, the State declared a state of emergency (which has now been terminated) and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected 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 the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or the delay, elimination or substantial reduction in payments to municipalities, school districts or other recipients of State aid in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "RISK FACTORS" herein.)

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

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

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

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The following table sets forth total general fund revenues and State aid during the last five audited fiscal years and the amount budgeted for the current fiscal year.

**State Aid**

<u>Fiscal Year</u>	<u>Total Revenues<sup>(1)</sup></u>	<u>State Aid</u>	<u>Percentage of State Aid to Revenues</u>
2016	\$12,898,982	\$1,688,813	13.1%
2017	14,590,128	1,535,376	10.5
2018	13,587,951	1,689,495	12.4
2019	13,958,225	1,727,569	12.4
2020	13,474,987	1,596,497	11.8
2021 (Adopted Budget)	13,919,124	1,554,429	11.2

(1) General Fund.

Source: Audited Financial Statements and Adopted Budget of the City.

***The State Comptroller’s Fiscal Stress Monitoring System and Compliance Reviews***

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

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

The most current applicable report of the State Comptroller designates the Town as “No Designation” with a fiscal score of 16.3 and an environmental score of 33.3.

The financial affairs of the City are subject to periodic compliance reviews by OSC to ascertain whether the City has complied with the requirements of various State and federal statutes. The City has not been audited by OSC in the past five years.

See the State Comptroller’s official website for more information regarding the foregoing. Reference to this website implies no warranty of accuracy of information therein. References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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## TAX INFORMATION

### *Real Estate Tax Levying Limitation*

The City is responsible for levying taxes for City purposes. The City’s real property tax levying powers, other than for debt service and certain other enumerated purposes, are limited by the State Constitution to two percent of the five-year average full valuation of taxable real property of the City.

The following table sets forth the computation of the City’s real estate tax levying limitation and the determination of its tax margin for the current fiscal year.

#### Real Property Tax Assessment and Rates

Fiscal Year Ending <u>December 31:</u>	<u>Assessed Valuation</u>	State Equalization <u>Ratio</u>	<u>Full Valuation</u>
2017	\$169,028,739	0.4400	\$ 384,156,225
2018	168,631,591	0.4200	401,503,788
2019	170,374,318	0.4000	425,935,795
2020	172,335,984	0.4100	420,331,668
2021	172,343,695	0.3824	<u>450,689,579</u>
Total Five-Year Full Valuation			<u>\$2,082,617,055</u>
Five-Year Average Full Valuation			<u>416,523,411</u>
2% of Five-Year Average Full Valuation			<u>8,330,468</u>
Total Tax Levy – General City Purposes			6,526,438
Less: Total Exclusions (Debt Service)			<u>1,171,503</u>
Tax Levy Subject to Tax Limit			<u>5,354,935</u>
Constitutional Tax Margin			<u>\$2,975,533</u>
Percentage of Tax Limit Exhausted			<u>64.28%</u>

Source: City of Port Jervis, Office of the City Clerk-Treasure and the New York State Office of Real Property Services.

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

The real property tax rate in the City is comprised of three separate elements: (1) general City purposes, (2) general County purposes and (3) School District purposes. Each rate is established during the budget process to balance total appropriations and estimated revenue. Real property taxes become payable upon the levy of such taxes by the Common Council, County Legislature and Board of Education, respectively.

The taxes levied by the City and County become a lien on the first day of January. County taxes are billed on a single statement and may be paid in-full during the month of January. City taxes are billed on March 15, with 1/2 payable on April 30 and 1/2 payable on June 30. Late April payments are subject to a 6% penalty until June 30, at which time all unpaid taxes are subject to the 7% penalty.

School taxes are levied and collected by the School District until November 1 at which time the unpaid taxes applicable to properties situated in the City are remitted to the City Tax Collector for collection and enforcement. A five percent administrative fee is added to all delinquent School District tax bills in addition to interest expense, which accrues from November 1 at 1% per month.

The City guarantees the County and School District the full amount of their respective tax levies. Prior to the annual tax sale (generally held in November), County taxes are remitted to the County only to the extent they are actually collected by the City. Following the tax sale, the City must make the County whole with respect to the amount of any taxes remaining unpaid.

According to the Real Property Tax Law, unpaid school taxes are paid to the School District as they are collected or at such time as the unpaid tax is included in the tax sale. The law further requires the City to pay the School District any tax remaining uncollected two years after such unpaid tax was presented to the City for collection.

