

PRELIMINARY OFFICIAL STATEMENT DATED JULY 12, 2022

**NEW & RENEWAL ISSUE
BOND ANTICIPATION NOTES AND TAX ANTICIPATION NOTES**

RATINGS: SEE "RATING" HEREIN

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the Federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

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

**WAPPINGERS CENTRAL SCHOOL DISTRICT
DUTCHESS AND PUTNAM COUNTIES, NEW YORK**

\$38,550,525

**BOND ANTICIPATION NOTES, 2022 (RENEWALS)
(the "BANs")**

Date of Issue: August 10, 2022

Maturity Date: August 10, 2023

and

\$4,500,000*

**TAX ANTICIPATION NOTES, 2022
(the "TANs" and together with the BANs, the "Notes")**

Date of Issue: August 2, 2022

Maturity Date: October 20, 2022

The BANs are general obligations of the Wappingers Central School District in the Counties of Dutchess and Putnam, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and interest thereon and, unless paid from other sources, the BANs are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, without limitation as to rate or amount. (See "Tax Levy Limit Law" herein.)

The TANs are general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the TANs and, unless paid from other sources, the TANs are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, subject to certain statutory limitations. (See "Tax Levy Limit Law" herein.)

The Notes are dated their Date of Issue and bear interest from such date until the Maturity Date(s), at the annual rate(s) as specified by the purchaser(s) of the Notes. The Notes will not be subject to redemption prior to maturity.

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

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

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as Securities Depository for such Notes. The Notes will be registered to Cede & Co. as partnership nominee for DTC. Individual purchases may be made in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof, except for one odd denomination in the BANs which is or includes \$5,525. Purchasers will not receive certificates representing their ownership interests in the Notes issued in book-entry-only form. Payment of the principal of and interest on such Notes will be made by the District to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of such Notes as described herein. (See "Description of Book-Entry System" herein.)

The Notes are offered when, as and if issued and received by the purchasers and subject to the receipt of the final approving opinion of Orrick Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the BANs and TANs will be available for delivery through the offices of DTC in New York, New York or as otherwise agreed upon, on or about August 10, 2022 and August 2, 2022, respectively.

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

Dated: July __, 2022

*Preliminary subject to change

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

**WAPPINGERS CENTRAL SCHOOL DISTRICT
DUTCHESS AND PUTNAM COUNTIES, NEW YORK**

BOARD OF EDUCATION 2022-2023

John LumiaPresident
Peggy Kelland..... Vice President
Keri Cahill..... Trustee
Marie Johnson..... Trustee
John S. Morgan Trustee
Michael McFarland Trustee
Keith Odums..... Trustee
Eddy A. Sloshower Trustee
James Spencer..... Trustee

DISTRICT OFFICIALS

Dr. Dwight Bonk Superintendent of Schools
James Drohan..... School District Attorney
Kristen Crandall Assistant Superintendent for
Finance & Business Development
Alberta Pedro..... District Clerk

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
New York, New York

MUNICIPAL ADVISOR



Hudson Valley * Long Island * Southern Tier * Western New York
(516) 570-0340

No dealer, broker, salesman or other person has been authorized by the District 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 foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the District 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 District since the date hereon.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
THE NOTES	1	TAX MATTERS	11
Description	1	LEGAL MATTERS	13
Authority for and Purpose of the Notes	1	LITIGATION	13
No Optional Redemption	2	CYBERSECURITY	14
Nature of Obligation	2	DISCLOSURE UNDERTAKING	14
Description of Book-Entry System	4	RATING	15
SPECIAL PROVISIONS AFFECTING REMEDIES		MUNICIPAL ADVISOR	15
UPON DEFAULT	6	MISCELLANEOUS	15
RISK FACTORS	10	ADDITIONAL INFORMATION	16

APPENDIX A

THE DISTRICT	A-1	REAL PROPERTY TAXES.....	A-13
General Information	A-1	Real Property Tax Assessments and Rates.....	A-13
District Organization	A-1	Tax Collection Procedures	A-14
Financial Organization	A-2	STAR - School Tax Exemption.....	A-14
Financial Reporting Statements		Ten of the Largest Taxpayers	A-14
and Accounting Procedures.....	A-2	DISTRICT INDEBTEDNESS.....	A-15
Budgetary Procedure	A-2	Constitutional Requirements	A-15
School Enrollment Trends.....	A-2	Statutory Procedure	A-15
District Facilities	A-3	Statutory Debt Limit and Net Indebtedness	A-16
Employees	A-3	Short-Term Indebtedness	A-16
Employee Benefits	A-3	Tax Anticipation Notes	A-17
Other Post Employment Benefits	A-5	Bond Anticipation Notes	A-17
Investment Policy	A-6	Energy Performance Contract Financing	A-17
FINANCIAL FACTORS.....	A-7	Trend of Capital Indebtedness.....	A-18
Impacts of COVID-19	A-7	Overlapping and Underlying Debt	A-18
The State Comptroller's Fiscal Stress		Debt Ratios.....	A-19
Monitoring System and Compliance Reviews ..	A-7	Authorized but Unissued Debt	A-19
Real Property Taxes	A-8	Debt Service Schedule	A-19
State Aid	A-9	ECONOMIC AND DEMOGRAPHIC DATA	A-20
Events Affecting New York School Districts ..	A-11	Population	A-20
Other Revenues	A-12	Income.....	A-20
Independent Audits	A-12	Employment.....	A-21

