

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 9, 2022

**NEW ISSUE
SERIAL BONDS**

RATING: See “RATING” HEREIN

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; and (ii) interest on the Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including the City of New York and the City of Yonkers. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see “TAX MATTERS” herein.

*The City will **not** designate the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.*

**CITY OF RYE
WESTCHESTER COUNTY, NEW YORK**

\$15,230,000*
PUBLIC IMPROVEMENT SERIAL BONDS, SERIES 2022
(the “Bonds”)

Date of Issue: Date of Delivery

Maturity Dates: March 15, 2023 – 2047

The Bonds are general obligations of the City of Rye, Westchester County, New York (the “City”), and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the City, subject to the applicable provisions of Chapter 97 of the Laws of 2011, as amended (the “Tax Levy Limit Law”). See “Nature of Obligation” and “Tax Levy Limit Law,” herein.

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

The Bonds will be dated their Date of Delivery, will bear interest from such date payable semiannually on March 15 and September 15 in each year until maturity commencing March 15, 2023 and will mature on March 15 in the years and amounts as set forth on the inside cover page hereof.

The Bonds are subject to optional redemption prior to maturity. (See “Optional Redemption” herein).

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the final approving opinion of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel. It is expected that the Bonds will be available for delivery in Jersey City, New Jersey or as otherwise agreed with the purchaser on or about March 31, 2022.

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

Dated: March __, 2022

* Preliminary, subject to change.

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

The Bonds mature on March 15 in each year as set forth below:

<u>Year</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP***</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP***</u>
		%	%				%	%	
2023	\$355,000				2036**	\$615,000			
2024	505,000				2037**	625,000			
2025	510,000				2038**	640,000			
2026	520,000				2039**	655,000			
2027	525,000				2040**	665,000			
2028	535,000				2041**	680,000			
2029	540,000				2042**	695,000			
2030	550,000				2043**	710,000			
2031**	560,000				2044**	725,000			
2032**	570,000				2045**	740,000			
2033**	580,000				2046**	760,000			
2034**	590,000				2047**	775,000			
2035**	605,000								

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

** Subject to optional redemption prior to maturity.

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

**CITY OF RYE
WESTCHESTER COUNTY, NEW YORK**

**Josh Cohn
Mayor**

CITY COUNCIL

Bill HendersonCouncilmember
Emily Hurd.....Councilmember
Carolina Johnson.....Councilmember
Josh Nathan.....Councilmember
Julie SouzaCouncilmember
Ben Stacks.....Councilmember

Greg G. Usry City Manager
Joseph Fazzino Deputy Comptroller
Kristen K. Wilson Corporation Counsel
Carolyn D’Andrea, Esq.....City Clerk

INDEPENDENT AUDITORS

**BST & Co. CPAs, LLP
Albany, New York**

BOND COUNSEL

**Squire Patton Boggs (US) LLP
New York, New York**



MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Long Island * Hudson Valley * Southern Tier * Western New York
(516) 487-9817**

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

TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
THE BONDS..... 1	LITIGATION..... 11
Description 1	TAX MATTERS..... 11
Authority for and Purpose of the Bonds 1	Risk of Future Legislative Changes and/or Court
Optional Redemption..... 2	Decisions 12
Book-Entry-Only System 2	Original Issue Discount and Original Issue Premium..... 13
NATURE OF OBLIGATION 4	DOCUMENTS ACCOMPANYING DELIVERY OF THE
Tax Levy Limit Law 5	BONDS 14
SPECIAL PROVISIONS AFFECTING REMEDIES	Legal Matters 14
UPON DEFAULT 5	Closing Certificates..... 14
RISK FACTORS 9	DISCLOSURE UNDERTAKING 14
Cybersecurity..... 10	MUNICIPAL ADVISOR 16
Impacts of COVID-19 10	RATING 16
THE STATE COMPTROLLER'S FISCAL STRESS	ADDITIONAL INFORMATION 17
MONITORING SYSTEM AND COMPLIANCE	
REVIEWS 10	

APPENDIX A

THE CITY A-1	Tax Collection Record..... A-8
General Information..... A-1	Tax Collection Procedure A-8
City Services..... A-1	Largest Taxpayers – 2021 A-9
Form of City Government..... A-1	Constitutional Tax Margin A-9
Building Construction Permits..... A-2	CITY INDEBTEDNESS..... A-9
Employees A-2	Constitutional Requirements A-9
Employee Pension Benefits A-2	Statutory Procedure A-10
Other Post Employment Benefits..... A-3	Debt Outstanding End of Fiscal Year..... A-11
FINANCIAL FACTORS..... A-4	Bond Anticipation Notes..... A-11
Budgetary Procedures A-4	Cash Flow Borrowings..... A-11
Independent Audit A-4	Authorized But Unissued Items..... A-11
Accounting and Financial Reporting Procedures..... A-5	Debt Statement Summary..... A-11
Fund Accounting A-5	Estimated Overlapping Indebtedness A-12
Measurement Focus and Basis of Accounting..... A-6	Debt Ratios..... A-12
Statutes Governing City Investment Policy A-6	Debt Service Schedule..... A-12
Revenues..... A-6	ECONOMIC AND DEMOGRAPHIC DATA A-13
State Aid A-7	Population A-13
Other Information A-8	Income..... A-13
TAX INFORMATION A-8	Employment and Unemployment..... A-13
Valuations..... A-8	

APPENDIX B – SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

APPENDIX C – LINK TO AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

OFFICIAL STATEMENT
CITY OF RYE
WESTCHESTER COUNTY, NEW YORK

relating to

\$15,230,000*

PUBLIC IMPROVEMENT SERIAL BONDS, SERIES 2022
(the “Bonds”)

This Official Statement, which includes the cover page and appendices attached hereto, presents certain information relating to the City of Rye, in the County of Westchester, in the State of New York (the “City,” “County,” and “State,” respectively), in connection with the sale of \$15,230,000* Public Improvement Serial Bonds, Series 2022 (the “Bonds”).

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

THE BONDS

Description

The Bonds will be dated their Date of Delivery, will bear interest from such date payable semiannually on March 15 and September 15 in each year until maturity commencing March 15, 2023 and will mature on March 15 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity. (See “Optional Redemption” herein).