Delinquent City, County and School District taxes are enforced by the City under Article 11, Title 3 of the Real Property Tax Law which provides for foreclosure by “action in rem”. In general, this section of the law permits foreclosure actions to be instituted for all tax liens due and unpaid for a period of at least four years. The statutory period of four years may be reduced to two years by resolution of the governing body. The City has elected to use the two-year period in order to strengthen its real property tax enforcement procedures.

The following table sets for the total amount of taxes levied and collected by the City for City purposes for the last five fiscal years. The collection period for the current year begins on March 15.

**Tax Levies and Collection**

<u>Year</u>	<u>Tax Levy</u>	<u>Current Collections</u>	<u>Percentage Collected</u>
2017	\$5,876,310	\$5,876,310	100.0%
2018	6,281,432	6,281,432	100.0
2019	6,524,951	6,524,951	100.0
2020	6,908,634	6,523,400	94.4
2021 <sup>(1)</sup>	7,000,065	6,397,521	91.4

(1) As of September 8, 2021

Source: City of Port Jervis, Office of the City Clerk-Treasurer.

***Valuations and Tax Data***

The table below shows the trend during the last five years for taxable assessed valuations, State equalization rates, full valuations, real property tax levies and real property tax rates.

**Assessed Valuations**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Value	\$169,028,739	\$168,631,591	\$170,374,318	\$172,335,984	\$172,343,695
Equal. Ratio	44.00%	42.00%	40.00%	41.00%	38.24%
Full Value	384,156,225	401,503,788	425,935,795	420,331,668	450,689,579
Tax levy	5,461,184	5,879,503	6,137,323	6,358,625	6,526,438
Tax Rate <sup>(1)</sup>	\$32.31	\$34.87	\$36.02	\$36.90	\$37.87

(1) Per \$1,000 assessed value, for City purposes.

***Tax Levy Limit Law***

Prior to the enactment of Chapter 97 of the Laws of 2011 (the “Tax Levy Limit Law”) on June 24, 2011, all the taxable real property within the City had been subject to the levy of ad valorem taxes to pay the bonds and notes of the City and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law, as amended, imposes a tax levy limitation upon the City for any fiscal year commencing after January 1, 2012, without providing an exclusion for debt service on obligations issued by the City. As a result, the power of the City to levy

real estate taxes on all the taxable real property within the City is subject to statutory limitations set forth in Tax Levy Limit Law.

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

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the City, subject to certain exceptions. The Tax Levy Limit Law permits the City to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The City is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the City, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the City. The City Common Council may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the City Common Council first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the City, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the City or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

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**Ten of the Largest Taxpayers**

The following table presents the taxable assessments of ten of the City’s largest taxpayers for the 2021 fiscal year.

<u><b>Taxable Assessments</b></u>			
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Valuation<sup>(1)</sup></u>
Orange & Rockland Utilities	Utility	\$22,810,552	13.25%
Kolmar Laboratories	Mfg. Cosmetics	3,678,500	2.14
RGMOB LP	Foreign Limited Partnership	1,204,400	0.70
Sutton Tudor Gardens Assoc.	Housing Complex	1,188,050	0.69
Rose Reality Holding Inc.	Real Estate	682,100	0.40
PJ Housing Preservation LP	Housing Complex	677,250	0.39
Blanton Radtke	Real Estate	627,250	0.36
YADI Capital LLC	Real Estate	597,200	0.35
SB One Reality LLC	Real Estate	590,000	0.34
KGK International Inc	Manufacturing	<u>527,400</u>	<u>0.31</u>
	Total	<u>\$32,582,702</u>	<u>18.93</u>

(1) The City’s total assessed value for the 2021 fiscal year is \$172,142,090.

Source: City of Port Jervis, Office of the City Clerk-Treasurer.

**CITY INDEBTEDNESS**

**Constitutional Requirements**

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

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

**Payment and Maturity.** Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid within one of the two 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 expiration of the period of probable usefulness of the object or purpose (as determined by statute) or, in the alternative, the weighted average period of probable usefulness of the several purposes for which it is contracted, unless the City determines to issue debt amortized on the basis of substantially level or declining annual debt service. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

**General.** The City is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. As has been noted under “*Nature of Obligation*”, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the City to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory

limitation on the City's power to increase its annual tax levy. As a result, the power of the City to levy real estate taxes on all the taxable real property within the City is subject to statutory limitations set forth in Tax Levy Limit Law, unless the City complies with certain procedural requirements to permit the City to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*" herein.)