APPENDIX B – UNAUDITED FINANCIAL STATEMENTS, BUDGET SUMMARIES, AND CASH FLOW STATEMENTS

APPENDIX C – LINK TO AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

APPENDIX D – FORM OF BOND COUNSEL'S LEGAL OPINION FOR THE BANS

APPENDIX E – FORM OF BOND COUNSEL'S LEGAL OPINION FOR THE TANS

OFFICIAL STATEMENT

WAPPINGERS CENTRAL SCHOOL DISTRICT DUTCHESS AND PUTNAM COUNTIES, NEW YORK

\$38,550,525

**BOND ANTICIPATION NOTES, 2022 (RENEWALS)
(the “BANs”)**

and

\$4,500,000*

**TAX ANTICIPATION NOTES, 2022
(the “TANs” and together with the BANs, the “Notes”)**

This Official Statement (the "Official Statement"), which includes the cover page, inside cover page, and appendices hereto, presents certain information relating to the Wappingers Central School District, Dutchess and Putnam Counties, State of New York (the “District,” “Counties” and “State” respectively), in connection with the sale of \$38,550,525 Bond Anticipation Notes, 2022 (Renewals) (the “BANs”) and \$4,500,000* Tax Anticipation Notes, 2022 (the “TANs” and together with the BANs, the “Notes”).

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

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

THE NOTES

Description

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

The Notes will not be subject to prior redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The District will act as Paying Agent for any Notes issued in book-entry form. Paying agent fees, if any, for non-book-entry notes will be paid by the purchaser(s). The District’s contact information is Ms. Kristen Crandall, (845) 298-5000 ext. 40150, email: kristen.crandall@wcsdny.org.

Authority for and Purpose of the BANs

The BANs are issued pursuant to the State Constitution and statutes of the State, including among others, the Education Law and the Local Finance Law, and various bond resolutions adopted by the Board of Education on various dates for the issuance of serial bonds to pay the cost of capital improvements and buses as indicated below.

*Preliminary subject to change

The proceeds from the sale of the BANs in the amount of \$38,550,525, together with \$2,396,367 in available funds, will be used to redeem the District's \$40,947,162 Bond Anticipation Notes, 2021 which mature on August 11, 2022. Details of the BANs are summarized in the table below:

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Outstanding</u>	<u>Principal Paydown</u>	<u>Amount of The Notes</u>
07-05-17	Purchase of Buses	\$ 376,502	\$ 376,502	\$ 0
07-09-18	Purchase of Buses	764,489	372,688	391,801
07-09-18	Various Facilities Improvements	33,508,371	562,226	32,946,145
07-02-19	Purchase of Buses	1,765,114	559,204	1,205,910
07-01-20	Purchase of Buses	2,271,522	526,017	1,745,505
07-06-21	Purchase of Buses	2,261,164	0	2,261,164
Totals		<u>\$40,947,162</u>	<u>\$2,396,637</u>	<u>\$38,550,525</u>

Authority for and Purpose of the TANs

The TANs are issued pursuant to the Constitution and laws of the State, including Sections 24.00 and 39.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a tax anticipation note resolution adopted by the Board of Education of the District on May 19, 2022 to finance cash flow requirements in anticipation of the collection of 2022-2023 real property taxes levied for school purposes on all taxable real property in the District. The proceeds of the TANs may be used only for the purposes for which such taxes were or are to be levied, as specified in the 2022-2023 annual budget of the District, unless all of said purposes have been paid and satisfied, in which case the proceeds of the TANs may be used for any lawful school purpose. The proceeds of the TANs will not be used for the redemption or renewal of any outstanding tax or revenue anticipation notes.

Pursuant to Section 24.00(e) of the Local Finance Law, generally, whenever the amount of the TANs and any additional tax anticipation notes issued by the District in anticipation of the receipt of 2022-2023 real property taxes equals the amount of such taxes remaining uncollected, the District is required to set aside in a special bank account all of such uncollected taxes as thereafter collected, and to use the amounts so set aside only for the purpose of paying such TANs. Interest on the TANs will be provided from budget appropriations.

No Optional Redemption

The Notes will not be subject to optional redemption prior to maturity.

Nature of Obligation

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

Holders of any series of notes or bonds of the District 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 BANs will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, without limitation as to rate or amount.

The TANs are general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the

District, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended (the “Tax Levy Limit Law”). (See “*Tax Levy Limit Law*” herein).

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, the Tax Levy Limit Law was signed into law by the Governor. The Tax Levy Limit Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes 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 District’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.)

