

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 18, 2022

RENEWAL ISSUE

BOND ANTICIPATION NOTES

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

The Town will designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.

**TOWN OF LLOYD
ULSTER COUNTY, NEW YORK**

\$1,616,086

**BOND ANTICIPATION NOTES FOR WATER PURPOSES - 2022
(the "Notes")**

Date of Issue: February 10, 2022

Maturity Date: February 10, 2023

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

The Notes are dated February 10, 2022 and will bear interest from that date until February 10, 2023, the maturity date, at the annual rate(s) as specified by the purchaser(s) of the Notes. The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in registered form and, at the option of the purchaser(s), the Notes will be (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, New York, New York ("DTC") as book-entry notes.

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

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one odd denomination. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in federal funds by the Town 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 Notes 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 Town 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 "Book-Entry-Only System" herein).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery in New York, New York or as otherwise agreed with the purchaser(s) on or about February 10, 2022.

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

Dated: February __, 2022

**TOWN OF LLOYD
ULSTER COUNTY, NEW YORK**

**David Plavchak
Supervisor**

TOWN BOARD

Leonard Auchmoody Council Member
Michael Guerriero Council Member
Joseph Mazzetti Council Member
John Fraino Council Member

Wendy Rosinski Town Clerk
Kendra Minard Town Bookkeeper
Sean Murphy Town Attorney

BOND COUNSEL

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

MUNICIPAL ADVISOR



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

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

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
THE NOTES.....	1	LITIGATION	9
Description.....	1	TAX MATTERS	9
Authority for and Purpose of the Notes.....	1	Opinion of Bond Counsel	9
Nature of Obligation	2	Certain Ongoing Federal Tax Requirements and	
DESCRIPTION OF BOOK-ENTRY-ONLY		Certifications.....	10
SYSTEM	2	Certain Collateral Federal Tax Consequences	10
REMEDIES UPON DEFAULT	4	Original Issue Discount.....	10
No Past Due Debt.....	5	Note Premium	11
Municipal Bankruptcy.....	5	Information Reporting and Backup Withholding.....	11
FINANCIAL CONTROL BOARDS.....	6	Miscellaneous	12
RISK FACTORS	7	LEGAL MATTERS	12
CYBERSECURITY	8	DISCLOSURE UNDERTAKING.....	12
THE STATE COMPTROLLER'S FISCAL STRESS		MUNICIPAL ADVISOR	12
MONITORING SYSTEM AND OSC		RATING.....	12
COMPLIANCE REVIEWS.....	8	ADDITIONAL INFORMATION	12

APPENDIX A

THE TOWN	A-1	TOWN INDEBTEDNESS.....	A-11
General Information	A-1	Constitutional Requirements	A-11
Form of Government.....	A-1	Statutory Procedure.....	A-12
Services	A-2	Constitutional Debt-Contracting Limitation.....	A-13
Employees	A-2	Statutory Debt Limit and Net Indebtedness	A-14
Employee Benefits	A-2	Bond Anticipation Notes	A-14
Other Post Employment Benefits	A-3	Tax and Revenue Anticipation Notes and Budget and	
FINANCIAL FACTORS.....	A-4	Deficiency Notes	A-15
Budgetary Procedure	A-4	Trend of Capital Debt.....	A-15
Certain Information Obtained from Annual Financial		Overlapping and Underlying Debt	A-15
Report Update Documents	A-5	Debt Ratios.....	A-16
Investment Policy	A-5	Authorized but Unissued Debt	A-16
Impacts of COVID-19	A-6	Debt Service Schedule	A-16
Revenues	A-6	ECONOMIC AND DEMOGRAPHIC DATA	A-17
TAX INFORMATION	A-9	Population	A-17
Assessed and Full Valuations.....	A-9	Income.....	A-17
Tax Levy Limit Law.....	A-10	Employment.....	A-17
Tax Collection Procedures	A-10	Transportation	A-19
Ten of the Largest Taxpayers	A-11	Utilities.....	A-19

APPENDIX B - SUMMARY OF ANNUAL FINANCIAL REPORT UPDATE DOCUMENTS AND BUDGETS
 APPENDIX C – ANNUAL FINANCIAL REPORT UPDATE DOCUMENT FOR THE FISCAL YEAR ENDED
 DECEMBER 31, 2020 (UNAUDITED)
 APPENDIX D – FORM OF BOND COUNSEL OPINION
 APPENDIX E – FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

OFFICIAL STATEMENT
TOWN OF LLOYD
ULSTER COUNTY, NEW YORK

relating to
\$1,616,086
BOND ANTICIPATION NOTES FOR WATER PURPOSES – 2022
(the “Notes”)

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of Lloyd, in Ulster County, in the State of New York (the “Town,” “County,” and “State,” respectively), in connection with the sale of its \$1,616,086 Bond Anticipation Notes For Water Purposes - 2022 (the “Notes”).

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

THE NOTES

Description

The Notes will be dated and will mature on the date as reflected on the cover page hereof.

The Town will act as Paying Agent for the Notes. Paying Agent fees, if any, will be paid for by the purchaser. The Town’s contact information is as follows: Hon. David Plavchak, Town Supervisor, 12 Church Street, Highland, New York 12528, (845) 691-2144 x. 101, E-mail: dplavchak@townoflloyd.com .

Authority for and Purpose of the Notes

Authorization. The Notes are issued pursuant to the State Constitution and statutes of the State, including among others, the Town Law and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York and other proceedings and determinations relating thereto, including the bond resolutions adopted by the Town Board as specified below.

Purpose. The proceeds of the Notes, together with \$43,500 of available funds, will be used to redeem the Town’s \$1,659,086 Bond Anticipation Notes for Water Purposes – 2021, maturing on February 11, 2022 for improvements to the Highland Water District.

Original Issue Date	Date Authorized	Purpose	Amount Outstanding	Note Paydowns	Amount of the Notes
10-06-05	07-14-04	Highland Water Dt Extension	\$ 989,500	\$32,000	\$ 957,500
02-18-16	09-16-15	Highland Water Dt Improvements	669,586	11,000	658,586
Totals:			<u>\$1,659,086</u>	<u>\$43,000</u>	<u>\$1,616,086</u>

Nature of the Obligation

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

The Notes will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the Town has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Town, 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 Town is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the Town 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 Town’s power to increase its annual tax levy. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*” herein.)

DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for those Notes issued as book-entry only notes (hereinafter in this section referred to as the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for all of the Notes that bear the same rate of interest and CUSIP number and will be deposited with DTC.

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

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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. (or any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of 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 Town or Agent, 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 securities depository with respect to the Securities at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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

Source: The Depository Trust and Clearing Company.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE NOTES; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTEHOLDERS; (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 NOTES; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS NOTEOWNER.

REMEDIES UPON DEFAULT

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

Upon default in the payment of principal of or interest on the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Town. 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 Town 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 Town and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owners of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Town to assess, levy and collect an ad valorem tax, upon all taxable property of the Town subject to taxation by the Town sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

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

Pursuant to Article VIII, Section 2 of the State Constitution, the Town 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 Town indebtedness is past due. The Town has never defaulted in the payment of the principal of and/or interest on any indebtedness.

Municipal Bankruptcy

The undertakings of the Town 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 Town 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 Town after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The 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 Notes, and the obligations incurred by the Town, 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 Notes 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 legislated a finance control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the Town in the future cannot be assured.