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

There is no constitutional limitation on the amount that may be raised by the City 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 City to increase its annual tax levy. (See "*Tax Levy Limit Law*" herein.)

### ***Statutory Procedure***

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

Pursuant to the Local Finance Law, the City authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the City Common Council, the finance board of the City. Under certain circumstances, such resolutions may be subject to mandatory referendum pursuant to the City Charter.

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

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

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

In addition, under each bond resolution, the City Common Council may delegate the power to issue and sell bonds and notes to the Clerk-Treasurer, the chief fiscal officer of the City.

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



***Constitutional Debt Limit***

The following table sets forth the constitutional debt limit of the City.

**Constitutional Debt Limit**

Fiscal Year Ending <u>December 31</u>	Assessed <u>Valuation</u>	State Equalization <u>Ratio</u>	<u>Full Valuation</u>
2017	\$169,028,739	0.4400	\$384,156,225
2018	168,631,591	0.4200	401,503,788
2019	170,374,318	0.4000	425,935,795
2020	172,335,984	0.4100	420,331,668
2021	172,343,695	0.3824	<u>450,689,579</u>
Total Five-Year Full Valuation			<u>\$2,082,617,055</u>
Average Five-Year Average Valuation			<u>416,523,411</u>
Debt Limit - 7% of Average Full Valuation			<u>\$ 29,156,639</u>

Source: City of Port Jervis, Assessor’s Office and the New York State Office of Real Property Services

***Statement of Debt Contracting Power***

**Statutory Debt Limit and Net Indebtedness**  
**(As of September 8, 2020)**

Debt Contracting Limitation	\$29,156,639
Gross Direct Indebtedness:	
Serial Bonds:	
General Purpose	\$ 4,909,900
Water <sup>(1)</sup>	6,418,550
Sewer	209,550
Bond Anticipation Notes:	
General Purpose	2,500,000
Capital Notes	173,500
Capital Lease/Purchase Debt	<u>1,072,663</u>
Total Gross Direct Indebtedness	<u>\$15,284,163</u>
Exclusions and Deductions	
Water Bonds <sup>(1)</sup>	\$ 6,418,550
Sewer Bonds	209,550
Appropriations in Current Budget to Pay Non-Exempt Debt Maturing During Remainder of Current Fiscal Year	<u>0</u>
	<u>\$6,628,100</u>
Total Net Indebtedness	\$8,656,063
Net Debt-Contracting Margin	\$20,500,673
Percentage of Debt-Contracting Margin Exhausted	<u>29.69%</u>

(1) Inclusive of the New York State Environmental Facilities Loan

***Trend of Outstanding Indebtedness***

The following table provides information relating to the capital indebtedness outstanding at year ended for the last five fiscal years.

	<b><u>Outstanding Indebtedness<sup>(1)</sup></u></b>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Serial Bonds	\$9,795,000	\$13,846,285	\$13,099,000	\$12,336,000	\$11,553,000
Bond Anticipation Notes	0	0	5,000,000	5,000,000	2,500,000
NYS Environmental Facilities Loan <sup>(2)</sup>	215,387	143,592	71,797	0	0
Capital Notes	<u>163,000</u>	<u>167,325</u>	<u>155,412</u>	<u>170,000</u>	<u>173,500</u>
Totals:	<u>\$10,173,387</u>	<u>\$14,157,202</u>	<u>\$18,326,209</u>	<u>\$17,506,000</u>	<u>\$14,226,500</u>

(1) Exclusive of Installment Purchase Debt.

(2) Zero Interest Loan.

Source: City of Port Jervis, Office of the City Clerk-Treasurer and Audited Financial Statements of the City.

***Bond Anticipation Notes***

On October 8, 2020, the City issued \$2,500,000 Bond Anticipation Notes – 2020 which mature on October 8, 2021. A portion of the proceeds of the Series A Bonds, along with available funds of the City, will be used to redeem these notes at maturity.

***Tax and Revenue Anticipation Notes***

The City issues a small tax anticipation note each year relating to County taxes and occasionally issues revenue anticipation notes.