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

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

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

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

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

Description of Book-Entry System

In the event the Notes are issued in book-entry form, the Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note of each type which bears the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each 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 Notes are to be accomplished by entries made on the books of Direct and Indirect

Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOKENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE DISTRICT 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 NOTES OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTEOWNERS.

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

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept For School Districts. In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-B of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-B, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds shall be forwarded promptly to the paying agent or

agents for the bonds in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-B.

General Municipal Law Contract Creditors' Provision. Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof. Under current law, provision is made for contract creditors of the District 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 District 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 Notes in the event of a default in the payment of the principal of and interest on the Notes.

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

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the 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. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

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 District.

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.

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, such as the 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 noteholders, 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 District indebtedness is past due. The District 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 Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

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

In addition, if and when a holder of any of the Notes should elect to sell a Bond or Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any Notes. The price or principal value of the Notes is dependent on the prevailing level of interest rates. If interest rates should increase, the price of a bond or note may decline causing the bond or noteholder to potentially incur a capital loss if such bond or note is sold prior to its maturity.

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

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

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19 initially. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed forms of opinion of Bond Counsel is set forth in “APPENDIX – D” and “APPENDIX – E”.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Notes”) will be treated as having amortizable note premium. No deduction is allowable for the amortizable note premium in the case of notes, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner’s basis in a Premium Note, will be reduced by the amount of amortizable note premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable note premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the “original issue discount”). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has covenanted to comply with certain restrictions designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest

on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Notes or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt notes is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of notes presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the District or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the respective approving legal opinions of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinions will be in substantially the forms attached hereto as Appendices D & E.

LITIGATION

In common with other school districts, the District from time to time receives various notices of claim and is party to litigation. In the opinion of the District, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the District, would have an adverse material effect on the financial condition of the District. In addition, The Local Finance Law authorizes borrowings for judgements or settled claims.

Various property owners have filed certiorari claims under Article 7 of the Real Property Tax Law. These taxpayers assert that their property values, as presently determined, are excessive and request assessment reductions and, in most actions, a refund of property taxes previously paid. It is not possible to provide an estimate of the District's ultimate financial exposure but historically tax certiorari settlements have resulted in assessment reductions and related tax refunds for amounts less than the original claim. For the fiscal years ending June 30, 2021, the District paid tax certiorari payments of \$849,000. The District has been made aware of a number of settled tax certiorari proceedings by counsel for area towns, according to the District's Attorney, the District currently has sufficient funds budgeted to pay these refunds. Therefore, it is not anticipated these refunds will have a material, adverse financial impact on the District.

The District is involved in an impartial hearing where tuition reimbursement is being requested, which is in the process of being settled on a multi-year basis for approximately \$120,000 per year. It is not anticipated, at this time, that this settlement would result in any material adverse financial impact to the District.

The District is a defendant in three separate lawsuits brought by former students for allegations of sexual abuse by teachers decades ago. These lawsuits were filed under the Child Victims Act, a New York statute that revived previously time-barred claims arising from alleged sexual abuse of a child. For two of these lawsuits, the District was able to identify its insurer at the time of the alleged sexual abuse, and it appears that any adverse judgment would be covered under its insurance policies. For the third lawsuit, which concerns allegations of sexual abuse in 1975 and 1976, the District has been unsuccessful in identifying applicable insurance coverage.

Discovery has only been completed in one of these lawsuits, and the plaintiffs in the other two lawsuits have not yet been deposed. Based on the nature of the allegations and the limited information presently available to it, the District believes that, for the lawsuit where there appears to be no available insurance coverage, a potential judgment could be significant and in excess of \$500,000. In the other lawsuits where there appears to be insurance coverage, a judgment against the District would have no potential adverse impact on the District's financial status. If, for some reason, insurance coverage is withdrawn in these two lawsuits, any potential judgment could also be significant and also in excess of \$500,000.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the District.

CYBERSECURITY

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

DISCLOSURE UNDERTAKING

This Official Statement is in a form “deemed final” by the District for purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Notes, the District will provide executed a copy of its “Undertaking to Provide Notice of Materials Events” (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

- (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 Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the District; (xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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 District, 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; (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the District, if any such event reflects financial difficulties.

Event (iii) is included pursuant to a letter from 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 Notes.

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

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a

court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

With respect to events (xv) and (xvi) above, the term “Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into with, or pledged as security or source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The District 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 Notes; but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The District’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the District, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the District to comply with the Undertaking will not constitute a default with respect to the Notes.

The District 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 then in effect.

RATING

On July 7, 2022, Moody’s Investors Service, Inc. (“Moody’s”) assigned a “MIG 1” rating to the Notes.

The District’s underlying credit rating from Moody’s is “A2”.

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

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC has acted as Municipal Advisor to the District in connection with the sale of the Notes. 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, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any

of the opinions or estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Notes. Orrick, Herrington & Sutcliffe LLP expresses no opinion on the accuracy or completeness of any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including this Official Statement.

ADDITIONAL INFORMATION

This Official Statement does not include the financial data of any political subdivision of the State of New York having power to levy taxes within the District, except as expressed in the calculation of estimated "Overlapping and Underlying Debt", herein.