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

The above references to the Bankruptcy Act are not to be construed as an indication that the Town 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 County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and 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 Town 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 Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

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

If and when an owner of any of the Notes should elect to sell all or a part of the Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Notes are sold prior to 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 Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Town to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

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

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

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

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

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Town could impair the financial condition of such entities, including the Town and the ability of such entities, including the Town to pay debt service on 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 Town’s financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of 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 has also initially declared a state of emergency and the Governor has taken steps and continue to take 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 Town’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 Town. The Town 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 Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town has invested in a cybersecurity policy as of 2018; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

The Town has contracted with Elevated Computing to handle all computer issues and monitor against cybersecurity threats. The Town updated 12 computers to Windows 10 during the months of July/August 2020 to comply with a State IT audit done in 2019. The Town is now in compliance with the audit. Town of Lloyd is also now carrying Cyber Security insurance through Marshall & Sterling.

THE STATE COMPTROLLER’S FISCAL STRESS MONITORING SYSTEM AND OSC 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 "Not Filed".

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. The Town was subject to two audits in 2019.

August 2019 OSC Report The objective of the audit was to determine whether the Board and Town officials effectively managed the Town's financial condition for the period of January 1, 2014 through January 15, 2019.

June 2019 OSC Report The objective of the audit was to determine whether Town officials ensured the Town's Information Technology systems were adequately secured and protected against unauthorized use, access and loss. The audit period spanned from January 1, 2017 through January 15, 2019.

See the State Comptroller's official website for more information on FSMS. Complete audit reports can be obtained from OSC's website. 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.

LITIGATION

Various notices of claims and legal actions have been filed against the Town; allegations in these matters relate to circumstances of violation of civil rights, personal injury or property damage among other allegations. The plaintiffs in most of these actions are seeking money damages, however, in certain instances injunctive relief may be requested. It is the opinion of the Town Attorney that existing insurance coverage adequately protects the Town against these various compensatory monetary damage claims and the financial exposure, if any, is immaterial.

The Town is a party to various tax certiorari proceedings instituted by various taxpayers under Article 7 of the Real Property Tax Law. In these actions, taxpayers have claimed that real property assessments as presently determined are excessive, unequal or unlawful. Such claims seek to have the property assessment reduced and, generally, request a refund for a portion of the taxes previously paid. Claims of this nature are filed continuously and some cases may not be settled for several years or more. It is not unusual for certain taxpayers to have multiple pending claims affecting a period of years.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code

of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Town in connection with the Notes, and Bond Counsel has assumed compliance by the Town with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code.

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations, subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate and credit terms) means the first price at which at least 10% of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the

Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth on the cover of the Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (“Discount Notes”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Notes.

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

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

Note Premium

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

Information Reporting and Backup Withholding

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

If an owner purchasing a Notes through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. The opinion of Bond Counsel will be in substantially the form attached hereto as Appendix D.

DISCLOSURE UNDERTAKING

In order to assist the purchasers in complying with the Rule with respect to the Notes, the District will execute an Undertaking to Provide Notices of Events for the benefit of holders of and owners of beneficial interests in the Notes, the form of which is attached hereto as Appendix E hereto.

MUNICIPAL ADVISOR

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

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

RATING

The Town has not applied for a rating of the Notes.

The Town does not currently have a credit rating from Moody’s as it has no stand-alone bonds outstanding. Presently, the Town has one bond issue outstanding with New York State Environmental Facilities Corporation.

ADDITIONAL INFORMATION

Additional information may be obtained from Hon. David Plavchak Town Supervisor, 12 Church Street, Highland, New York 12528, (845) 691-2144 x. 101, e-mail: dplavchak@townoflloyd.com, or from Capital Markets Advisors, LLC, 822 Route 82, Suite 310, Hopewell Junction, New York, 12533, (845) 227-8678.

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

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

The Town 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 forward-looking 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 Town assumes no obligation to update any such forward-looking statements. The forward-looking 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 Notes by the Town and may not be reproduced or used in whole or in part for any other purpose.

TOWN OF LLOYD,
ULSTER COUNTY, NEW YORK

By: _____
David Plavchak
Supervisor and Chief Fiscal Officer

DATED: January __, 2022

APPENDIX A

THE TOWN

THE TOWN

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

General Information

The Town of Lloyd (the “Town”) is situated in southeastern Ulster County (the “County”) on the west shore of the Hudson River across from the City of Poughkeepsie and approximately 75 miles north of New York City. It encompasses approximately 32 square miles in area. There are no incorporated villages in the Town. The community of Highland is the seat of the Town government.

The character of the Town is primarily residential with some retail and small business development and light commercial development. In addition to in-town employment, the residents have easy access to industries in the Poughkeepsie and Kingston metropolitan areas.

Form of Government

The Town of Lloyd was established as a municipal government by the State of New York and is vested with such powers and has the responsibilities inherent in the operation of municipal government, including the adoption of rules and regulations to govern its affairs. In addition, the Town may tax real property situated in its boundaries and incur debt subject to the provisions of the State's Local Finance Law. There are two independent school districts and an independent fire district operating in the Town, each possessing substantially similar powers with respect to taxation and debt issuance. Town residents also pay real property taxes to the County to support programs conducted by the County.

Government operations of the Town are subject to the provisions of the State Constitution and various statutes affecting town governments, including the Town Law, the General Municipal Law and the Local Finance Law. Real property assessments, collection, and enforcement procedures are determined by the Real Property Tax Law. All property taxes and assessments, with the exception of school district taxes, which are levied in the Town, are collected by the Town, as agent in the case of county taxes, and enforced by the County.

The Town Board is the legislative, appropriating, governing and policy determining body of the Town and consists of the Supervisor who is elected for a two-year term with the right to succeed himself and of four councilmen, each elected at large to serve a four-year term. Councilmen may serve an unlimited number of terms. It is the responsibility of the Town Board to enact all legislation including resolutions, ordinances and local laws. Annual operating budgets for the Town must be approved by the Town Board; modifications and transfers between budgetary appropriations also must be authorized by the Town Board. The original issuance of all Town indebtedness is subject to approval by the Town Board.

The Supervisor is the chief financial officer of the Town. In addition, the Supervisor is a full member of and the presiding officer of the Town Board. The Town Board is responsible for administering the daily activities of the Town and appoints department managers.

The Town Clerk is elected by the voters to serve a four-year term. The responsibilities of the Town Clerk are many and varied, and include custody of the corporate seal, books, records, and papers of the Town, and all the official reports and communications of the Town Board. The Town Clerk is clerk to the Town Board and keeps records of its proceedings. The Town Clerk is also responsible for maintaining the Town code of laws and ordinances.

The following Town Officials are also elected by the voters: Superintendent of Highways, two-year term; Town Justices, four-year term and Town Board members, four-year term.

The Town Attorney is appointed annually by the Town Board.

Services

The Town provides its residents with many of the services traditionally provided by Town governments. As such, the Town furnishes water and sewer facilities through special districts, builds and maintains Town highways and provides public safety through a Town police department, supplemented by the Ulster County Sheriff Department and the State Police. Regulation of building construction and licensing of trades and occupations along with the usual municipal services of recreational facilities and street lighting are all Town functions. Fire protection is provided through an independent fire district and various voluntary fire organizations in the Town. Social services and health services, to the extent provided on a public basis, are essentially County responsibilities.

Employees

The Town employs approximately 58 full-time and 31 part-time employees. Some employees are represented by collective bargaining organizations as shown below.

Union Contracts

<u>Bargaining Unit</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
United Federation of Police (Officers)	14	December 31, 2019 ⁽¹⁾
United Federation of Police (Dispatchers)	9	December 31, 2022
CSEA - Local 856	29	December 31, 2022

(1) Currently in negotiation.

Employee Benefits

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

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

Police officers and firefighters who are members of PFRS are divided into four tiers. As with ERS, retirement benefit plans available under PFRS are most liberal for Tier 1 employees. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. Police officers and firefighters that were hired between July 1, 2009 and January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier

4 in PFRS. Police officers and firefighters hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution from members. Police officers and firefighters hired after April 1, 2012 are in Tier 6, which also originally had a 3% contribution requirement for members for FY 12-13; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: \$45,000.00 or less contributes 3%; \$45,000.01 to \$55,000.00 contributes 3.5%; \$55,000.01 to \$75,000.00 contributes 4.5%; \$75,000.01 to \$100,000.00 contributes 5.75%; and more than \$100,000.00 contributes 6%.