***Installment Purchase Contract***

The City currently has the following installment contracts outstanding:

<u>Purpose</u>	<b><u>Installment Purchase Contract</u></b>	
	<u>Amount Outstanding<sup>(1)</sup></u>	<u>Maturity Date</u>
Fire Truck	\$ 41,767	07/01/2022
Energy Lease	374,612	11/22/2026
Vehicles	272,611	07/24/2025
Vehicles	<u>95,670</u>	08/31/2022
Total:	<u>\$784,660</u>	

(1) As of September 8, 2021.

Source: City of Port Jervis, Office of the City Clerk-Treasurer.

***Direct and Overlapping Indebtedness***

The real property taxpayers of the City are responsible for a proportionate share of outstanding debt obligations of the County and the City School District of the City of Port Jervis. Such taxpayers’ share of this overlapping debt is based upon the amount of the City’s equalized property values taken as a percentage of each separate units’ total values. The table below sets forth both the total outstanding principal amount of debt issued by the City and the

approximate magnitude of the burden on taxable property in the City of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

**Statement of Direct and Overlapping Indebtedness**

<u>Direct Debt</u>				
	Gross Direct Debt		\$15,284,163	
	Exclusions and Deductions		<u>6,628,100</u>	
	Net Direct Debt		\$8,656,063	
<u>Overlapping Debt</u>				
<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As of</u>	<u>City Share</u>	<u>Amount Applicable to City</u>
Orange County	\$242,950,000	07/06/21	1.51%	\$ 3,668,545
City School District of the City of Port Jervis	18,560,000	03/02/21	42.83	<u>7,949,248</u>
Total Net Overlapping Debt				11,617,793
Total Net Direct Debt				<u>8,656,063</u>
Net Direct and Overlapping Debt				<u>\$ 20,273,856</u>

Source: Data provided by City and County Officials.

***Debt Ratios***

The following table presents certain debt ratios relating to the City’s net direct and overlapping indebtedness.

	<b><u>Debt Ratios</u></b>		
	<u>Amount</u>	<u>Debt Per Capita<sup>(1)</sup></u>	<u>Debt to Full Value<sup>(2)</sup></u>
Net Direct Debt	\$ 8,656,063	\$ 986	1.92%
Net Direct and Overlapping Debt	20,273,856	2,310	4.50

(1) The population of the City is 8,775 as of 2020.

(2) The City’s full value of taxable real property for fiscal year 2021 is \$450,689,579.

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## ***Debt Service Schedule***

The following table sets forth all principal and interest payments required on the City's outstanding bonded indebtedness, exclusive of economically defeased obligations, for each fiscal year.

### **Bond Principal and Interest Maturity<sup>(1)(2)(3)</sup>**

Fiscal Ending	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u>
<u>December 31:</u>			
2021 <sup>(4)</sup>	813,000	317,290	1,130,290
2022-2026	3,615,000	1,193,683	4,808,683
2027-2031	2,890,000	624,713	3,514,713
2032-2036	2,275,000	260,844	2,535,844
2037-2041	540,000	119,900	659,900
2042-2046	541,000	83,655	624,655
2047-2051	547,000	46,255	593,255
2052-2054	<u>332,000</u>	<u>9,075</u>	<u>341,075</u>
Totals	<u>\$11,553,000</u>	<u>\$2,655,415</u>	<u>\$14,208,415</u>

- (1) Columns may be off slightly due to rounding.
- (2) Inclusive of the City's New York State Environmental Facilities loan.
- (3) Exclusive of lease and installment purchase agreements
- (4) For the entire fiscal year.

Source: City of Port Jervis, Office of the City Clerk-Treasurer and Audited Financial Statements of the City.

## ***Capital Financings and Improvement Programs***

The Capital Improvement Program includes all major maintenance projects for existing public assets, additional maintenance projects and the acquisition of new public facilities and equipment. The City expects to continue the practice of issuance of bond anticipation notes and/or capital notes for the acquisition/replacement of equipment as necessary. Following the issuance of the Bonds, the City will have \$20,000,000 in authorized but unissued debt for the construction of improvements to the City's wastewater system.

## **ECONOMIC AND DEMOGRAPHIC DATA**

### ***Population***

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

#### **Population Trend**

	<u>2010</u>	<u>2020</u>	Percentage Change <u>2010/2020</u>
City	8,828	8,775	-0.60%
County	372,813	401,310	7.64
State	19,378,102	20,201,249	4.25

Source: U.S. Census Bureau.