Additional information may be obtained upon request from Kristen Crandall, Executive Director for Finance & Business Development, 25 Corporate Park Drive, Hopewell Junction, NY 12533, (845) 298-5000 Extension 40150, e-mail: kristen.crandall@wcsdny.org or from the District's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 570-0340.

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

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

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

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

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

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

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

This Official Statement has been duly executed and delivered by the President of the Board of Education.

WAPPINGERS CENTRAL SCHOOL DISTRICT,
DUTCHESS AND PUTNAM COUNTIES, NEW YORK

By: /s/_____

John Lumia

President of the Board of Education and Chief Fiscal Officer

DATED: July __, 2022

APPENDIX A

THE DISTRICT

THE DISTRICT

General Information

Wappingers Central School District was created in 1938 from the merger of fifteen union free and common school districts. Prior to 1973, the District was known as the Wappingers, Poughkeepsie, Fishkill, East Fishkill, LaGrange, Kent and Philipstown Central School District No. 1. In 1973, the District adopted its present legal name, the Wappingers Central School District.

The District, located approximately 70 miles north of New York City in the lower Hudson Valley, is situated in southwestern Dutchess County with a small portion in northwestern Putnam County. The District includes portions of the Towns of East Fishkill, Fishkill, LaGrange, Poughkeepsie and Wappinger in Dutchess County and Kent and Philipstown in Putnam County. The Villages of Fishkill and Wappingers Falls are also located within the District. The District encompasses an area of approximately 95 square miles.

The character of the District has been and remains suburban residential with some commercial activity. The majority of homes within the District are single-family residences. Commercial activity is primarily centered in shopping centers and malls. Previously the Dutchess County's largest private employer, International Business Machines ("IBM") transferred ownership of its East Fishkill site to GlobalFoundries during 2015. Several jobs at the site were reclassified due to recent enhancements in technology and a rise in automation. The County estimates IBM presently employs approximately 4,100 within its limits, which is down from 11,410 in 2008. Employment at GlobalFoundries is currently estimated at 2,500.

The District is served by a network of highways, which includes Interstate 84, the Taconic Parkway and State Routes 9 and 9D. Commuter rail passenger service is provided by the Metro-North a Division of the Metropolitan Transportation Authority. Amtrak provides long-distance rail passenger service at the nearby City of Poughkeepsie, while Conrail provides rail freight services.

Electricity and natural gas are provided throughout the District by the CH Energy Group, Inc. Water service is provided in certain areas of the District by the towns and villages, which also provide sanitary sewer services to certain areas. Water and sewer services are primarily supported by special assessments. Police protection is provided by the New York State Police, the Dutchess County Sheriff, the Putnam County Sheriff, and local police departments of certain towns and villages. Fire protection and ambulance service is provided by several volunteer fire departments located throughout the District.

The following commercial banks have offices located within the District: Bank of America; JPMorgan Chase Bank, NA; Citizens Bank; HSBC; M&T Bank; Mahopac National Bank and Wells Fargo Bank.

District Organization

The District is an independent entity governed by an elected board of education comprised of nine members. District operations are subject to the provisions of the State Education Law affecting school districts and other statutes applicable to the District.

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

The Board of Education appoints the Superintendent of Schools who serves at the pleasure of the Board. The Superintendent is the Chief Executive Officer of the District and is an ex-officio member of the Board of Education with the right to speak on all matters before the Board but not to vote. It is the responsibility of the Superintendent to

enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities under the direction of the Board of Education. In addition, certain of the financial functions of the District are the responsibility of the Superintendent of Schools and the Assistant Superintendent for Finance and Business Development.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the Chief Fiscal Officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the Executive Director for Finance & Business Development and the District Clerk.

Financial Reporting Statements and Accounting Procedures

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

Budgetary Procedure

Pursuant to the Education Law, the District's Board of Education generally prepares or causes to be prepared a budget for the ensuing fiscal year. The budget, effective for fiscal years beginning on or after July 1, 1998, must consist of three parts: program, administration and capital. During November and December the tentative budget is developed and refined in consultation with school administrators. At the March and April meetings of the Board of Education, the proposed budget is discussed and further refined. The tentative budget is adopted by the Board at its April meeting and submitted to referendum at the Annual Meeting held on the third Tuesday of May. Residents of the District who are qualified to vote may participate in the referendum. Prior to the Annual Meeting a public hearing on the proposed budget is held.

The District’s budget is subject to the provisions of Chapter 97 of the Laws of 2011, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See “*Tax Levy Limitation Law*,” herein.)

On May 18, 2021, qualified voters of the District approved the 2021-2022 budget. On May 17, 2022, qualified voters of the District approved the 2022-2023 budget. See Appendix B for summaries of the 2021-2022 and 2022-2023 adopted budgets of the District.