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

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

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including among others, the Local Finance Law, and various bond resolutions duly adopted by the City Council on their respective dates for the purposes and amounts listed on the following page:

* Preliminary, subject to change.

<u>Purpose</u>	<u>Authorization Date</u>	<u>Amount to Bonds</u>
Construction, reconstruction and improvements to City streets	09/12/12	\$ 1,680,000
Acquisition, construction or reconstruction of or addition to a sewer system in and for the City	03/02/22	4,200,000
Construction of an addition to or reconstruction of various buildings in and for the City	03/02/22	<u>9,350,000</u>
Total:		<u>\$15,230,000</u>

Optional Redemption

The Bonds maturing on or before March 15, 2030 will not be subject to redemption prior to maturity. The Bonds maturing on or after March 15, 2031 will be subject to redemption prior to maturity, on any date, at the option of the City, on March 15, 2030 and thereafter, in whole or in part, at par plus accrued interest to the redemption date.

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

Book-Entry-Only System

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

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive

written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

Source: The Depository Trust Company

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT

PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS.

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

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

NATURE OF OBLIGATION

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

The Bonds will be general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the City has the power and statutory authority to levy ad valorem taxes on all taxable real property in the City, subject to the applicable provisions of Chapter 97 of the New York Laws of 2011, as amended. Pursuant to Article VIII of the State Constitution, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State is specifically precluded from restricting the power of the City to levy taxes on real estate therefor for debt issued prior to the effective date of any such legislation regarding such levies. (See "Legal Matters," "Real Property Taxes" and "Tax Levy Limit Law," herein.)

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

Holders of any series of notes or bonds of the City may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds will be general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the City has power and statutory authorization to levy ad valorem taxes on all real property within the City subject to such taxation by the City, subject to the applicable provisions of Chapter 97 of the Laws of 2011, as amended.

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limit Law imposes a statutory limitation on the City's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limit Law, it also provides the procedural method to surmount that limitation. (See "Tax Levy Limit Law," herein.)

Tax Levy Limit Law

On June 24, 2011, Chapter 97 of the Laws of 2011 (the “Tax Levy Limit Law” or “TLLL”) was enacted. The Tax Levy Limit Law imposes a tax levy limitation on the City for any fiscal year each commencing after January 1, 2012 without providing an express exclusion for real property taxes levied for payment of principal of and interest on general obligations issued by the City under the Local Finance Law. Accordingly, the power of the City to levy real property taxes on all taxable real property within the City without limitation as to rate or amount in furtherance of the pledge of its faith and credit as required in the New York Constitution is subject to statutory limitations pursuant to formulae set forth in the Tax Levy Limit Law.

The Tax Levy Limit Law restricts the increase in the amount of the succeeding year’s tax levy to no more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. The TLLL also provides for certain adjustments for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. The 2% limit can be increased and overridden annually through a local law enacted by a 60% supermajority vote by the City Council subject to referenda requirements, if any, set forth in the Municipal Home Rule Law. Express exclusions from the 2% limit of TLLL include (i) funds needed to pay judgments in excess of 5% of the prior year’s tax levy, and (ii) retirement systems growth in the average actuarial contribution rate in excess of 2%. The City is also permitted to carry forward a certain portion of its unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the Office of the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The TLLL does not provide an express exclusion from the tax levy limitation for payment of principal and interest on general obligations authorized and issued by the City under the Local Finance Law. A plain English reading of the TLLL compared with the applicable and corresponding provisions of Article VIII of the New York Constitution (Local Government Finance) could lead to the conclusion that the TLLL is contrary to and violative of certain provisions of Article VIII the New York Constitution.

In the opinion of bond counsel, under current law, the limitations imposed by TLLL on real property tax levies do not diminish the prior lien on the first revenues of the City set forth in the New York State Constitution and established by the aforesaid pledge of the City’s faith and credit requiring the City to raise the necessary moneys and to exceed normal real estate tax limitations to pay the principal of and interest on the Bonds. Bond Counsel expresses no opinion on the validity of the Tax Levy Limit Law under the applicable provisions of Article VIII of the New York Constitution.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors’ Provision. Each Bond when duly issued and paid for will constitute a contract between the City and the holder thereof. Under current law, provision is made for contract creditors of the City to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as counties, cities, towns and villages, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any

municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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

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

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

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

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

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

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

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the

municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in the county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law (“Title 6-A”) effectively prohibits the doing of any act for ninety days in the payment of claims against the municipality, including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which, upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such “additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder.” Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims, including debt service due or overdue, must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a “material change in circumstances” the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

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

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

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In

addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature, the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution, which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

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

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

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

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

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

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

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “Nature of Obligation” and “State Debt Moratorium Law” herein.

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

RISK FACTORS

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

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

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

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

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

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

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the City, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Bonds. (See "*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 City could impair the financial condition of such entities, including the City and the ability of such entities, including the City to pay debt service on their respective obligations.

Cybersecurity

The City, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City faces multiple cyber threats including, but not limited to, hacking, viruses, malware ransomware and other types of attacks on computer and other sensitive digital networks and systems. To mitigate the risk of these attacks on business operations and their impact and/or damage from cyber incidents or cyber-attacks, the City invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. To mitigate such risk the City has contracted with outside technology vendors to assist in the prevention, detection, and remediation of any such attacks. In addition, the City maintains an insurance policy covering cyber liability. The results of any such attack could impact business operations and/or damage to City digital networks as well as the systems and the associated costs of remedying any such damage could be substantial.

Impacts of COVID-19

The COVID-19 pandemic continues to impact the City. For the 2022 budget year, the City returned to a more normalized approach to revenues and expenses. There are clearly areas, such as recreation, where the impacts of the pandemic will continue to affect programming and adversely impact financial results. However, the thoughtful budgeting and financial planning that began several years ago and especially in 2020, is now showing significant results, as the City accumulated a fund balance that will help it address the long-deferred capital reinvestment.