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, who earn \$75,000 or more on an annual basis.

The New York State Retirement System allows municipalities to make employer contribution payments in December of each year, at a discount, or the following February, as required. The Town generally opts to make its pension payments in December in order to take advantage of the discount and this payment was made in December 2019 for the current year.

Employer contributions for the State’s Retirement System continue to be higher than the minimum contribution rate required by law. Legislation was enacted that permits local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. The legislation also requires those local governments and school districts that amortize their pension obligations pursuant to the regulation to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The Town does not currently amortize any pension payments.

On August 29, 2019, the State Comptroller announced that for fiscal year 2020-21, the average contribution rates for ERS will remain the same and the average contribution rates for PFRS will increase 0.9% from 23.5% to 24.4% when compared to the current fiscal year 2019-20. Projections of required contributions will vary by employer depending on factors such as retirement plans, salaries and the distribution of their employees among the six retirement tiers.

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

ERS and PFRS Contributions. The current retirement expenditures presented in the Town’s financial statements for each of the last five years and the amounts budgeted for the most recent fiscal year are shown in the following table:

<u>Fiscal Year</u>	<u>ERS⁽¹⁾</u>	<u>PFRS</u>
2017	\$314,599	\$203,072
2018	338,486	233,028
2019	330,515	241,759
2020	326,714	245,907
2021	375,944	229,509
2022 (Budget)	395,915	270,202

(1) Includes budgeted General Fund, Highway Fund, Water fund and Sewer Fund contributions.

Other Postemployment Benefits

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

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

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

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

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

The Town currently completes an annual update document which is filed with the State of New York that reports on the financials of the various funds of the Town. The Town does not complete entity wide financial statements in accordance with GASB 34 and as a result, there is no requirement to obtain an actuarial report to determine the cost of its OPEB liability and no actuarial report has been completed.

Legislation has been introduced from time to time in the State Legislature to authorize local governments and other public entities to establish trusts to accumulate and disburse funds through governing board appropriation for payment of OPEB liabilities. As proposed, such legislation would generally authorize the establishment of a trust by resolution of the local government's governing board which would serve as the trustee (unless trustee authority is delegated to the local government's chief fiscal officer). Trust investments would be held by the State Comptroller as sole custodian A-4 for investment in accordance with a written investment policy developed by the trustee and a written agreement between the trust and the State Comptroller. Trust funds would not be subject to local government creditor claims, and local government officers would not be subject to liability for loss on investments in the trust.

FINANCIAL FACTORS

Budgetary Procedure

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer (Supervisor) on or before September 20th. Estimates for the fire district situated within the Town must also be filed with the budget officer by this date. After reviewing these estimates, the budget officer prepares a tentative budget which includes his recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than the 30th of September. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or a special hearing which must be held on or before October 1st. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board become the preliminary budget. A public hearing, a notice of which must be duly published in the Town's official newspaper, on the preliminary budget is generally required to be held on the Thursday immediately following the general election. At such hearing, any person may express his opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than November 20th, at which time, the preliminary budget becomes the annual budget of the Town for the ensuing

fiscal year. Budgetary control during the year is the responsibility of the Supervisor. However, any changes or modifications to the annual budget, including the transfer of appropriations among line items, must be approved by resolution of the Town Board.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions outlined in the law. All tax levies for budgets of the Town adopted in accordance with the procedures discussed herein must comply with the requirements of the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein).

Summaries of the 2021 and 2022 budgets may be found in Appendix B of this Official Statement.

Certain Information Obtained From Annual Financial Report Update Documents (Unaudited)

The information for the fiscal years ended December 31, 2016 through 2020 presented in Appendix B hereto has been excerpted from the Annual Financial Report Update Document (“AUD”) of the Town. Pursuant to State law the AUD is required to be prepared and filed annually with the New York State Comptroller. The AUD is not audited and not prepared in accordance with GAAP. The Town does not prepare annual financial statements or an audit.

Investment Policy

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

Authorized Investments. The Town has designated two banks or trust companies located and authorized to conduct business in the State to receive deposits of money. The Town is permitted to invest in special time deposits or certificates of deposit.

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

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

Eligible securities pledged to secure deposits must be held by the depository or third party bank or trust company pursuant to written security and custodial agreements. The Town's security agreements provide that the aggregate market value of pledged securities must equal or exceed the principal amount of deposit, the agreed upon interest, if

any, and any costs or expenses arising from the collection of such deposits in the event of a default. Securities not registered or inscribed in the name of the Town must be delivered, in a form suitable for transfer or with an assignment in blank, to the Town or its designated custodial bank.

The custodial agreements used by the Town provide that pledged securities must be kept separate and apart from the general assets of the custodian and will not, under any circumstances, be commingled with or become part of the backing for any other deposit or liability. The custodial agreement must also provide that the custodian shall confirm the receipt, substitution or release of the collateral, the frequency of revaluation of eligible securities and the substitution of collateral when a change in the rating of a security may cause ineligibility.

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

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

Impacts of COVID-19

The Town has incurred costs associated with the COVID-19 pandemic. Costs incurred include all PPE (masks, gloves, sanitizer, thermometers, etc.) for staff, including court system and police, as well as renovation costs to install security windows for the Town Clerk, Assessor and Building Departments in order for them to be able to still accept in-person payments, permits and requests. The Town has paid such costs from budgetary appropriations and/or available funds. The Town's State Aid for the 2021 fiscal year was not reduced and the Town does not expect a reduction in State aid during the 2022 fiscal year. However, the Town expects reduced court fee and sales tax revenue for the 2020 fiscal year. The Town does not believe that the increased costs or any potential reduction in State aid will have a material adverse impact on the finances of the Town.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021. Included in this bill was \$350 billion in direct aid to state and local governments. Payments to local governments will be made in two tranches, the first half 60 days after enactment and the second half one year later. The funding is available through, and must be spent by, the end of calendar year 2024.

Specifically, eligible uses of the aid include: (i) revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency relative to revenues collected in the most recent fiscal year prior to the emergency; (ii) premium pay for essential workers; (iii) assistance to small businesses, households, and hard-hit industries, and economic recovery; and (iv) investments in water, sewer and broadband infrastructure. The bill also contains two restrictions on eligible uses: (i) funds cannot be used to directly or indirectly offset tax reductions or delay a tax increase; and (ii) funds cannot be deposited into any pension fund.

Currently, the Town is eligible to receive \$1,075,572.70 and received the first tranche of funding in July 2021 in the amount of \$537,189.78. The Town will utilize the funds by providing increased infrastructure and upgrades to Town water and sewer departments and the purchase of generators for the Town Hall and Water and sewer departments.

Revenues

The Town derives its revenues primarily from real property taxes and special assessments, State aid and departmental fees and charges. A summary of such revenues for the years 2016-2020 is presented in Appendix B, hereto. Information for said fiscal years has been excerpted from the Town's AUD, which is not audited nor is it prepared in accordance with GAAP.

Property Taxes. The Town derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B.) Property taxes accounted for 74.2% of total General Fund and other governmental funds revenues for the fiscal year ended December 31, 2020.

The following table sets forth total fund revenues and real property taxes received for each of the past five fiscal years and the amounts budgeted for the two most recent fiscal years.