## ***Income***

The following table presents per capita money income for the County and State. Data provided for the County and State is not necessarily representative of the City.

### **Per Capita Income**

	<u>2011</u>	<u>2019</u>
County	\$28,880	\$36,6412
State	31,796	41,857

Source: New York State Department of Labor, Division of Research Statistics.

## ***Employment and Unemployment***

The following tables provide information concerning employment and unemployment data for the County and State. Data provided for the County and State is not necessarily representative of the City.

### **Civilian Labor Force** **(Thousands)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
County	179.0	180.1	181.6	182.2	185.0	183.3
State	9,644.6	9,668.7	9,704.7	9,574.7	9,514.4	9,289.2

Source: New York State Department of Commerce; New York State Department of Labor, Division of Research Statistics.

Unemployment rates are not compiled for the City, but are available for the County and State. Data provided for the County and State is not necessarily representative of the City.

### **Yearly Average Unemployment Rates**

<u>Year</u>	<u>County</u>	<u>State</u>
2016	4.3%	4.8%
2017	4.5	4.7
2018	3.9	4.1
2019	3.8	4.0
2020	8.4	10.0

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

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### **Monthly Unemployment Rates**

<u>Month</u>	<u>County</u>	<u>State</u>
August 2020	9.5%	11.6%
September	6.5	9.9
October	5.8	8.3
November	5.8	8.3
December	6.0	8.5
January 2021	6.6	9.4
February	6.8	9.7
March	6.0	8.4
April	5.2	7.7
May	4.8	7.0
June	5.1	7.2
July	5.3	7.4

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

### **Ten Largest Employers**

<u>Name</u>	<u>Nature of Business</u>	<u>Approx. Number of Employees</u>
Bon Secour Community Hospital	Healthcare	700
Kolmar Laboratories	Cosmetics Manufacturing	500
Port Jervis Central School District	Education	500
City of Port Jervis	Municipality	117
Swimwear Anywhere Inc.	Swimwear Manufacturing	75
Gillinder Bros	Glass Products	65
SUMMITREHEIS/Summit Research Labs	Chemical Manufacturer	65
100 River Road LLC	Shipping Container Manufacturing	40
A&W Manufacturing	School Supply Manufacturing	30
Kalport Industries	Food Processing	25

Source: City of Port Jervis, Office of the City Clerk-Treasurer.

### ***Financial Institutions***

There are six commercial banks serving City residents. The commercial banks are JP Morgan Chase Bank, Bank of America, M & T Bank, TD Bank, Sussex Bank and Charter One. The City is also served by one credit union.

### ***Communication***

The City is served by the major New York metropolitan area newspapers, radio and television stations. In addition, the City has two local newspapers, the Times-Herald Record and the Gazette and one radio station, WTSX. Time-Warner Company, a private corporation, provides cable television service to the City.

### ***Utilities***

Electricity and natural gas are supplied to the City by Consolidated Edison. Telephone service is provided by Frontier Communications. The City provides sewer facilities and water supply distribution to its residents, and is responsible for financing the construction, operation and maintenance of these systems.

### ***Transportation***

The City enjoys the benefits of a favorable transportation system. Interstate 84 serves the City; other major arteries include Routes 23, 97 and 209. There is local and interstate bus service as well as air links from Stewart Airport. The City is located less than two hours from the three major airports that serve the New York City area (Kennedy, LaGuardia, and Newark). The Metro North Railroad also services the City.

### ***Education***

There is a satellite of Orange County Community College located in the City. However, colleges and universities in the area include the United States Military Academy at West Point, Vassar College, and Marist College in Poughkeepsie, State University of New York at New Paltz, Orange County Community College in Middletown and Mt. Saint Mary's College in Newburgh.