School Enrollment Trends

Actual District Enrollment – Fiscal 2017 to 2023

<u>School Year</u>	<u>Grades K-5</u>	<u>Grades 6-8</u>	<u>Grades 9-12</u>	<u>Total Enrollment</u>
2017-18	4,489	2,480	3,772	10,741
2018-19	4,414	2,517	3,740	10,671
2019-20	4,402	2,526	3,740	10,668
2020-21	4,165	2,468	3,582	10,215
2021-22	4,250	2,401	3,524	10,175
2022-23 (Projected)	4,360	2,385	3,520	10,265

Source: District Officials.

District Facilities

The District presently operates ten elementary schools, two junior high schools and two high schools:

	Grades	State Rated Capacity	Original Construction	Years
				Addition or Renovation ⁽¹⁾
Brinkerhoff Elementary	K-6	837	1963	1973,1989,1995,2007, 2013, 2015
Evans Elementary	K-6	621	1952	1955,1989,1995,2005, 2013
Fishkill Elementary	K-6	594	1908	1952,1955,1962,1989,1995,2002, 2003, 2013, 2014
Fishkill Plains Elementary	K-6	867	1956	1989,1995, 2013
Gayhead Elementary	K-6	1,188	1965	1989,1995,2004, 2013
Myers Corners Elementary	K-6	1,213	1967	1989,1995,1999,2004, 2013, 2015
Oak Grove Elementary	K-6	702	1963	1973,1989,1995,2004, 2013
Sheafe Road Elementary	K-6	837	1965	1973,1985, 1989,1995,2002,2004, 2013
Vassar Road Elementary	K-2	540	1957	1989,1995,2007, 2013
Kinry Road Elementary	3-6	621	1967	1989,1995, 2013
Van Wyck Junior High	7-8	1,663	1965	1973,1989,1995,2004, 2013, 2015
Wappingers Junior High	7-8	926	1938	1965,1989,1995, 2013
Ketcham High	9-12	1,836	1962	1968,1989,1995,2002,2004,2005, 2013
John Jay High	9-12	<u>1,941</u>	1969	1989,1995,1999,2002, 2013, 2015
Total School Capacity		<u><u>14,386</u></u>		

The District is presently in the process of completing a renovation project at various facilities and sites (see “*Authorized but Unissued Debt*,” herein.).

Source: District Officials.

Employees

Information on District employees, collective bargaining units, and labor contracts is shown below.

Employees Represented	Union	Expiration Date
892	Wappingers Congress of Teachers	June 30, 2027
352	Wappingers Federation of Workers	June 30, 2022*
110	Civil Service Employees Association	June 30, 2027
60	Wappingers Cafeteria Association	June 30, 2023
43	Wappingers Administrators Association	June 30, 2024
23	Supervisory, Technical, Executive, Professional Staff (S.T.E.P.S.)	June 30, 2023
160	School Monitors	June 30, 2022
215	Teaching Assistants	June 30, 2022*
28	Wappingers Registered Professional Nurses Assoc.	June 30, 2021*

* Contract currently in negotiations.

Source: District Officials.

Employee Benefits

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System (“TRS”). Payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee’s Retirement System (“ERS”). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10

year's full-time service contribute 3% (ERS) or 3.5% (TRS) of their gross annual salary toward the cost of retirement programs.

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

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier VI for employees hired on or after April 1, 2012. The new pension tier has progressive contribution rates between 3% and 6% with no provision for these contributions to cease after a certain period of service; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier VI, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; As of April 9, 2022, Tier 5 and 6 members only need five years of service credit to be vested. This affects members of both ERS and PFRS. Previously, Tier 5 and 6 members needed 10 years of service to be eligible for a service retirement benefit; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

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

Due to prior poor performance of the investment portfolio of TRS and ERS, the employer contribution rates for required pension contributions to the TRS and ERS in 2011 and certain subsequent years have increased. To help mitigate the impact of such increases, legislation was enacted to permit school districts to amortize a portion of the contributions to the ERS only. Under such legislation, school districts that choose to amortize will be required to set aside and reserve funds with the ERS for certain future rate increases.

The District has not and does not reasonably expect to amortize such contributions.

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

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

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan.

The District has not and does not reasonably expect to participate in the ERS or TRS SCO program.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic has caused extreme volatility across all financial markets, including those markets in which the Retirement System funds are invested. While State Comptroller DiNapoli has made recent comments that the Common Retirement Fund is well-positioned

to withstand current market disruption, the impacts of such volatility on future contribution rates, if any, cannot be known at this time. (See “RISK FACTORS” herein for further detail.)

Retirement Billing Procedures

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

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

The amounts contributed to ERS and TRS for the audited fiscal years ended June 30, 2017 through 2021, and the budgeted amounts for the 2021-2022 and 2022-2023 fiscal years are as follows:

Fiscal Year Ended June 30:	TRS	ERS
2017	\$11,664,616	\$3,610,117
2018	9,217,742	3,650,453
2019	10,358,471	3,554,382
2020	10,201,502	3,665,478
2021	10,590,589	3,855,512
2022 (Adopted Budget)	10,281,444	4,314,329
2023 (Adopted Budget)	10,925,758	3,213,869

Source: The audited financial statements, District officials, and the 2021-22 and 2022-23 adopted budgets of the District. The summary itself is not audited.