The American Rescue Plan Act (“ARPA”), which was signed into law on March 11, 2021, was a \$1.9 trillion COVID-19 relief package that included \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also included an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

The City was notified in April of 2021 by the NYS Division of the Budget that the City would be eligible for \$1.61 million in ARPA payments from the Coronavirus Local Fiscal Recovery Fund. The City was in receipt of the first half of this payment in the latter part of July of 2021. It is anticipated that the second payment will be received by the City in the spring of 2022. In preparation of receipt of these payments, the City has developed a listing of revenues lost that would be eligible for reimbursement through this program. These payments will help the City fund the infrastructure projects identified as part of its Capital Improvement Program.

Although the ARPA provides for funds to be paid to the State, it is not possible to predict whether any future federal legislation will contain reduction in other federal aid to the State. Any reduction 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 new 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. The City will continue to monitor closely the 2022 economic environment and the global COVID-19 pandemic situation, and take the proactive measures as required to ensure the strong financial condition of the City.

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

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

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

The most current applicable report of the State Comptroller designates the City as "No Designation."

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

The financial affairs of the City are subject to periodic compliance reviews by OSC. The last audit conducted by OSC was released on January 3, 2014. The purpose of the audit was to examine the City's Boat Basin fund financial operations for the period of January 1, 2012 through June 30, 2013.

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

LITIGATION

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City does not believe, however, that such suits, either individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the City.

The City is a defendant in numerous actions that may exceed insurance limits, or are not covered by applicable insurance. Such actions are being defended and no opinion is expressed as to the merits or possible outcome of each case. Payments that may be required as a result of these actions have been included in the assessment and calculation of liabilities in the Risk Retention Fund.

The City is a defendant in numerous pending tax certiorari proceedings, the results of which cannot be determined at this time. Any refunds resulting from settlements will be funded in the year in which the payments are made.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax; and (ii) interest on the Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including the City of New York and the City of Yonkers. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the City's representations and certifications or the continuing compliance with the City's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the "IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the City may cause loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The City has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market value of the Bonds.

Interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Prospective purchasers of the Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of

interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax, and eliminated the tax-exempt advance refunding of tax-exempt Bonds and tax-advantaged Bonds, among other things. Additionally, investors in the Bonds should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of holders to sell their Bonds in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Bonds (“Discount Bonds”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds (“Premium Bonds”) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, 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 that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel to the City. Such opinion will be available at the time of delivery of and payment for the Bonds and will be to the effect that the Bonds are valid and legally binding general obligations of the City, for the payment of which the City has validly pledged its faith and credit, and all the real property within the City subject to taxation by the City, is subject to the levy by the City of ad valorem taxes, without limitation as to rate or amount, subject to the applicable provisions of Chapter 97 of the Laws of 2011. Chapter 97 of the Laws of 2011 imposes a statutory limit on the power of the City to increase its annual real property tax levy based on formulae set forth therein, including such taxes to pay principal of and interest on the Bonds. However, in the opinion of Bond Counsel, under current law, the limitations imposed by Chapter 97 of the Laws of 2011 do not diminish the prior lien on the first revenues of the City set forth in the New York Constitution and established by the aforesaid pledge of the City's faith and credit requiring the City to raise the necessary moneys and to exceed normal real estate tax limitations to pay the principal of and interest on the Bonds. Bond Counsel expresses no opinion on the validity of Chapter 97 of the Laws 2011 under the applicable provisions of Article VIII of the New York Constitution.

Said opinion will also contain further statements to the effect that assuming continuing compliance with certain covenants and the accuracy of certain representations of the City contained in the record of proceedings relating to the authorization and issuance of the Bonds (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax; and (ii) interest on the Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds. For a more complete discussion of the tax aspects, see "*Tax Matters*" herein.

Closing Certificates

Upon delivery of and payment for the Bonds, the purchaser(s) of the Bonds will also receive, without cost, in form satisfactory to Bond Counsel the following, dated as of the date of delivery of and payment for the Bonds: (a) a certificate or certificates evidencing execution, delivery and receipt of payment for the Bonds; (b) a certificate or certificates executed by the officer of the City who executed the Bonds on behalf of the City stating that (1) no litigation is then pending or, to the knowledge of such officer, threatened to restrain or enjoin the issuance or delivery of the Bonds, (2) no authority or proceedings for the issuance of the Bonds has or have been repealed, revoked or rescinded, and (3) the statements contained in this Official Statement, on the date hereof and on the date of delivery of and payment for the Bonds, were and are true in all material respects and did not, and do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (c) the unqualified legal opinions as to the validity of the Bonds of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel, as more fully described under "*Legal Matters*" herein; (d) a Tax Compliance Certificate executed by the Deputy Comptroller of the City; and (e) a continuing disclosure agreement executed by the Deputy Comptroller of the City for purposes of SEC Rule 15c2-12, as described under the caption "*Disclosure Undertaking*" herein.

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the City for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Bonds, the City will provide an executed copy of its undertaking to provide continuing disclosure certificate (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Bonds. In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the City has agreed to provide, or cause to be provided,

(1) to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement of the City relating to the Bonds under the headings “Litigation” and in Appendix A under the headings “The City”, “Financial Factors”, “Tax Information”, “City Indebtedness” and “Economic and Demographic Data” and Appendix B by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ended December 31, 2021, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ended December 31, 2021; such audit (prepared in accordance with the accounting principles the City may be required to employ pursuant to State law or regulation), if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the City of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the City of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

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

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the City; (xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material, (xv) incurrence of a “financial obligation” of the City, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the City, if any, such event reflects financial difficulties.

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

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

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

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

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

The City's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12") which require the Undertaking, or such provision, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the City, and no person or entity, including a Holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the City to comply with the Undertaking will not constitute a default with respect to the Bonds.

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

MUNICIPAL ADVISOR

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

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

RATING

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

On May 28, 2019, Moody's Investors Service, Inc. ("Moody's") affirmed the City's underlying credit rating of "Aaa".

Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from Moody's at the following address: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007. There is no assurance that such rating will continue for any specified period of time or that such rating will not be lowered or withdrawn, if in the judgment of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse affect on the market price of the Bond or the availability of a secondary market for the Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from Joseph Fazzino, Deputy Comptroller of the City, 1051 Boston Post Road, Rye, New York, 10580, (914) 967-7303, e-mail: jfazzino@ryeny.gov or from the City's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York, 11021, (516) 487-9817.