**END OF APPENDIX A**

**APPENDIX B**

**FINANCIAL STATEMENT SUMMARIES**



**CITY OF PORT JERVIS, NEW YORK**  
Statement of Budgeted Revenues and Expenditures - General Fund  
Adopted Budgets for Fiscal Years Ending December 31:

	Adopted Budget <u>2020</u>	Adopted Budget <u>2021</u>
<b><u>Revenues:</u></b>		
Real Property Taxes	\$ 6,665,902	\$ 6,606,138
Real Property Tax Items	213,882	276,330
Non-Property Taxes	3,830,000	3,637,797
Departmental Income	1,240,850	1,312,850
Use of Money and Property	80,250	57,250
Licenses and Permits	263,700	342,700
Fines and Forfeitures	155,000	90,000
Sale of Property and Compensation for Loss	35,000	35,000
Miscellaneous	6,630	6,630
State and Federal Aid	1,715,682	1,554,429
Appropriated Fund Balance	-	-
	<hr/>	<hr/>
<b>Total Revenues</b>	<b><u><u>\$ 14,206,896</u></u></b>	<b><u><u>\$ 13,919,124</u></u></b>
<b><u>Expenditures:</u></b>		
General Government Support	\$ 1,663,515	\$ 1,549,864
Public Safety	5,076,478	4,954,265
Transportation	894,526	784,005
Economic Opportunity and Development	66,000	41,000
Culture and Recreation	375,851	369,858
Home and Community Services	695,519	650,773
Employee Benefits	4,430,167	4,515,205
Debt Service	1,004,840	1,054,154
Transfer Out	-	-
	<hr/>	<hr/>
<b>Total Expenditures</b>	<b><u><u>\$ 14,206,896</u></u></b>	<b><u><u>\$ 13,919,124</u></u></b>

Source: Adopted Budgets of the City.

**CITY OF PORT JERVIS, NEW YORK**  
 Comparative Balance Sheet - General Fund  
 Fiscal Years Ending December 31:

	<u>2019</u>	<u>2020</u>
<b><u>Assets:</u></b>		
Cash and Equivalents	\$ 591,699	\$ 1,686,859
Tax Receivable	1,595,400	2,020,159
Accounts Receivable	396,746	223,775
Due From Other Governments	1,300,813	1,395,689
State and Federal Aid	86,959	410,003
Prepaid Expenditures	236,034	235,750
Due From Other Funds	<u>1,645,986</u>	<u>116,731</u>
<b>Total Assets</b>	<b><u>\$ 5,853,637</u></b>	<b><u>\$ 6,088,966</u></b>
<b><u>Liabilities:</u></b>		
Accounts Payable	\$ (281)	\$ -
Accrued Liabilities	1,149,326	1,112,601
Due to School District	727,294	865,571
Due to Other Funds	639,285	-
Deferred Revenues	179,572	212,559
Deferred Tax Revenue	767,624	1,060,713
Other Liabilities	-	310,271
Short Term Notes Payable	<u>79,781</u>	<u>80,784</u>
<b>Total Liabilities</b>	<b><u>\$ 3,542,601</u></b>	<b><u>\$ 3,642,499</u></b>
<b><u>Fund Balance:</u></b>		
Nonspendable	\$ 236,034	\$ 235,750
Restricted	190,815	190,815
Assigned	-	-
Unassigned	<u>1,884,187</u>	<u>2,019,902</u>
<b>Total Equity and Other Credits</b>	<b><u>\$ 2,311,036</u></b>	<b><u>\$ 2,446,467</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 5,853,637</u></b>	<b><u>\$ 6,088,966</u></b>

Source: Audited Financial Statements of the City.