Fund Revenues & Real Property Taxes⁽¹⁾

Fiscal Year Ended <u>December 31:</u>	Total <u>Revenues</u>	Real <u>Property Taxes</u>	Taxes to <u>Revenues</u>
2016	\$4,464,463	\$3,064,828	68.6%
2017	4,498,450	3,062,934	68.1
2018	4,640,352	3,140,394	67.7
2019	5,123,010	3,445,163	67.2
2020	5,068,636	3,759,540	74.2
2021 (Adopted Budget)	5,127,367	3,822,277	74.5
2022 (Adopted Budget)	5,149,919	3,665,898	71.2

(1) General Fund.

Source: Annual Update Documents and Adopted Budgets of the Town. Summary itself not audited.

State Aid. The Town receives financial assistance from the State. State Aid accounted for approximately 6.3% of the total General Fund revenues of the Town in the 2020 fiscal year, was budgeted at 5.0% for 2021 and is budgeted at 7.3% for 2022. A substantial portion of the State aid received is directed to be used for specific programs.

If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. There can be no assurance that the State’s financial position will not change materially and adversely from current projections. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also “*Risk Factors*” and “*Impacts of COVID-19*” herein.)

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

The State’s 2021-22 Enacted Budget provides \$10.8 billion in State funding to local governments. This funding available for use over multiple years, is designed to support essential workers and government employees, assist COVID-19 vaccination efforts, boost local economies, and support local government services. The Town was notified on July 1, 2021 by the NYS Division of the Budget that the Town would be eligible for \$1,075,572.70 in ARPA payment from the Coronavirus Local Fiscal Recovery Fund. The Town was in receipt of the first half of this payment in latter part of July. It is anticipated that the second payment will be received by the Town in the summer of 2022. (See “*Impacts of COVID-19*” herein.)

The amount of State aid to municipalities, including the Town, and school districts in the State is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19, the Governor initially declared a state of emergency and has taken and continues to take 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 have negatively impacted 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 be required to take certain gap-closing actions. Such actions may include but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of local governments in the State, including the Town.

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

The following table sets forth total fund revenues and State aid revenues received for each of the past five audited fiscal years and the amounts budgeted for the two most recent fiscal years.

Fund Revenues & State Aid Revenues⁽¹⁾

Fiscal Year Ended <u>December 31:</u>	Total <u>Revenues</u>	State <u>Aid</u>	State Aid to <u>Revenues</u>
2016	\$4,464,463	\$268,896	6.0%
2017	4,498,450	316,867	7.4
2018	4,640,352	376,924	8.1
2019	5,123,010	314,416	6.1
2020	5,068,636	319,709	6.3
2021 (Adopted Budget)	5,127,367	255,000	5.0
2022 (Adopted Budget)	5,149,919	375,000	7.3

(1) General Fund.

Source: Annual Update Documents and Adopted Budgets of the Town. Summary itself not audited.

Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

Sales Tax. The Town receives a share of the County sales tax. The County levies a sales and use tax computed at 4.00%. The County retains 85.5% of the tax receipts with 11.5% distributed to the City of Kingston and 3% distributed to the towns in the County on a full valuation basis. In August 2005, the County received approval from New York State to continue the additional sales tax rate of one percent (above the base rate) previously authorized by Chapter 200 of the Laws of 2002. This authorization was again extended by NYS legislation to expire on November 30, 2023.

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

The following table sets forth total fund revenues and sale taxes received for each of the past five fiscal years and the amounts budgeted for the two most recent fiscal years.

General Fund Revenues & Sales Tax⁽¹⁾

Fiscal Year Ended <u>December 31:</u>	Total <u>Revenues</u>	Sales <u>Tax</u>	Sales Tax <u>to Revenues</u>
2016	\$4,464,463	\$208,726	4.7%
2017	4,498,450	214,597	4.8
2018	4,640,352	222,254	4.8
2019	5,123,010	232,242	4.5
2020	5,068,636	224,661	4.4
2021 (Adopted Budget)	5,127,367	212,440	4.1
2022 (Adopted Budget)	5,149,919	280,000	5.4

(1) General Fund.

Source: Annual Update Documents and Adopted Budgets of the Town. Summary itself not audited.

TAX INFORMATION

The Town derives its power to levy an ad valorem real property tax from the Constitution of the State. The Town levies taxes for Town, fire district and special district operating purposes and for debt service.

Assessed and Full Valuations

The following table shows the trend during the last five years for real property assessments, real property tax and assessment levies and general purpose tax rates at the end of each year.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Taxable Value	\$1,016,712,071	\$1,029,412,051	\$1,058,717,480	\$1,068,389,759	\$1,085,227,629
Equalization Rate	100.00%	100.00%	100.00%	97.00%	94.00%
Full Value	\$1,016,712,071	\$1,029,412,051	1,058,717,480	1,101,432,741	1,154,497,478
Town Tax Levy:					
General	3,140,394	3,445,162	3,759,540	3,820,777	3,665,898
Highway	1,623,969	1,674,974	1,672,011	1,840,408	1,992,643
Special Dist. ^(a)	2,792,279	2,813,149	2,618,814	1,342,125	2,843,346
Tax Rate: ^(b)					
General	3.09	3.35	3.98	3.86	3.74
Highway	1.60	1.63	1.58	1.72	1.84
Amount					
Uncollected ^(c)	None	None	None	None	None

(a) Water, Sewer, Lighting, Ambulance, Drainage and Fire Districts.

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

(c) See "Tax Collection Procedures" herein.

Source: Town Officials

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the New York Laws of 2011, as amended, (the “Tax Levy Limit Law”), all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town, without limitation as to rate or amount, is subject to statutory limitations, according to the formulas 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 Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the “Allowable Levy Growth Factor”, which is the lesser of one and two-one 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 Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The governing board of the Town may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Town first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Town, a local law 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 Town 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.

Tax Collection Procedures

The assessment and collection of real property taxes is governed by the Real Property Tax Law of the State. Towns in the County assess all real property within their boundaries and collect real property taxes and assessments, for Town and County purposes, during the times prescribed by law. The property of certain organizations, such as religious or educational institutions, are exempt from general taxation but subject to special district charges.

Although the Town collects taxes on behalf of the County, the County guarantees Town taxes and enforces the collection thereof. The Town retains the first moneys collected on the combined Town and County tax bills before turning the balance over to the County. Thus, the Town receives 100% of its levy.

Pursuant to the Real Property Tax Law, Town and County real property taxes and assessments are levied on January 1 and become a lien against the property on this date. Tax bills include all taxes and assessments due to the Town and County. Such taxes may be paid in two installments, however, payments received after January 31 must include interest computed at a rate of 1% per month.

The Town generally collects taxes between January 1 and June 1. The tax collector pays the first moneys collected to the Supervisor until the Town receives the full amount of its taxes. Taxes collected thereafter are held and remitted to the County on the first business day of the following month. The Town transmits a list of unpaid taxes to County on or about June 1. Accrued interest on such wholly unpaid taxes is deducted by the Town from moneys otherwise payable to the County. A 5% penalty is added to such taxes by the County, which collects these taxes with interest computed at 1% per month from February 1. The County continues to collect unpaid taxes until September when any remaining unpaid taxes are included in the County's tax sale.

Ten of the Largest Taxpayers

The following table presents the taxable assessments of the Town's larger taxpayers listed on the 2021 assessment roll for 2022 taxes.

2021 Assessment Roll for 2022 Taxes

<u>Taxpayer's Name</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation⁽¹⁾</u>
Central Hudson	Utility	\$24,955,134	2.30%
TNW WB Vineyard Commons LLC	Apartments	15,603,200	1.44
Vineyard Highland Associates	Nursing Home	14,994,000	1.38
CCP Ulster	Nursing Home	9,600,000	0.88
Lowe's Home Center ⁽²⁾	Large Retail	9,572,717	0.88
AVR Bridgeview, LLC	Shopping Plaza	9,139,800	0.84
Highland Self-Storage	Self-Storage	6,000,000	0.55
Lemgo Realty	Light Manufacturing	5,044,000	0.46
Apollo Group LLC	Self-Storage	4,029,000	0.37
SUP LLC	Assisted Living	3,900,000	0.36
		<u>\$102,837,851</u>	<u>9.48%</u>

(1) The total taxable assessed value for fiscal 2022 is \$1,085,227,629.