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

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

The 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 City 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 Bonds by the City and may not be reproduced or used in whole or in part for any other purpose.

Squire Patton Boggs (US) LLP expresses no opinion on the accuracy or completeness of any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Bonds, including this Official Statement.

CITY OF RYE
WESTCHESTER COUNTY, NEW YORK

By: _____
Joseph Fazzino
Deputy Comptroller

Dated: March __, 2022

APPENDIX A

THE CITY

THE CITY

General Information

Rye was first settled in 1660 making it the oldest permanent settlement in Westchester County. It was incorporated as a City in 1904, and chartered as a City in 1942 (Chapter 505, Laws of 1940). The City is located in the southeastern portion of the State on the Long Island Sound, approximately twenty-five miles from Grand Central Terminal in New York City. It encompasses a land area of six square miles. The City's location, at the intersection of Interstates 287 (east-west) and 95 (north-south), provides ready access to both New York and New England. In addition, electrified commuter railroad service is provided by the New Haven line of Metro-North.

The City is primarily a residential suburban community. Heads of families are for the most part business executives or professionals, the majority of whom commute to New York City. In 2021, the average sale price of a home was \$2,287,742 and the median sale price of a home was \$1,950,000. Approximately 49% percent of the 2021 home sales sold for \$2 million or higher; 91% sold for \$1 million or higher, and the highest sale price for a residential home was \$13,000,000.

City Services

The City provides those municipal services considered to be necessary for the health and wellbeing of its citizens, including but not limited to, planning and zoning, police and fire protection, sanitary and storm sewer systems, highway and road maintenance, parks and recreation programs, refuse and garbage collection, off-street parking and enforcement of its building code.

The City takes particular pride in the level and quality of recreational facilities provided to its residents. Major City facilities include the DePauw Municipal Boat Basin, the Rye Golf Club, the Rye Nature Center, and four parks with playing fields. Other non-City facilities contributing to the recreation picture are the Rye Arts Center; Rye Town Park; Rye Playland Amusement Park; Marshlands Sanctuary; Edith Read Sanctuary, and several beach, golf, and yacht clubs.

Education is provided by two separate and independent school districts within the City. The Rye City School District is essentially coterminous with the City. However, a small section in the southern end of the City is in the Rye Neck Union Free School District. Each school district has separately elected governing bodies and each has taxing and debt incurring authority. The Rye City School District collects its own taxes, while the City Comptroller acts as an agent for the collection of Rye Neck Union Free School District taxes on properties within the City's boundaries.

Form of City Government

The City Council is the legislative and policy making body of the City. It is composed of the Mayor and six Council Members, all of who are elected at large to serve four year terms. The City Council adopts local laws and ordinances and controls the raising and appropriation of funds. The City Council also awards all contracts for public works and all purchase contracts requiring competitive bidding under the General Municipal Law.

The City Manager is appointed by the City Council to serve an indefinite term as the Chief Administrative Officer of the City. The City Manager appoints all department heads (except the Corporation Counsel) to serve at his or her pleasure, is responsible for the day-to-day operations of the City and carries out policies formulated by the City Council. He or she is also responsible, with the advice and assistance of the City Comptroller, for preparation of the annual budget. The City Comptroller is appointed by the City Manager to serve as the chief fiscal officer of the City. The City Comptroller is responsible for maintaining the City's accounting records and preparing the annual financial reports, collecting all taxes, assessments and miscellaneous cash receipts, controlling expenditures to assure that budget appropriations are not exceeded, investing all City funds, and coordinating all City indebtedness.

Building Construction Permits

<u>Year</u>	<u>Estimated Cost of Construction</u>	<u>Building Permit Fees</u>	<u>Total No. Building Permits</u>
2012	\$88,491,000	\$1,504,349	943
2013	113,947,000	1,937,092	1,032
2014	107,000,000	2,504,474	793
2015	68,540,366	2,011,230	1,023
2016	69,000,000	1,866,508	908
2017	66,614,407	2,181,769	775
2018	152,176,172	3,030,074	854
2019	66,323,077	1,544,088	768
2020	77,219,120	1,220,175	605
2021	243,443,527	1,558,771	886

Source: City of Rye Building Department.

Employees

The City currently employs approximately 141 full-time employees. The following is a breakdown of employee representation by the collective bargaining agents which represent them and dates of expiration of their agreements.

<u>Group</u>	<u>No. of Employees</u>	<u>Union Contract Expires</u>
Administrative and Management Confidential	31	N/A
CSEA - Clerical	9	12/31/2023
CSEA - Public Works	49	12/31/2023
Fire Fighters	19	12/31/2023
Police	33	12/31/2023

¹Contract under negotiation.

Employee Pension 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 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.

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

The New York State Retirement System has advised the City that municipalities can elect to make employer contribution payments in December or the following February, as required. If such payments are made in December prior to the scheduled payment date in February, such payments may be made at a discounted amount. The City has prepaid its employer contributions in December 2021 for contributions due February 2022.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio experienced negative investment performance and severe downward trends in market earnings. Employer contribution rates for the State's Retirement System continue to be higher than the minimum contribution rate established by Chapter 49. To mitigate the expected increases in the employer contribution rate, legislation was enacted in 2010 that authorized local governments and school districts to borrow a portion of their required payments from the State pension plan at interest rates which vary each year. The applicable interest rate applied to amortized amounts of ERS and PFRS pension contributions for 2014 are 3.50%, 3.15% for 2015, 3.21% for 2016 and 2.33% for 2017 and 2.84% for 2018 amortized pension contributions. The legislation also required those local governments and school districts, who decide to amortize their pension obligations pursuant to the new law, to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The City has not amortized any portion of its required contributions under this legislation.

In Spring 2013, the State and ERS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. The City has not and will not be participating in the modified ERS SCO at this time or in the foreseeable future.

Other Post Employment Benefits

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

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

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

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

The City is in compliance with the requirements of GASB 75 as was required by the end of the City’s 2018 fiscal year. It has been determined that the City’s total OPEB liability as of December 31, 2020 was approximately \$122,993,233 assuming a discount rate of 1.93%.

FINANCIAL FACTORS

Budgetary Procedures

The fiscal year of the City is the calendar year.