Other Post Employment Benefits

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

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

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

The District’s total OPEB liability as of June 30, 2021 was \$960,116,877 using a discount rate of 2.16% and actuarial assumptions and other inputs as described in the District’s June 30, 2021 audited financial statements.

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

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

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

Investment Policy

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

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

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

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

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

custodial agreement must also provide that the custodian shall confirm the receipt, substitution or release of the collateral, the frequency of revaluation of eligible securities and the substitution of collateral when a change in the rating of a security may cause ineligibility.

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

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

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the five-year period ending June 30, 2021 is contained in Appendix B of this Official Statement. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property. Capital improvements are generally financed by the issuance of bonds, bond anticipation notes and the use of funds reserved for capital improvements.

Impacts of COVID-19

The District incurred certain expenses associated with the COVID-19 pandemic of approximately \$1.1 million in 2020-21, including but not limited to costs related to cleaning costs, PPE, teaching support, sage food service protocols, HVAC needs, transportation, contracts etc. The District paid such costs from the general fund and Federal and State grant awards. The District's State Aid for the 2020 fiscal year was initially reduced but has since been restored as of June 30, 2021, and the District did not have a reduction in State aid during the balance of the 2021 fiscal year. The increased costs described above have not a material adverse impact on the finances of the District.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 ("ARPA"). Included in this bill was \$350 billion in direct aid to state and local governments. Payments to local governments will be made in two tranches, the first half 60 days after enactment and the second half one year later. The funding is available through, and must be spent by, September 30, 2026.

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

Currently, the District is eligible to receive \$18 million in total federal funding and received the first tranche of ARPA funding in the winter of 2022 in the amount of approximately \$8.4 million. The District expects to use the federal funding for PPE, HVAC, student support, contracts, transportation and facility upgrades. The District had received \$1,090,199 of CARES Act funds in fiscal year 2021 along with \$10,103,745 from CRRSA in fiscal year 2022.

The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller ("OSC") has developed a Fiscal Stress

Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State’s school districts and municipalities are operating.

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

The most current applicable report of the State Comptroller designates the District as “Susceptible” with a fiscal score of “25.0” and an environmental score of “20.0”.

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

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

Real Property Taxes

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

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

<u>General Fund Real Property Taxes</u>			
<u>Fiscal Year Ended June 30:</u>	<u>General Fund Revenue ⁽¹⁾</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes To Revenue (%)</u>
2017	\$221,083,292	\$144,806,694	65.5%
2018	225,402,457	146,874,518	65.2
2019	231,314,752	152,007,891	65.7
2020	233,920,352	157,165,734	67.2
2021	243,326,584	163,789,199	67.3
2022 (Adopted Budget)	252,653,547	179,699,213	71.1
2023 (Adopted Budget)	261,964,022	181,192,000	69.2

(1) Exclusive of other financing sources and appropriated fund balances.

Source: The audited financial statements and adopted budgets of the District. The summary itself is not audited.

State Aid

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. Excluding other financing sources, State aid accounted for approximately 25.9% of General Fund revenue for the fiscal year ended June 30, 2021.

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

General Fund State Aid

<u>Fiscal Year Ended June 30:</u>	<u>General Fund Revenue ⁽¹⁾</u>	<u>State Aid</u>	<u>State Aid to Revenue (%)</u>
2017	\$221,083,292	\$56,960,083	25.8%
2018	225,402,457	60,523,139	26.9
2019	231,314,752	61,382,586	26.5
2020	233,920,352	60,355,810	25.8
2021	243,326,584	62,940,715	25.9
2022 (Adopted Budget)	252,653,547	69,087,510	27.3
2023 (Adopted Budget)	261,964,022	76,930,151	29.4

(1) Exclusive of other financing sources.

Source: The audited financial statements and adopted budgets of the District. The summary itself is not audited.

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19 the State had declared a state of emergency and the Governor had taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. The outbreak of COVID-19 and the dramatic steps taken by the State to address it may negatively impact the State's economy and financial condition if conditions should worsen. The future impact of COVID-19 upon the State cannot be known at this time.

The State's 2019-2020 Enacted Budget provided for school aid of approximately \$27.9 billion, an increase of more than \$1 billion in school aid spending from the 2018-2019 school year. Due to significant State revenue loss as a result of the impact of the COVID-19 pandemic, State aid in the State's 2020-21 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act ("CARES"). With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4 percent from the 2019-2020 Enacted Budget. The State's 2020-21 Enacted Budget also authorized the State's Budget Director to make periodic adjustments to State aid in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. In December 2020, a second federal stimulus bill was enacted and provided additional funding for schools in the State. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State is expected to release all of the withheld funds on or about June 30, 2021.

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

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

The State's 2022-23 Enacted Budget provides \$31.5 billion in State funding to school districts for the 2022-23 school year the highest level of State aid ever. This represents an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and includes \$1.5 billion or 7.7 percent Foundation Aid increase.