TOWN INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid, in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute or, in the alternative, weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; unless substantially level or declining annual debt service is authorized and utilized, no installment may be more than fifty percent in excess of the smallest prior

installment. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

General. The Town 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 Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, Chapter 97 of the New York Laws of 2011, as amended, imposes a statutory limitation on the Town’s power to increase its annual tax levy. (See “*Tax Levy Limit Law*” herein).

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

There is no constitutional limitation on the amount that may be raised by the Town 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 Town to increase its annual tax levy. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*” herein).

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the Town Board, the finance board of the Town. In the event that the Town Board determines to subject the bond resolution to voter approval by mandatory referendum, only a three-fifths vote is required for adoption of such bond resolution. Certain such resolutions may be subject to permissive referendum, or may be submitted to the Town voters at referendum at the discretion of the Town Board.

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

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 Town Board may delegate the power to issue and sell bonds and notes to the Supervisor, the chief fiscal officer of the Town.

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

Constitutional Debt-Contracting Limitation

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

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

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

**Computation of Debt Contracting Limitation
As of January 18, 2022**

For Fiscal Year Ended <u>December 31:</u>	Assessed <u>Valuations</u>	Equalization <u>Rate</u>	Full <u>Valuations</u>
2018	\$1,016,712,071	100.00%	\$1,016,712,071
2019	1,029,412,051	100.00	1,029,412,051
2020	1,058,717,480	100.00	1,058,717,480
2021	1,068,389,759	97.00	1,101,432,741
2022	1,085,227,629	94.00	<u>1,154,497,478</u>
Total Five-Year Full Valuation			<u>5,360,771,821</u>
Five-Year Average Full Valuation			<u>1,072,154,364</u>
Debt Contracting Limitations: 7% of Five-Year Average Full Valuation			<u><u>\$75,050,805</u></u>

Source: ORPTS

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

Statutory Debt Limit and Net Indebtedness

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

**Statutory Debt Limit and Net Indebtedness
As of January 18, 2022**

	Amount	Percentage
Debt Contracting Limitation:	\$75,050,805	100.00%
Gross Debt:		
Serial Bonds ⁽¹⁾	6,767,277	9.02
Bond Anticipation Notes	1,659,086	2.21
	8,426,363	11.23
Less Exclusions and Deductions:		
Appropriations to Pay Non-Exempt Principal Debt	328,385	0.44
Water Debt	1,659,086	2.21
Total Exclusions	1,987,471	2.65
Net Indebtedness	6,438,892	8.56
Net Debt Contracting Margin	\$68,611,913	91.42%

(1) Includes long-term bond financing with the New York State Environmental Facilities Corporation.

Bond Anticipation Notes

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

Bond anticipation notes may be issued to provide moneys for capital projects once a bond resolution becomes effective. Generally, bond anticipation notes are issued in the anticipation of the sale of bonds at some future date and may be renewed from time-to-time but, in general, may not be renewed beyond the fifth anniversary of their original issuance. However, bond anticipation notes issued in anticipation of the sale of bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reduction for the entire period of probable usefulness for which such notes were originally issued. Bond anticipation notes may not be renewed after the second year unless there is a principal payment on such notes from a source other than the proceeds of the bonds. Bond anticipation notes may not be renewed after the sale of bonds in anticipation of which the notes were originally issued.

Original Issue	Purpose	Maturity	Amount
<u>Date</u>		<u>Date</u>	<u>Outstanding⁽¹⁾</u>
10-06-05	Highland Water Dt Extension	02-11-21	\$1,005,000
02-18-16	Highland Water Dt Improvements	02-11-21	669,586
		Total:	\$1,674,586

(1) The outstanding notes will be renewed with proceeds from the sale of the Notes, along with available funds.

Tax and Revenue Anticipation Notes and Budget and Deficiency Notes

The Town is authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash to pay operating expenditures. Such borrowings are governed by the Local Finance Law and regulations issued under the Internal Revenue Code of 1986, as amended. Such notes may be renewed from time to time but generally not beyond three years, in the case of revenue anticipation notes, and five years for tax anticipation notes. Budget notes may be issued to finance current operating expenditures for which there is no appropriation or the amount so appropriated is not sufficient. Deficiency notes may be issued during a fiscal year to finance a deficiency in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. Generally, the amount of budget or deficiency notes issued may not exceed 5% of the budget and must be redeemed in the next fiscal year.

The Town has not borrowed for operating purposes in the past five years.

Trend of Capital Debt

	<u>Debt History</u>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021⁽¹⁾</u>
Bonds	\$ 7,215,000	\$ 6,975,000	\$ 6,735,000	\$ 7,095,000	\$7,095,000
Bond Anticipation Notes	2,839,000	2,639,250	2,075,086	1,872,086	1,659,086
Totals:	<u>\$10,054,000</u>	<u>\$9,614,250</u>	<u>\$8,810,086</u>	<u>\$8,967,086</u>	<u>\$8,754,086</u>

(1) Unaudited

Overlapping and Underlying Debt

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County and various school districts and the fire district situated in the Town. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total value. The following table presents the amount of overlapping debt and the Town's share of this debt as of the dates indicated; authorized but unissued debt has not been included.

Direct and Overlapping Indebtedness
As of January 18, 2022

Gross Direct Indebtedness	\$ 8,426,363
Exclusions and Deductions	<u>1,987,471</u>
Net Direct Indebtedness	<u>\$ 6,438,892</u>

<u>Issuer</u>	<u>Date of Report</u>	<u>Total Net Underlying Debt</u>	<u>Applicable Percentage</u>	<u>Net Applicable Debt</u>
Ulster County	10-26-21	\$102,905,400	5.66%	\$ 5,824,446
School Districts				
Highland	06-02-21	27,245,000	85.69	23,346,241
New Paltz	12-29-21	43,195,000	1.32	570,174
Highland Fire District	12-31-18	170,000	100.00	<u>170,000</u>
Total				<u><u>\$29,910,860</u></u>

Source: Data provided by County and School District Officials.

Debt Ratios

The following table presents certain ratios relative to the Town's capital indebtedness.

Direct and Overlapping Debt Ratios As of January 18, 2022

	<u>Amount</u>	<u>Per Capita⁽¹⁾</u>	<u>Ratio To Full Value⁽²⁾</u>
Net Direct Debt	\$ 6,438,363	\$ 578	0.56%
Net Direct and Overlapping Debt	36,349,752	3,265	3.15

(1) The population of the Town according to 2020 data compiled by the U.S. Census Bureau is 11,133.

(2) The full valuation for fiscal 2021 is \$1,154,497,478.

Authorized But Unissued Debt

Following the issuance of the Notes, the Town will have no authorized and unissued debt.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the Town's outstanding general obligation bonded indebtedness.