The City Charter requires the City Manager to submit a capital program to the City Council on or before August 7 of each year. The capital program lists the proposed capital improvements with appropriate supporting information, indicating the cost estimates, method of financing and recommended time schedules for each improvement.

The City Charter also requires the City Manager to submit a tentative operating budget for the ensuing fiscal year to the City Council on or before November 7 of each year.

Upon receiving the tentative budget from the City Manager and prior to a public hearing, the City Council may, by a vote of at least four members of the Council, make changes in the tentative budget. After considering the tentative budget, but not later than the first Wednesday in December, the City Council holds a public hearing on what is now the proposed budget.

After a public hearing, the City Council may adopt the proposed budget with or without amendment. In amending the proposed budget, it may add or increase programs or amounts, and may decrease or delete programs or amounts, except for expenditures required by law, debt service or for estimated cash deficit, provided that it may not increase the estimated revenues or the total proposed expenditures without the affirmative vote of at least five members of the City Council.

The City Council must adopt the proposed budget and determine the tax rate for the ensuing year on or before December 31 of the current fiscal year. No board, commission, department, office or agency of the City shall expend or commit any funds of the City unless the City Comptroller shall first certify that there is an unencumbered balance of appropriation and funds available for the purpose. All appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered.

Independent Audit

The City Code requires an annual audit by independent certified public accountants. In addition to meeting the requirements set forth in the City Code, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-128. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of the City's Comprehensive Annual Financial Report.

The State Comptroller's Office (Department of Audit and Control) also performs compliance reviews to ascertain whether the City has complied with the requirements of various state and federal statutes.

Accounting and Financial Reporting Procedures

The financial statements of the City have been prepared in conformance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2019. This was the nineteenth consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an efficiently organized CAFR satisfying both generally accepted accounting principles and legal requirements, and that meets or exceeds reporting standards established by the GFOA.

The City also received the GFOA's Distinguished Budget Presentation Award for its fiscal 2020 annual budget document, making it the sixteenth consecutive year that the City received the award. In order to qualify for this award, a government's budget document must be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Fund Accounting

The accounts of the City are organized and operated on the basis of funds. GAAP define a fund as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Funds can be grouped into three broad classifications: governmental funds, proprietary funds, and fiduciary funds. Governmental funds typically are used to account for tax-supported (governmental) activities. Proprietary funds are used to account for a government's business-type activities (activities supported, at least in part, by fees or charges). Fiduciary funds are used to account for resources that are held by the government as a trustee or agent for parties outside the government and that cannot be used to support the government's own programs.

Funds are further categorized into fund types. Governmental funds include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary funds include enterprise funds and internal service funds. Fiduciary funds include trust funds and agency funds. The funds used by the City are as follows:

Governmental Funds

General Fund – The General Fund constitutes the primary operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

Cable TV Special Revenue Fund - The Cable TV Special Revenue Fund is used to account for revenues received from the franchise holder for public access cable TV programming.

Debt Service Fund - The Debt Service Fund is provided to account for the accumulation of resources to be used for the redemption of principal and interest on long-term debt.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Permanent Fund -The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs. The K.T. Woods Fund is a permanent fund of the City and is used to account for the funding for certain expenditures of the Rye Nature Center.

Proprietary Funds

Boat Basin Enterprise Fund – The Boat Basin Enterprise Fund is used to account for the activities of the DePauw Municipal Boat Basin.

Golf Club Enterprise Fund – The Golf Club Enterprise Fund is used to account for the activities of the Rye Golf Club.

Risk Retention Internal Service Fund – The Risk Retention Internal Service Fund is used to account for general liability insurance and risk management activities to various departments of the City.

Building and Vehicle Maintenance Internal Service Fund – The Building and Vehicle Maintenance Internal Service Fund is used to account for the acquisition, operation, maintenance, and disposition of the City’s buildings and vehicles that are not accounted for in another fund.

Fiduciary Fund – The City maintains one Agency Fund to account for payroll-related activity.

Measurement Focus and Basis of Accounting

The current financial resources measurement focus and the modified accrual basis of accounting are used for all governmental funds. The current financial resources measurement focus is one where the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds. The modified accrual basis of accounting is used in conjunction with the current financial resources measurement focus that modifies the accrual basis of accounting in two important ways 1) revenues are not recognized until they are measurable and available, and 2) expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when that liability is first incurred (if earlier).

The economic resources measurement focus and the accrual basis of accounting are used for all proprietary funds. The economic resources measurement focus is one where the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity’s net assets. The economic resources measurement focus is used for proprietary and trust funds, as well as for government-wide financial reporting. It also is used by business enterprises and nonprofit organizations in the private sector. The accrual basis of accounting recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

Agency funds do not have a measurement focus since they report only assets and liabilities and do not report equity or changes in equity. Agency funds use the accrual basis of accounting.

Statutes Governing City Investment Policy

Pursuant to the statutes of the State of New York, the City is permitted to invest only in the following investments: (1) special time deposits in, or certificates of deposits issued by, a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United State of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the City; (6) obligations of New York public benefit corporations which are made lawful investments in which the City may invest pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of City moneys held in certain reserve funds established pursuant to law, obligations issued by the City. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, as that term is defined in the law.

Revenues

Property Taxes. The City derives a major portion of its General Fund revenues from a tax on real property (see "*Statement of Revenues, Expenditures and Changes in Fund Balance*" in Appendix B, herein). Based on audited results, property taxes accounted for approximately 67.2% of total General Fund revenues for the fiscal year ended December 31, 2020.

The following table sets forth total General Fund revenues and real property tax revenues during each of the last five audited fiscal years as well as budgeted amounts for the two most recent fiscal years.

<u>Property Tax Revenues</u>			
<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2016	\$34,879,219	\$22,325,572	64.0%
2017	36,650,744	23,904,448	65.2
2018	38,354,788	24,303,657	63.4
2019	39,655,354	25,207,464	63.6
2020	37,903,855	25,485,612	67.2
2021 (Adopted Budget)	40,585,302	26,751,775	65.9
2022 (Adopted Budget)	45,918,950	27,478,726	59.8

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

State Aid

The City receives financial assistance from New York State. In its General Fund budget for the 2022 fiscal year, approximately 6.6% of the operating revenues of the City are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City, in any year the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if in any year the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the City, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the City. No assurance can be given that present State aid levels will be maintained in the future. In view of the State’s continuing budget problems, the outbreak of COVID-19, and the dramatic steps taken by the State to address it, future State aid reductions are likely. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (see also “Market Factors Affecting Financing of the State and Municipalities of the State” herein).