**CITY OF PORT JERVIS, NEW YORK**  
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund  
Fiscal Years Ending December 31:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Revenues:</b>					
Real Property Taxes	\$ 5,207,330	\$ 5,393,520	\$ 6,160,164	\$ 6,459,239	\$ 6,425,495
Other Tax Items	210,994	235,831	286,963	283,305	260,968
Non-Property Taxes	3,639,407	3,783,238	3,955,219	4,083,089	3,842,975
Departmental Income	1,521,622	1,633,699	924,457	988,932	875,770
Intergovernmental Charges	94,547	83,941	78,898	90,333	70,557
Use of Money and Property	185,302	227,774	224,769	89,260	95,731
Licenses and Permits	62,095	103,212	67,605	191,213	131,319
Fines and Forfeitures	151,421	149,661	132,041	156,333	69,545
Sale of Property and Compensation for Loss	(58,721)	107,866	(38,724)	(157,345)	(21,336)
State Aid	1,688,813	1,535,376	1,689,495	1,727,569	1,596,497
Federal Aid	124,833	917,539	6,304	6,265	52,474
Miscellaneous	71,339	418,471	94,760	40,032	74,992
<b>Total Revenues</b>	<b>\$ 12,898,982</b>	<b>\$ 14,590,128</b>	<b>\$ 13,581,951</b>	<b>\$ 13,958,225</b>	<b>\$ 13,474,987</b>
<b>Expenditures:</b>					
General Government Support	\$ 1,613,320	\$ 1,419,281	\$ 1,404,434	\$ 1,435,506	\$ 1,460,629
Public Safety	4,087,169	4,312,846	4,580,849	5,005,806	5,032,079
Health	1,495	5,597	7,015	612	5,150
Transportation	934,861	974,948	934,207	961,863	686,681
Economic Opportunity and Development	51,991	118,682	70,393	70,445	66,000
Culture and Recreation	268,162	285,046	302,235	337,570	339,491
Home and Community Services	1,016,936	1,953,714	754,828	852,946	825,461
Employee Benefits	3,768,921	3,924,550	3,930,072	4,102,553	4,036,697
Debt Service	704,384	747,379	770,590	904,195	887,368
<b>Total Expenditures</b>	<b>\$ 12,447,239</b>	<b>\$ 13,742,043</b>	<b>\$ 12,754,623</b>	<b>\$ 13,671,496</b>	<b>\$ 13,339,556</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>\$ 451,743</b>	<b>\$ 848,085</b>	<b>\$ 827,328</b>	<b>\$ 286,729</b>	<b>\$ 135,431</b>
<b>Other Finance Sources (Uses):</b>					
Insurance Recoveries	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	10,957	10,000	-	-	-
Transfers Out	-	(10,000)	(110,000)	-	-
<b>Total Other Finance Sources (Uses)</b>	<b>\$ 10,957</b>	<b>\$ -</b>	<b>\$ (110,000)</b>	<b>\$ -</b>	<b>\$ -</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<b>\$ 462,700</b>	<b>\$ 848,085</b>	<b>\$ 717,328</b>	<b>\$ 286,729</b>	<b>\$ 135,431</b>
Fund Balance - Beginning of Year Adjustments	\$ 816,389	\$ 1,279,089	\$ 2,127,174	\$ 2,024,307	\$ 2,311,036
	-	-	(820,195)	-	-
<b>Fund Balance - End of Year</b>	<b>\$ 1,279,089</b>	<b>\$ 2,127,174</b>	<b>\$ 2,024,307</b>	<b>\$ 2,311,036</b>	<b>\$ 2,446,467</b>

Source: Audited Financial Statements of the City.

**APPENDIX C**

**FINANCIAL STATEMENTS FOR THE  
FISCAL YEAR ENDED DECEMBER 31, 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/P11594076.pdf>**

**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. PKF O’Conner Davies, LLP, has not been requested by the City to further  
review and/or update such Financial Statements or opinion in connection with the  
preparation and dissemination of this Official Statement.**

**APPENDIX D**

**FORMS OF APPROVING LEGAL OPINIONS OF BOND COUNSEL**

# *Hawkins Delafield & Wood LLP*

7 WORLD TRADE CENTER  
250 GREENWICH STREET  
NEW YORK, NY 10007  
WWW.HAWKINS.COM

October 7, 2021

The Common Council of the  
City of Port Jervis, in the  
County of Orange, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Port Jervis (the “City”), in the County of Orange, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$6,680,000 Various Purposes Serial Bonds-2021 Series A (the “Series A Bonds”) of the City, dated and delivered on the date hereof.

Concurrently with the issuance of the Series A Bonds, the City is issuing its \$2,035,000 Refunding Serial Bonds-2021 Series B (the “Series B Bonds”). The Series A Bonds are treated together with the Series B Bonds, as a single issue for federal tax purposes. We have served as Bond Counsel with respect to the issuance of the Series B Bonds and, on the date hereof, we have rendered our opinion with respect to the exclusion of interest on the Series B Bonds from gross income for federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Series A Bonds and the Series B Bonds, to become subject to federal income taxation retroactive to the date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

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 Series A Bonds are valid and legally binding general obligations of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay the Series A Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Series A Bonds 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 Series A Bonds 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 Series A Bonds 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 Series A Bonds in order that the interest on the Series A Bonds 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 Series A Bonds, restrictions on the investment of proceeds of the Series A Bonds 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 Series A Bonds 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 Series A Bonds, the City will execute a Tax Certificate relating to the Series A Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the City 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 Series A Bonds 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 City’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 Series A Bonds, and (ii) compliance by the City with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Series A Bonds 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 Series A Bonds, 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 Series A Bonds