Schedule of Debt Service Requirements

Years Ending	<u>Principal⁽¹⁾</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Cumulative % Principal Paid</u>
<u>Dec. 31:</u> 2022 ⁽¹⁾	\$328,385	\$270,733	\$599,118	5.93%
2023	334,260	266,397	600,657	11.87
2024	340,272	256,881	597,153	17.78
2025	341,552	246,470	588,022	23.60
2026	348,024	235,816	583,840	29.37
2027	354,784	224,646	579,430	35.10
2028	270,000	212,916	482,916	39.88
2029	275,000	202,297	477,297	44.60
2030	280,000	191,068	471,068	49.27
2031	285,000	179,496	464,496	53.86
2032	295,000	167,503	462,503	58.44
2033	300,000	154,868	454,868	62.94
2034	305,000	141,041	446,041	67.35
2035	315,000	126,984	441,984	71.72
2036	320,000	112,466	432,466	76.00
2037	325,000	97,717	422,717	80.18
2038	335,000	82,738	417,738	84.32
2039	340,000	67,297	407,297	88.35
2040	350,000	51,127	401,127	92.31
2041	360,000	34,481	394,481	96.22
2042	<u>365,000</u>	<u>17,359</u>	<u>382,359</u>	100.00
Totals:	<u><u>\$6,767,277</u></u>	<u><u>\$3,340,302</u></u>	<u><u>\$10,107,579</u></u>	

(1) Long-term bond financing with the New York State Environmental Facilities Corporation.

ECONOMIC AND DEMOGRAPHIC DATA

Population

	Population 2000 - 2020				
				<u>% Change</u>	
	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2000-2010</u>	<u>2010-2020</u>
Town	9,941	10,863	11,133	9.3%	2.5%
County	177,749	182,493	181,151	2.7	(0.7)
State	18,976,457	19,378,102	20,201,249	2.1	4.3

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

Income

	Per Capita Money Income				
				<u>% of Change</u>	
	<u>2000</u>	<u>2010</u>	<u>2019</u>	<u>2000-2010</u>	<u>2010-2019</u>
Town	\$22,299	\$30,979	\$36,611	37.7%	18.2%
County	20,846	28,954	34,834	38.9	20.3
State	23,389	30,948	39,326	32.3	27.1

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

Employment

	Average Employed Civilian Labor Force 2000-2020				
				<u>% Change</u>	
	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2000-2010</u>	<u>2010-2020</u>
County	84,900	86,300	86,200	1.6%	(1.2)%
State	8,718,700	8,769,700	9,289,200	0.6	5.9

Source: New York State Department of Labor.

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

Average Unemployment Rates

The following tables provide information concerning employment and unemployment in the County, State and United States. Data provided for the County and State are not necessarily representative of the Town. Unemployment has drastically increased since mid-March due to the COVID-19 global pandemic.

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2014	5.7%	6.3%	6.2%
2015	4.8	5.3	5.5
2016	4.4	4.8	8.9
2017	4.6	4.7	4.4
2018	3.6	4.1	3.9
2019	3.9	4.0	3.6
2020		10.0	8.1
2021: ⁽¹⁾			
Jan	6.7	9.4	6.3
Feb	6.9	9.7	6.2
Mar	6.2	8.4	6.0
Apr	5.1	7.7	6.1
May	4.7	7.0	5.8
Jun	5.0	7.2	5.9
Jul	5.1	7.4	5.4
Aug	5.0	7.1	5.2
Sep	4.2	6.3	4.8
Oct	4.0	5.9	4.6
Nov	3.5	5.5	4.2

(1) Monthly rates.

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

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

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

<u>Name</u>	<u>Employees</u>	<u>Product</u>	<u>City</u>
County of Ulster	A	Government	Kingston
Health Alliance of the Hudson Valley	A	Health Services	Kingston/New Paltz
State Correctional Facilities	A	Correctional Services	Wallkill/Napanoch
SUNY New Paltz	A	Educational Services	New Paltz
Bank of America, N.A.	B	Finance	Kingston
Mohonk Mountain House	B	Resort/Hotel	New Paltz
SUNY Ulster	B	Educational Services	Stone Ridge
Wal-Mart	B	Retail	Kingston
BOCES	C	Educational Services	New Paltz/Port Ewen
City of Kingston	C	Government	Kingston
Hannaford	C	Retail - Grocery	Kingston (2)/Highland/Plattekill
Honors Haven	C	Resort/Hotel	Ellenville
Hudson Valley Resort & Spa	C	Resort/Hotel	Kerhonkson
Kingston Consolidated School District	C	Educational Services	Kingston
Northeast Center for Special Care	C	Health Services	Lake Katrine
Ten Broeck Commons	C	Health Services	Lake Katrine
Ulster Savings	C	Finance/Insurance	Kingston

A - Greater than 1,000 employees.

B - 500-999 employees.

C - 250-499 employees.

Source: 2019 Official Statement for Ulster County dated November 19, 2019.

Transportation

Transportation is provided to and from the Town by a network of highways. The Town is served by New York State Routes 55 and 299 and U.S. Routes 9-W and 44. The Mid-Hudson Bridge connects the Town and the City of Poughkeepsie, and access to the New York State Thruway is available nearby via the New Paltz interchange. Rail passenger service is provided by Metro North Railroad which has a station in nearby Poughkeepsie. Rail freight service is provided by Conrail. Air charter and freight flights are provided by Dutchess County Airport. Stewart Airport, in Newburgh, provides passenger air travel service.

Utilities

Gas and Electric service is provided to Town residents by CH Energy Corporation. The Town, through its water district, administers its own water supply and distribution system. The system is entirely supported from user charges and assessments. The Town, through its sewer district, also provides sanitary sewage collection and treatment facilities. These services are supported from user charges and special benefit assessments.

END OF APPENDIX A

APPENDIX B

**SUMMARY OF ANNUAL FINANCIAL REPORT UPDATE DOCUMENTS
AND BUDGETS**

***AUD is not audited and not prepared in accordance with GAAP.**

TOWN OF LLOYD
GENERAL FUND
BALANCE SHEET
UNAUDITED PRESENTATION

	As of December 31:				
	UNAUDITED 2016	UNAUDITED 2017	UNAUDITED 2018	UNAUDITED 2019	UNAUDITED 2020
ASSETS					
Cash	\$ 1,261,649	\$ 1,317,902	\$ 1,071,551	\$ 549,115	\$ 810,965
Other Receivable	201,284	252,696	166,357	198,246	326,859
Due From Other Governments	0	0	46,237	46,458	117,429
State and Federal Aid Receivables	0	0	0	0	0
Due From Other Funds	87,023	96,569	496,568	1,258,018	1,608,018
Prepaid Expense	83,529	88,562	100,239	95,252	99,423
Restricted Assets	<u>160,435</u>	<u>250,085</u>	<u>199,702</u>	<u>313,643</u>	<u>191,875</u>
 Total Assets	 <u>\$ 1,793,920</u>	 <u>\$ 2,005,814</u>	 <u>\$ 2,080,654</u>	 <u>\$ 2,460,732</u>	 <u>\$ 3,154,569</u>
 LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	\$ 27,754	\$ 97,872	\$ 115,282	\$ 225,616	\$ 243,014
Due to Other Funds	0	0	0	0	0
Total Other Liabilities	22,420	23,089	0	0	327,439
Due to Other Governments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities	 <u>50,174</u>	 <u>120,961</u>	 <u>115,282</u>	 <u>225,616</u>	 <u>570,453</u>
Fund Equity:					
Nonspendable	83,529	88,562	100,239	95,252	99,423
Restricted	181,458	250,085	199,702	313,643	191,875
Assigned	150,000	200,000	275,000	158,600	0
Unassigned	1,328,759	1,346,208	1,390,431	1,667,622	2,292,818
 Total Fund Equity	 <u>1,743,746</u>	 <u>1,884,855</u>	 <u>1,965,372</u>	 <u>2,235,116</u>	 <u>2,584,116</u>
 Total Liabilities and Fund Equity	 <u>\$ 1,793,920</u>	 <u>\$ 2,005,816</u>	 <u>\$ 2,080,654</u>	 <u>\$ 2,460,732</u>	 <u>\$ 3,154,569</u>

The financial data presented on this page has been excerpted from the unaudited Annual Financial Report Update Document (AUD) filed with the New York State Office of the Comptroller. The AUD is not prepared in accordance with Generally Accepted Accounting Principles.