The following table sets forth total General Fund revenues and State aid during each of the last five audited fiscal years and budgeted amounts for the two most recent fiscal years.

<u>State Aid</u>			
<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2016	\$34,879,219	\$2,897,020	8.3%
2017	36,650,744	3,208,293	8.8
2018	38,354,788	2,909,402	7.6
2019	39,655,354	3,442,190	8.7
2020	37,903,855	2,930,989	7.7
2021 (Adopted Budget)	40,585,302	2,622,519	6.5
2022 (Adopted Budget)	45,918,950	3,009,308	6.6

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

Other Information

No principal or interest upon any obligation of the City is past due.

The fiscal year of the City is the calendar year.

This document does not include the financial data of any political subdivision having power to levy taxes within the City, with the exception of the section entitled "Estimated Overlapping Indebtedness."

TAX INFORMATION

Valuations

Year Ending December 31:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assessed Valuation	\$140,666,648	\$140,662,283	\$141,155,294	\$141,347,177	\$142,476,564
New York State Equalization Rate	1.58%	1.53%	1.56%	1.60%	1.66%
Full Valuation	\$8,902,952,405	\$9,193,613,268	\$9,048,416,282	\$8,834,198,563	\$8,582,925,542

Tax Collection Record

Year Ending December 31:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022⁽²⁾</u>
Total Tax Levy	\$24,642,278	\$25,291,030	\$25,727,334	\$26,842,609	\$27,615,597
Amount Collected ⁽¹⁾	<u>\$24,614,691</u>	<u>\$25,267,005</u>	<u>\$25,655,304</u>	<u>\$26,676,251</u>	<u>\$12,211,393</u>
Amount Uncollected	\$ 27,587	\$ 24,025	\$ 72,030	\$ 166,358	\$15,404,204
% Collected	99.89%	99.91%	99.72%	99.38%	44.22%
Tax Rates Per \$1,000 (A.V.)	\$172.83	\$176.76	\$180.06	\$187.88	\$190.85

(1) Through January 31, 2022.

(2) Through February 21, 2022, unreconciled. Penalty-free collection period ends February 28, 2022.

Tax Collection Procedure

The City Comptroller is responsible for the collection of City, County (including refuse and sewer districts assessments), and Rye Neck Union Free School District taxes. City taxes are levied as of February 1, County taxes are levied as of May 1, and Rye Neck Union Free School District taxes are levied as of August 1 based on an assessment roll prepared by the City assessor as of August 1 of the preceding year. All taxes are due within the month levied except school taxes which are payable in two equal installments during August and November. A penalty, ranging from 2% to 12% depending upon payment date, is added to all delinquent payments.

The City Comptroller remits taxes to the County in two installments; 60% by May 25 and 40% by October 15. School taxes are remitted to the Rye Neck Union Free School District as they are collected through December 31, and any unpaid balance is paid to the Rye Neck Union Free School District by February 15. In addition, any unpaid balance of the Rye City School District taxes is paid by the City to the Rye City School District after the annual filing of delinquent taxes with the County.

Largest Taxpayers – 2021

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>	<u>Percentage of Assessed Valuation</u>
Consolidated Edison	Public Utility	\$ 3,369,292	2.36%
Miriam Osborn Memorial Home	Retirement Community	2,133,120	1.50
BU 055 Westchester	Public Utility	927,732	0.65
OPRA III	Condominium	692,416	0.49
Rye VS LLC	Office Building	668,000	0.47
Midland Rye LLC	Office Building	592,513	0.42
Parsonage Investment Co.	Residential	553,000	0.39
Rye Colony Apartments	Cooperative	552,886	0.39
Milton Harbor House	Cooperative	541,600	0.38
Shenorock Shore Club	Private Club	485,900	0.34
		<u>\$10,516,459</u>	<u>7.39%</u>

Source: City of Rye Assessor’s Office.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal year ending December 31, 2021.

Five Year Average Full Valuation.....	\$8,913,983,348
Tax Limit - 2% of Five Year Average.....	178,279,667
Add: Exclusions From Limit	2,305,100
Maximum Taxing Power	180,584,767
Less: Total Levy	26,556,114
Tax Margin	\$154,028,653

CITY INDEBTEDNESS

Constitutional Requirements

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

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

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

General. The City is further subject to the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. As has been noted under “Nature of Obligation”, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the City to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Chapter 97 of the Laws of 2011 imposes a statutory limitation on the City’s power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. See “Tax Levy Limit Law,” above.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute, and unless substantially level or declining annual debt service is authorized and utilized, no installment may be more than fifty per centum in excess of the smallest prior installment. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the

amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

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

There is no constitutional limitation on the amount that may be raised by the City by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the City to increase its annual tax levy. Such increases are limited by the formulas set forth in the Tax Levy Limit Law. See "Tax Levy Limit Law," above.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the City is calculated by taking 7% of the latest five year average of the full valuation of all taxable real property.

Statutory Procedure

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

Pursuant to the Local Finance Law, the City authorizes the issuance of bonds by the adoption of a bond resolution approved by at least two-thirds of the members of the City Council, the finance board of the City. Customarily, the City Council has delegated to the Comptroller, as Chief Fiscal Officer and the Deputy Comptroller, in the absence of the Comptroller, of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

(1) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law, which should have been complied with in the authorization of such obligations

and an action contesting such validity, is commenced within twenty days after the date of such publication, or,

(3) Such obligations are authorized in violation of the provisions of the constitution.

Except on rare occasions the City complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not required by law. By the date of delivery of the Bonds, the City will have complied with the estoppel procedure for every bond resolution used to issue the Bonds.

Each bond resolution usually authorizes bonds for 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.

Expenditures for financeable objects or purposes are usually capital expenditures, but the Local Finance Law permits short and long term financing of certain non-capital expenditures and assigns them a period of probable usefulness.

The City Council, as the finance board of the City, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the Comptroller, as the Chief Fiscal Officer of the City, pursuant to the Local Finance Law.