The State's 2022-23 Enacted Budget also programs \$14 billion of federal Elementary and Secondary School Emergency Relief funds to public schools. This funding, available for use over multiple years, is designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocates \$100 million over two years for a new State matching fund for school districts with the highest needs and support efforts to address student wellbeing and learning loss. In addition, the State's 2022-23 Enacted Budget increases federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. The State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State's 2022-23 Enacted Budget was adopted on April 9, 2022. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

As described above, the State's 2021-22 Enacted Budget included, and the State's 2022-23 Enacted Budget includes significant amounts of federal funding. The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, the COVID-19 pandemic, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision. To date, the school districts have received significant funding because of the COVID-19 pandemic from federal stimulus packages and reinstatement of State Foundation Aid, however the additional federal funding is anticipated to cease after the 2023-24 fiscal year.

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

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

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

Events Affecting New York School Districts

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years. However, as discussed below the COVID-19 outbreak has affected and is expected to continue to affect State aid to school district.

The recent history of State aid to school districts in the State for the last five years is as follows:

School district fiscal year (2016-2017): The State Legislature adopted the State budget on March 31, 2016. The budget included an increase of \$991 million in State aid for school districts over the State's 2015-16 Budget, \$863 million of which consisted of traditional operating aid. In addition to the \$408 million of expense based aid, the Governor's budget included a \$266 million increase in Foundation Aid and a \$189 million restoration to the Gap Elimination Adjustment. The majority of the remaining increase included \$100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

School district fiscal year (2017-2018): The State's 2017-2018 Budget provided for school aid of approximately \$25.8 billion, an increase of \$1.1 billion in school aid spending from the 2016-2017 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, in keeping with the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. In addition, the State 2017-18 Budget allowed the Governor to reduce aid to school districts mid-year if receipts from the Federal government were less than what was expected.

School district fiscal year (2018-2019): The State's 2018-2019 Budget provided for school aid of approximately \$26.7 billion, an increase of approximately \$1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State 2018-2019 Budget continues to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans.

School district fiscal year (2019-2020): For the 2019-20 school year, the State's Enacted Budget included a total of \$27.9 billion for School Aid, a year-to-year funding increase of approximately \$1.2 billion. The majority of the increases had been targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education will continue in full, as is the State's usual practice. Transportation aid increased by approximately 4.5% and building aid increases by approximately 3.7%. The State 2019-2020 Enacted Budget continued to link school aid increases for 2019-2020 and 2020-2021 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 totaled \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid is continued under existing aid formulas. Out-year growth in School Aid reflects current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates.

School district fiscal year (2021-2022): For the 2021-2022 school year, the State’s Enacted budget provided \$29.5 billion in State funding to school districts for the 2021-22 school year through School Aid, supporting the operational costs of school districts that educate 2.5 million students statewide. This investment represented an increase of 11.3% (\$3.0 billion) compared to the 2020-21 school year, including a \$1.4 billion (7.6%) Foundation Aid increase. The Enacted budget allocated \$13 billion of federal Elementary and Secondary School Emergency Relief and Governor’s Emergency Education Relief funds to public schools. This funding, available for use over multiple years, will help schools safely reopen for in-person instruction, address learning loss, and respond to students’ academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The Budget allocated \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the Budget used \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-22 school year.

School district fiscal year (2022-2023): For the 2022-2023 school year, the State’s Enacted provides \$31.3 billion in State funding to school districts for the 2022-23 school year the highest level of State aid ever. This represents a year-to-year funding increase of \$2.1 billion or 7.07%. and includes \$21.4 billion of Foundation Aid which increased 8.1% from 2021-22. The 2022-23 school year increase in Foundation Aid primarily reflects the second year of the three-year phase-in of full funding of the current Foundation Aid formula. The Enacted Budget also increases the State’s annual investment in prekindergarten to \$1.1 billion, an increase of \$125 million, or 13%. The Budget also includes a total of \$100 million of matching funds over two years to be provided to school districts and BOCES with the highest needs to address student wellbeing and learning loss in response to the trauma brought about by the COVID-19 pandemic. This includes support for extended school day or school year programs, afterschool programs, mental health professionals and other locally determined initiatives.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the remainder of the current fiscal year or in future fiscal years. However, the District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also “*RISK FACTORS*” herein).

The Smart Schools Bond Act (the “SSBA”) was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The SSBA requires that a Review Board review and approve districts’ Smart Schools Investment Plan before any funds may be made available for the program.

Other Revenues

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

Independent Audits

Audited Financial Statements. The District retained the firm of Bonadio & Co. LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ended June 30, 2021. Appendix B, attached hereto, presents excerpts from the District’s most recent audited reports covering the last five fiscal years. However, the summary itself has not been audited or reviewed by the Districts independent auditor.

State Audits. In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. (See also, “*The State Comptroller’s Fiscal Stress Monitoring System and Compliance Reviews,*” herein.) Additional information about State audits can also be obtained by visiting the by visiting the Office of the State Comptroller’s – Audits of Local Governments website. Reference to this website implies no warranty of accuracy of information therein, nor incorporation herein by reference.