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

	YEAR ENDED DECEMBER 31:				
	UNAUDITED 2016	UNAUDITED 2017	UNAUDITED 2018	UNAUDITED 2019	UNAUDITED 2020
REVENUES:					
Real Property Taxes	\$ 3,064,828	\$ 3,062,934	\$ 3,140,394	\$ 3,445,163	\$ 3,759,540
Real Property Tax Items	33,252	34,593	32,963	33,901	34,371
Non-Property Tax Items	395,008	402,827	402,580	408,822	399,646
Departmental Income	223,096	188,514	220,266	452,083	163,161
Intergovernmental Charges	2,071	(1,850)	1,617	281	0
Use Of Money And Property	1,813	1,623	2,623	14,809	8,721
Licenses and Permits	123,847	185,106	141,041	168,686	128,769
Fines and Forfeitures	301,230	274,554	311,013	227,264	205,696
Sale Of Property And Compensation For Loss	37,142	23,294	4,603	48,175	2,910
Interfund Revenue	0	0	0		
State Aid	268,896	316,867	376,924	314,416	319,709
Miscellaneous	13,280	9,988	6,328	9,410	46,113
Total Revenues	<u>4,464,463</u>	<u>4,498,450</u>	<u>4,640,352</u>	<u>5,123,010</u>	<u>5,068,636</u>
EXPENDITURES:					
Current:					
General Government Support	\$ 1,035,768	\$ 1,065,629	\$ 1,057,198	\$ 1,036,932	\$ 1,262,592
Public Safety	1,369,595	1,451,574	1,490,638	1,521,948	1,549,678
Health	0	0	0		
Transportation	7,000	5,100	22,249	88,616	34,581
Economic Assistance And Opportunity	679	3,939	2,592	0	0
Culture And Recreation	237,836	314,488	291,757	279,658	227,691
Home And Community Services	405,712	370,151	386,735	399,527	392,137
Employee Benefits	1,090,725	1,123,311	1,258,032	1,294,753	1,245,208
Debt Service	23,550	23,394	15,635	15,634	7,749
Total Expenditures	<u>4,170,864</u>	<u>4,357,585</u>	<u>4,524,836</u>	<u>4,637,067</u>	<u>4,719,636</u>
Excess of Revenues Over Expenditures	<u>293,599</u>	<u>140,865</u>	<u>115,516</u>	<u>485,943</u>	<u>349,000</u>
OTHER FINANCING SOURCES (USES):					
Transfers - In	0	0	0	0	0
Transfers - Out	(378,000)	0	(35,000)	(216,196)	0
Total Other Financing Sources (Uses)	<u>(378,000)</u>	<u>0</u>	<u>(35,000)</u>	<u>(216,196)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(84,401)</u>	<u>140,865</u>	<u>80,516</u>	<u>269,747</u>	<u>349,000</u>
Fund Balances - Beginning of Year	1,828,392	1,743,747	1,884,854	1,965,369	2,235,116
Prior Period Adjustment	(244)	243	0	0	0
Fund Equity - End of Year	<u>\$ 1,743,747</u>	<u>\$ 1,884,854</u>	<u>\$ 1,965,369</u>	<u>\$ 2,235,116</u>	<u>\$ 2,584,116</u>

The financial data presented on this page has been excerpted from the unaudited Annual Financial Report Update Document (AUD) filed with the New York State Office of the Comptroller. The AUD is not prepared in accordance with Generally Accepted Accounting Principles.

TOWN OF LLOYD
OTHER GOVERNMENTAL FUNDS (1)
BALANCE SHEET
UNAUDITED PRESENTATION

	YEAR ENDED DECEMBER 31:				
	UNAUDITED 2016	UNAUDITED 2017	UNAUDITED 2018	UNAUDITED 2019	UNAUDITED 2020
ASSETS					
Cash	\$ 1,337,670	\$ 1,434,389	\$ 1,496,127	\$ 1,481,129	\$ 1,466,473
Other Receivable	368,369	436,063	495,535	905,591	270,694
Due From Other Governments	0	0	132,940	0	0
Due From Other Funds	0	0	0	0	0
Prepaid Expense	42,311	42,049	45,627	46,894	48,449
Restricted Assets	153,138	538,159	527,595	650,490	792,688
Total Assets	\$ 1,901,488	\$ 2,450,660	\$ 2,697,824	\$ 3,084,104	\$ 2,578,304
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	\$ 138,304	\$ 118,310	\$ 106,556	\$ 208,910	\$ 232,083
Total Due to Other Governments	0	0	0	0	
Total Liabilities	138,304	118,310	106,556	208,910	232,083
Fund Equity:					
Nonspendable	42,311	42,049	45,627	46,874	48,449
Restricted	268,153	538,159	527,595	672,032	792,688
Assigned	1,452,739	1,752,151	1,532,342	1,661,526	1,505,084
Unassigned	0	0	0	0	0
Total Fund Equity	1,763,203	2,332,359	2,105,564	2,380,432	2,346,221
Total Liabilities and Fund Equity	\$ 1,901,507	\$ 2,450,669	\$ 2,212,120	\$ 2,589,342	\$ 2,578,304

(1) Other Governmental Funds Include: Highway Fund, Sewer Fund, Water Fund and Lighting Funds.

The financial data presented on this page has been excerpted from the unaudited Annual Financial Report Update Document (AUD) filed with the New York State Office of the Comptroller. The AUD is not prepared in accordance with Generally Accepted Accounting Principles.

TOWN OF LLOYD
OTHER GOVERNMENTAL FUNDS (1)
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
UNAUDITED PRESENTATION

	YEAR ENDED DECEMBER 31:				
	UNAUDITED 2016	UNAUDITED 2017	UNAUDITED 2018	UNAUDITED 2019	UNAUDITED 2020
REVENUES:					
Real Property Taxes	\$ 2,848,615	\$ 2,906,183	\$ 2,946,839	\$ 2,894,276	\$ 2,768,990
Real Property Tax Items	18,548	26,780	22,028	15,202	7,829
Departmental Income	1,231,713	1,267,092	1,514,716	1,403,577	1,344,852
Intergovernmental Charges	14,360	34,417	25,034	24,003	20,051
Use Of Money And Property	101,879	110,923	126,429	122,623	135,783
Fines and Forfeitures	0	0	3,054	0	0
Sale Of Property And Compensation For Loss	14,861	1,500	25,179	1,727	957
Miscellaneous	0	13,755	276	90	0
Interfund Revenues	58,810	0	0	0	30,161
State Aid	163,211	187,478	231,639	187,285	150,059
Federal Aid	0	0	0	0	0
Total Revenues	4,451,997	4,548,128	4,895,194	4,648,783	4,458,802
EXPENDITURES:					
Current:					
Government Support	\$ 112,243	\$ 112,936	\$ 111,490	\$ 113,978	\$ 118,503
Transportation	1,484,854	1,527,533	1,681,358	1,473,629	1,416,113
Home And Community Services	1,352,520	1,163,792	1,344,242	1,901,178	1,242,854
Employee Benefits	653,566	642,371	740,446	775,343	768,380
Debt Service	518,978	534,380	758,747	760,084	686,550
Total Expenditures	4,122,161	3,981,012	4,636,283	5,024,212	4,232,401
Excess of Revenues Over (Under) Expenditures	329,836	567,116	258,911	(375,429)	226,401
OTHER FINANCING SOURCES (USES):					
Transfers - In	0	2,029	0	0	0
Transfers - Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	2,029	0	0	0
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	329,836	569,145	258,911	(375,429)	226,401
Fund Balances - Beginning of Year	1,433,365	1,763,201	2,332,346	2,591,257	2,215,828
Prior Period Adjustment	0	0	0	0	0
Fund Balances - End of Year	\$ 1,763,201	\$ 2,332,346	\$ 2,591,257	\$ 2,215,828	\$ 2,442,229

(1) Other Governmental Funds Include: Highway Fund, Sewer Fund, Water Fund and Lighting Funds
The financial data presented on this page has been excerpted from the unaudited Annual Financial Report Update Document (AUD) filed with the New York State Office of the Comptroller. The AUD is not prepared in accordance with Generally Accepted Accounting Principles.