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals generally do not exceed five years beyond the original date of borrowing. (See “Payment and Maturity” under “Constitutional Requirements” herein, and “Details of Outstanding Indebtedness” herein).

The Local Finance Law also contains provisions providing the City with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see “Details of Outstanding Indebtedness” herein).

Debt Outstanding End of Fiscal Year

Year Ending December 31:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021⁽¹⁾</u>
Serial Bonds	\$ 8,690,000	\$7,020,000	\$5,485,000	\$4,145,000	\$3,460,000
EFC Notes	0	0	0	0	0
EFC Bonds	<u>2,490,000</u>	<u>2,325,000</u>	<u>2,160,000</u>	<u>1,990,000</u>	<u>1,815,000</u>
Total Debt Outstanding	\$11,180,000	\$9,345,000	\$7,645,000	\$6,135,000	\$5,275,000

(1) Unaudited.

Bond Anticipation Notes

The City does not have any bond anticipation notes currently outstanding.

Cash Flow Borrowings

During the last twenty years, the City has not issued tax anticipation notes, revenue anticipation notes or budget notes.

Authorized But Unissued Items

Following the issuance of the Bonds, the City will have \$176,000 authorized and unissued for library improvements.

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of March 9, 2022:

Five Year Average Full Valuation of Taxable Real Property		\$8,912,421,212
Debt Limit - 7% thereof.....		623,869,484
Inclusions:		
Bonds	\$3,460,000	
EFC Bonds	1,815,000	
Total Inclusions		<u>\$5,275,000</u>
Exclusions:		
Appropriations	\$750,000	
Total Exclusions		<u>\$750,000</u>
Total Net Indebtedness		\$4,525,000
Net Debt-Contracting Margin.....		<u>\$619,344,484</u>
Percent of Debt Limit Exhausted.....		0.73%

Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. The estimated overlapping indebtedness as of the close of the latest available fiscal years for such political subdivisions is as follows:

<u>Unit</u>	<u>Net General Indebtedness</u>	<u>As of</u>	<u>Percentage Applicable</u>	<u>Indebtedness Applicable to City of Rye</u>
Westchester County	\$904,787,617	11/16/21	5.35%	\$48,406,138
Rye City School District	66,427,124	6/10/21	100.0%	66,427,124
Rye Neck School District	33,010,000	6/30/21	33.32%	<u>10,998,932</u>
Total				<u>\$125,832,194</u>

Debt Ratios

The following table sets forth certain ratios relating to the City's direct and overlapping indebtedness as of December 31, 2020.

	<u>Amount of Indebtedness</u>	<u>Per Capita¹</u>	<u>Percentage of Full Valuation²</u>
Net Direct Debt	\$4,525,000	\$272.72	0.05%
Net Direct & Applicable Net Overlapping Debt	130,357,193	\$7,856.63	1.52%

¹ The City's population, based on the 2020 U.S. Census is 16,592.

² The City's full valuation of real property for 2022 is \$8,582,925,542.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the City's outstanding bonded indebtedness, exclusive of the Bonds and economically defeased debt obligations.

<u>Fiscal Year Ended December 31:</u>	<u>Principal</u>	<u>Interest⁽²⁾</u>	<u>Total Debt Service</u>
2022 ⁽¹⁾	\$ 750,000	\$ 192,294	\$ 942,294
2023	775,000	167,376	942,376
2024	795,000	141,480	936,480
2025	705,000	113,654	818,654
2026	275,000	90,415	365,415
2027	280,000	77,437	357,437
2028	290,000	64,138	354,138
2029	305,000	50,273	355,273
2030	315,000	42,279	357,279
2031	85,000	33,952	118,952
2032	85,000	30,089	115,089
2033	85,000	26,227	111,227
2034	85,000	22,364	107,364
2035	85,000	18,502	103,502
2036	90,000	14,499	104,499
2037	90,000	10,357	100,357
2038	90,000	6,214	96,214
2039	<u>90,000</u>	<u>2,071</u>	<u>92,071</u>
Totals	<u>\$5,275,000</u>	<u>\$1,103,621</u>	<u>\$6,378,621</u>

(1) For the entire fiscal year.

(2) Exclusive of interest subsidy on bonds issued through NYS Environmental Facilities Corporation.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table sets forth the population trends of the City.

<u>Year</u>	City of <u>Rye</u>	County of <u>Westchester</u>	State of <u>New York</u>
1970	15,869	894,104	18,241,366
1980	15,083	866,599	17,557,288
1990	14,936	874,866	17,990,455
2000	14,955	923,459	18,976,457
2010	15,720	949,113	19,378,102
2020	16,592	1,004,457	20,201,249

Source: United States Department of Commerce, Bureau of the Census.

Income

The following table presents median household income for the City, County and State.

	<u>Median Household Income</u>		
	<u>2010</u>	<u>2019</u>	<u>Percentage Change</u>
City	146,069	192,688	31.9%
County	79,619	96,610	21.3
State	55,603	68,486	23.2

Source: U.S. Census Bureau and American Community Survey 5 year estimates

Employment and Unemployment

	<u>Civilian Labor Force</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
County	477,200	480,000	484,300	484,400	478,000
State	9,557,100	9,561,400	9,574,700	9,514,400	9,289,200

Source: New York State Department of Economic Development; Bureau of Economic and Demographic Information.

Yearly Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2015	4.5%	5.3%
2016	4.3	4.9
2017	4.5	4.7
2018	3.9	4.1
2019	3.8	4.0
2020	8.4	10.0

Source: New York State Department of Economic Development; Bureau of Economic and Demographic Information.

Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
January 2021	6.6%	9.4%
February	7.0	9.7
March	6.2	8.4
April	5.4	7.7
May	4.9	7.0
June	5.2	7.2
July	5.4	7.4
August	5.2	7.1
September	4.4	6.3
October	4.2	5.9
November	3.7	5.5
December	2.8	5.0

Source: New York State Department of Economic Development; Bureau of Economic and Demographic Information.