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Series A Bonds or any

proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the City, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Series A Bonds.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP



# *Hawkins Delafield & Wood LLP*

7 WORLD TRADE CENTER  
250 GREENWICH STREET  
NEW YORK, NY 10007  
WWW.HAWKINS.COM

October 7, 2021

The Common Council of the  
City of Port Jervis, in the  
County of Orange, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Port Jervis (the “City”), in the County of Orange, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$2,035,000 Refunding Serial Bonds-2021 Series B (the “Series B Bonds”) of the City, dated and delivered on the date hereof.

Concurrently with the issuance of the Series B Bonds, the City is issuing its \$6,680,000 Various Purposes Serial Bonds-2021 Series A (the “Series A Bonds”). The Series B Bonds are treated together with the Series A Bonds, as a single issue for federal tax purposes. We have served as Bond Counsel with respect to the issuance of the Series A Bonds and, on the date hereof, we have rendered our opinion with respect to the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Series A Bonds and the Series B Bonds, to become subject to federal income taxation retroactive to the date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

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 Series B Bonds are valid and legally binding general obligations of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay the Series B Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Series B Bonds 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 Series B Bonds 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 Series B Bonds 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 Series B Bonds in order that the interest on the Series B Bonds 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 Series B Bonds, restrictions on the investment of proceeds of the Series B Bonds 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 Series B Bonds 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 Series B Bonds, the City will execute a Tax Certificate relating to the Series B Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the City 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 Series B Bonds 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 City’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 Series B Bonds, and (ii) compliance by the City with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Series B Bonds 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 Series B Bonds, 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 Series B Bonds

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Series B Bonds or any proceedings, reports, correspondence, financial statements or other documents, containing

financial or other information relative to the City, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Series B Bonds.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING  
FOR THE BONDS**

## UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

### Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

“EMMA” shall mean the 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 **City of Port Jervis**, in the County of Orange, a municipal corporation 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, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the City Clerk-Treasurer as of September 22, 2021.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s **\$6,680,000 Various Purposes Serial Bonds-2021 Series A**, dated October 7, 2021, maturing in various principal amounts on October 1, 2022 through 2036, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York, to the EMMA System:

- (i) (A) no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2021, the Annual Information relating to such fiscal year, and (B) no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2021, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer

and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933; and

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the 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 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) incurrence of a Financial Obligation, of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, 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 Issuer, any of which reflect financial difficulties.

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(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. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the heading, "LITIGATION," and in Appendix A under the headings: "THE CITY," "FINANCIAL FACTORS," "TAX INFORMATION," "CITY INDEBTEDNESS," and "ECONOMIC AND DEMOGRAPHIC DATA," and in Appendix B.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. 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 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (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 7. 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 modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) 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 7 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 8. 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 pursuant to 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.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. 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 10. 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 October 7, 2021.

CITY OF PORT JERVIS

By \_\_\_\_\_  
City Clerk-Treasurer and Chief Fiscal Officer

## UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

### Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

“EMMA” shall mean the 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 **City of Port Jervis**, in the County of Orange, a municipal corporation 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, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the City Clerk-Treasurer as of September 22, 2021.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s **\$2,035,000 Refunding Serial Bonds-2021 Series B**, dated October 7, 2021, maturing in various principal amounts on September 1, 2022 through 2033, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York, to the EMMA System:

- (i) (A) no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2021, the Annual Information relating to such fiscal year, and (B) no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2021, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer

and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933; and

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the 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 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) incurrence of a Financial Obligation, of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, 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 Issuer, any of which reflect financial difficulties.

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(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. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the heading, "LITIGATION," and in Appendix A and under the headings: "THE CITY," "FINANCIAL FACTORS," "TAX INFORMATION," "CITY INDEBTEDNESS," and "ECONOMIC AND DEMOGRAPHIC DATA," and in Appendix B.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. 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 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (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 7. 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 modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) 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 7 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 8. 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 pursuant to 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.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. 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 10. 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 October 7, 2021.

CITY OF PORT JERVIS

By \_\_\_\_\_  
City Clerk-Treasurer and Chief Fiscal Officer