**TOWN OF LLOYD
2021 OPERATING BUDGET**

	General Fund	Highway Fund	Water District Fund	Sewer District Fund	Lighting District Funds	Ambulance District Funds	Combined Totals
ESTIMATED REVENUES:							
Real Property Taxes	\$ 3,822,277	\$ 1,840,408	\$ 279,247	\$ 662,330	\$ 174,965	\$ 223,218	\$ 7,002,445
Real Property Tax Items	33,000	354	0	0	0	0	33,354
Non-Property Taxes	394,440	0	0	0	0	0	394,440
Departmental Income	220,050	0	821,850	658,100	0	0	1,700,000
Intergovernmental Charges	0	0	0	0	0	0	0
Use Of Money And Property	15,000	2,000	150	350	35	150	17,685
Sale Of Property And Compensation For Loss	0	0	0	0	0	0	0
Licenses And Permits	97,700	0	0	0	0	0	97,700
Fines And Forfeitures	280,000	0	0	0	0	0	280,000
Interfund Revenue	0	65,000	139,533	11,823	0	0	216,356
State Aid	255,000	135,000	0	0	0	0	390,000
Miscellaneous	9,900	4,000	0	0	0	0	13,900
Total Estimated Revenues	5,127,367	2,046,762	1,240,780	1,332,603	175,000	223,368	10,145,880
APPROPRIATIONS:							
Current:							
General Government Support	1,287,939	8,500	54,000	47,000	0	223,368	1,620,807
Public Safety	1,577,470	0	0	0	0	0	1,577,470
Transportation	93,950	1,598,222	0	0	175,000	0	1,867,172
Culture And Recreation	275,906	0	0	0	0	0	275,906
Home And Community Services	410,523	0	718,493	666,217	0	0	1,795,233
Employee Benefits	1,481,579	440,040	231,715	221,672	0	0	2,375,006
Debt Service	0	0	236,572	397,714	0	0	634,286
Total Appropriations	5,127,367	2,046,762	1,240,780	1,332,603	175,000	223,368	10,145,880
Excess Of Estimated Revenues Over Appropriations	0	0	0	0	0	0	0
OTHER FINANCING SOURCES (USES):							
Operating Transfers - In	0	0	0	0	0	0	0
Operating Transfers - Out	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0
APPROPRIATED FUND BALANCIS	0	0	0	0	0	0	0

**TOWN OF LLOYD
2022 OPERATING BUDGET**

	General Fund	Highway Fund	Water District Fund	Sewer District Fund	Lighting District Funds	Ambulance District Funds	Combined Totals
ESTIMATED REVENUES:							
Real Property Taxes	\$ 3,665,898	\$ 1,992,644	\$ 274,243	\$ 715,059	\$ 209,800	\$ 349,800	\$ 7,207,444
Real Property Tax Items	33,000	350	0	0	0	0	33,350
Non-Property Taxes	472,000	0	0	0	0	0	472,000
Departmental Income	218,120	0	893,650	721,700	0	0	1,833,470
Intergovernmental Charges							0
Use Of Money And Property	15,000	3,000	650	1,750	200	200	20,800
Sale Of Property And							
Compensation For Loss	0	0	0	0	0	0	0
Licenses And Permits	97,700	0	0	0	0	0	97,700
Fines And Forfeitures	225,000	0	0	0	0	0	225,000
Interfund Revenue	0	120,000	147,000	12,000	0	0	279,000
State Aid	375,000	135,000	0	0	0	0	510,000
Miscellaneous	48,200	12,000	0	0	0	0	60,200
Total Estimated Revenues	<u>5,149,919</u>	<u>2,262,994</u>	<u>1,315,543</u>	<u>1,450,509</u>	<u>210,000</u>	<u>350,000</u>	<u>10,738,965</u>
APPROPRIATIONS:							
Current:							
General Government Support	1,352,330	20,250	58,000	52,000	0	350,000	1,832,580
Public Safety	1,627,427	0	0	0	0	0	1,627,427
Transportation	70,000	1,826,468	0	0	210,000	0	2,106,468
Culture And Recreation	267,725	0	0	0	0	0	267,725
Home And Community Services	441,436	0	796,376	788,256	0	0	2,026,068
Employee Benefits	1,391,001	416,276	224,595	216,523	0	0	2,248,395
Debt Service	0	0	236,572	393,730	0	0	630,302
Total Appropriations	<u>5,149,919</u>	<u>2,262,994</u>	<u>1,315,543</u>	<u>1,450,509</u>	<u>210,000</u>	<u>350,000</u>	<u>10,738,965</u>
Excess Of Estimated Revenues Over Appropriations	0	(0)	0	0	0	0	0
OTHER FINANCING SOURCES (USES):							
Operating Transfers - In	0	0	0	0	0	0	0
Operating Transfers - Out	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
APPROPRIATED FUND BALANCIS	<u>(0)</u>	<u>0</u>	<u>(0)</u>	<u>(0)</u>	<u>0</u>	<u>0</u>	<u>(0)</u>

APPENDIX C

**ANNUAL FINANCIAL REPORT UPDATE DOCUMENT
FOR THE YEAR ENDED DECEMBER 31, 2020* (UNAUDITED)**

<https://emma.msrb.org/P11621560.pdf>

***The Annual Financial Report Update Document (“AUD”) is not audited and is prepared by the Town and filed with the State of New York Office of the State Comptroller pursuant to Article 3, Section 30 of the General Municipal Law. The AUD is not prepared in accordance with Generally Accepted Accounting Principles.**

APPENDIX D

FORM OF BOND COUNSEL OPINION

FORM OF OPINION OF NOTE COUNSEL

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

February 10, 2022

The Town Board of the
Town of Lloyd, in the
County of Ulster, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Lloyd (the “Town”), in the County of Ulster, 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 \$1,616,086 Bond Anticipation Notes for Water Purposes-2022 (the “Notes”), dated and delivered on the date hereof.

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

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

1. The Notes are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Notes 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 Notes 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 Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements which must be met subsequent to the issuance of the Notes in order that the interest on the Notes 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 Notes, restrictions on the investment of proceeds of the Notes 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 Notes 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 Notes, the Town will execute a Tax Certificate relating to the Notes containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Town 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 Notes 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 Town'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 Notes, and (ii) compliance by the Town with the procedures and representations set forth in the Tax Certificate as to such tax matters.

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

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, 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 Notes.

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

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

APPENDIX E

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

UNDERTAKING TO PROVIDE NOTICES OF EVENTS FOR THE NOTES

Section 1. Definitions

“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 Town of Lloyd, in the County of Ulster, 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.

“Purchaser” shall mean the financial institution(s) referred to in the Certificate of Determination, executed by the Town Supervisor as of the date hereof.

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

“Securities” shall mean the Issuer’s \$1,616,086 Bond Anticipation Notes for Water Purposes-2022, dated February 10, 2022 maturing on February 10, 2023, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021 to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;

- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;
- (vii) modifications to rights of Securities holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the 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;

- (xiii) 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;

- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) 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
- (xvi) 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.

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

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

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

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

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

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of February 10, 2022.

TOWN OF LLOYD, NEW YORK

By _____
TOWN SUPERVISOR