END OF APPENDIX A

APPENDIX B

SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

CITY OF RYE, NEW YORK

Statement of Budgeted Revenues and Expenditures - General Fund

Adopted Budgets for Fiscal Years Ending December 31:

Year Ended December 31:	2021	2022
	Adopted Budget	Adopted Budget
<u>REVENUES</u>		
Real Property Taxes and Tax Items	\$26,751,775	\$27,478,726
Non-Property Tax Items	4,085,000	4,710,000
Charges for Services	1,735,921	1,770,099
Charges to Other Governments	81,945	69,945
Use of Money and Property	105,700	52,000
Licenses and Permits	2,525,183	2,914,938
Fines and Forfeitures	654,200	645,950
Sale of Property and Compensation for Loss	217,000	221,000
Miscellaneous	155,000	157,500
State Aid	2,622,519	3,009,308
Interfund Service Charges	445,959	437,034
Appropriated Fund Balance	1,205,100	4,452,450
Total Revenues	40,585,302	45,918,950
<u>EXPENDITURES</u>		
General Government Support	4,454,417	4,704,030
Public Safety	17,304,315	18,440,822
Transportation	3,355,055	3,206,378
Culture and Recreation	4,612,892	4,622,326
Home and Community Services	5,338,941	5,589,027
Interfund Service Charges	3,937,840	4,106,367
Total Expenditures	39,003,460	40,668,950
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,581,842	5,250,000
Other Financing Sources (Uses):		
Operating transfers in	0	0
Operating transfers out	(1,581,842)	(5,250,000)
Total Other Financing Sources (Uses)	(1,581,842)	(5,250,000)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	0	0
Fund Balance - Beginning of Year	0	0
Fund Balance - End of Year	\$0	\$0

Source: Annual Budget of the City of Rye. Summary itself not audited.

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

As of December 31:	2019	2020
<u>ASSETS</u>		
Cash and Equivalents	\$10,321,842	\$9,869,262
Investments	1,101,689	112,584
Taxes Receivable	2,065,344	2,055,823
Accounts Receivable	333,385	523,788
Due from Other Funds	2,477,932	2,463,248
Advances to Other Funds	0	0
Due from Other Governments	1,232,609	1,423,745
Prepaid Expenditures	665,598	689,998
TOTAL ASSETS	\$18,198,399	\$17,138,448
<u>LIABILITIES</u>		
Accounts Payable	\$634,758	\$418,808
Accrued Liabilities	724,424	180,893
Deposits	838,550	766,044
Due to Other Funds	177,095	714,292
Due to Other Governments	904,576	854,719
Unearned Revenues	681,654	662,471
TOTAL LIABILITIES	3,961,057	3,597,227
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Tax Revenues	371,177	472,505
Other Unavailable Resources	0	85,276
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	4,332,234	4,155,008
<u>FUND BALANCES</u>		
Nonspendable	1,914,323	2,028,748
Restricted	2,013,538	2,253,525
Assigned	6,242,500	4,214,752
Unassigned	3,695,804	4,486,415
TOTAL FUND BALANCES	13,866,165	12,983,440
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$18,198,399	\$17,138,448

Source: Annual audited financial statements of the City of Rye.
Summary itself not audited.

CITY OF RYE, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

Fiscal Years Ending December 31:

Year Ended December 31:	2016	2017	2018	2019	2020
REVENUES					
Real Property Taxes/Related Items	\$22,325,572	\$23,904,448	\$24,303,657	\$25,207,464	\$25,485,612
Non-Property Taxes	2,827,489	2,950,816	3,120,768	3,500,698	4,109,075
Charges for Services	1,554,571	1,616,449	1,666,518	1,759,555	794,450
Intergovernmental Charges	91,428	104,337	102,304	89,692	79,660
Use of Money and Property	89,563	198,103	419,946	658,394	212,402
Licenses and Permits	2,752,558	3,078,711	3,913,814	2,834,618	2,224,273
Fines and Forfeitures	784,894	765,195	741,645	729,642	491,330
Sale of Property and Compensation for Loss	922,373	226,009	553,056	719,869	903,055
Interfund Revenues	447,184	447,259	448,759	448,281	427,309
State Aid	2,897,020	3,208,293	2,909,402	3,442,190	2,930,989
Federal Aid	8,688	2,534	739	4,772	1,207
Miscellaneous	177,879	148,590	174,180	260,179	244,493
Total Revenues	34,879,219	36,650,744	38,354,788	39,655,354	37,903,855
EXPENDITURES					
General Government	3,870,010	4,065,932	3,846,293	4,313,396	3,941,337
Public Safety	15,872,354	16,659,094	17,676,870	16,866,000	17,819,605
Transportation	3,500,925	3,641,184	3,852,028	4,085,664	3,597,170
Culture and Recreation	4,100,950	4,231,391	4,345,724	4,475,958	3,760,824
Home and Community Services	5,383,949	5,564,888	5,657,067	5,543,606	5,467,803
Total Expenditures	32,728,188	34,162,489	35,377,982	35,284,624	34,586,739
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,151,031	2,488,255	2,976,806	4,370,730	3,317,116
Other Financing Sources (Uses):					
Operating transfers in	0	25,000	25,000	25,000	0
Operating transfers out	(2,340,609)	(1,759,695)	(2,912,595)	(3,609,102)	(4,384,451)
Total Other Financing Sources (Uses)	(2,340,609)	(1,734,695)	(2,887,595)	(3,584,102)	(4,384,451)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(189,578)	753,560	89,211	786,628	(1,067,335)
Fund Balance - Beginning of Year	12,426,344	12,236,766	12,990,326	13,079,537	14,050,775
Fund Balance - End of Year	<u>\$12,236,766</u>	<u>\$12,990,326</u>	<u>\$13,079,537</u>	<u>\$13,866,165</u>	<u>\$12,983,440</u>

Source: Annual audited financial statements of the City of Rye.

Summary itself not audited.

APPENDIX C

**LINK TO
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020**

**Can be accessed on the Electronic Municipal Market Access (“EMMA”) website
of the Municipal Securities Rulemaking Board (“MSRB”)
at the following link:**

<https://emma.msrb.org/P11582688.pdf>

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

*** Such Financial Statements and opinion are intended to be representative only as of the
date thereof. BST & Co. CPAs, LLP has not been requested by the City to further review
and/or update such Financial Statements or opinion in connection with the preparation
and dissemination of this Official Statement.**