REAL PROPERTY TAXES

Real Property Tax Assessments and Rates

Real Property Tax Assessments and Rates Fiscal Year Ending June 30:

<u>Assessed Valuation:</u>	<u>2018</u>		<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>	
East Fishkill	\$3,335,923,160		\$3,398,306,512		\$3,606,707,453		\$3,575,159,949		\$3,861,140,723	
Fishkill	1,763,455,508		1,820,899,448		1,858,144,333		1,859,828,444		1,952,797,358	
Kent	6,711,204		6,946,394		6,942,574		6,955,078		7,104,657	
LaGrange	107,208,540		108,435,895		110,218,831		110,583,978		110,810,388	
Philipstown	1,113,644		1,113,663		1,113,613		1,113,615		803,177	
Poughkeepsie	1,205,927,429		1,225,316,669		1,306,367,819		1,281,522,386		1,310,678,843	
Wappinger	2,409,638,530		2,537,676,892		2,621,090,432		2,651,397,586		2,833,063,336	
Total Assessed Valuation	\$9,006,303,899		\$9,098,695,473		\$ 9,510,535,555		\$9,486,561,036		\$10,076,398,482	
State Equalization Rates:										
East Fishkill	100.00%		100.00%		100.00%		98.00%		100.00%	
Fishkill	100.00		100.00		100.00		99.00		100.00	
Kent	100.00		100.00		95.85		91.25		90.55	
LaGrange	100.00		100.00		100.00		98.00		92.69	
Philipstown	46.85		46.95		45.85		44.65		44.60	
Poughkeepsie	100.00		100.00		100.00		99.00		100.00	
Wappinger	100.00		100.00		100.00		99.00		100.00	
Full Valuation:										
East Fishkill	\$3,335,923,160		\$3,398,306,512		\$3,606,707,453		\$3,648,125,458		\$3,861,140,723	
Fishkill	1,763,455,508		1,820,899,448		1,858,148,333		1,878,617,620		1,952,797,358	
Kent	6,711,204		6,946,394		7,243,165		7,622,003		7,846,115	
LaGrange	107,208,540		108,435,895		110,218,831		112,840,794		119,549,453	
Philipstown	2,377,041		2,372,019		2,428,818		2,494,099		1,800,845	
Poughkeepsie	1,205,927,429		1,225,316,669		1,306,367,819		1,294,467,057		1,310,678,843	
Wappinger	2,409,638,530		2,537,676,892		2,621,090,432		2,678,180,895		2,833,063,336	
Total Full Valuation	\$8,831,241,412		\$9,099,953,829		\$9,512,204,851		\$9,622,347,926		\$10,086,876,673	
Total Tax Levy:	\$160,936,353		\$165,627,869		\$169,171,293		\$175,328,236		\$179,99,213	
Tax Rates Per \$1,000 Assessed Valuation:	H	NH	H	NH	H	NH	H	NH	H	NH
East Fishkill	\$16.62	\$22.69	\$16.64	\$22.68	\$16.34	\$22.15	\$17.18	\$23.14	\$16.56	\$22.27
Fishkill	16.64	22.95	16.64	22.90	16.31	22.41	16.97	23.14	16.54	22.35
Kent	17.42	22.76	17.43	22.63	17.88	23.06	19.37	24.79	19.20	24.41
LaGrange	16.61	22.66	16.60	22.63	16.31	22.11	17.14	24.20	17.88	23.85
Philipstown	34.64	48.34	34.64	47.62	34.84	48.29	36.99	51.05	36.41	49.56
Poughkeepsie	16.64	22.73	16.65	22.70	16.33	22.17	17.00	22.93	16.58	22.18
Wappinger	16.68	22.73	16.67	22.71	16.37	22.17	17.01	22.99	16.58	22.24

H = Homestead
NH = Nonhomestead

Source: The District's Joint Statement of School Tax Levy and District officials.

Tax Collection Procedures

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the Towns of East Fishkill, Fishkill, LaGrange, Poughkeepsie, Wappinger, Kent and Philipstown. Assessment valuations are determined by the Town assessors and the State Office of Real Property Tax Services (the “ORPTS”) which is responsible for certain utility and railroad property. In addition, the ORPTS annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain state aids and are used by many localities in the calculation of debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations.

The real property taxes of the District are levied by the District and collected by the Tax Receivers of the Towns of East Fishkill, Fishkill, LaGrange, Poughkeepsie and Wappinger, and by the Board Appointed Tax Collector for the Towns of Kent and Philipstown. Such taxes are due and payable on September 21 but may be paid through October 20 without penalty. Tax payments are subject to a 2% penalty from October 21 through November 10. On or before November 15, each Tax Receiver and the Board Appointed Tax Collector files a report of any uncollected taxes with the Counties. The Counties thereafter, on or before April 1, pay to the District the amount of its uncollected taxes. Thus, the full amount of the District's real property tax levy is collected by the District in the fiscal year of the levy. The Counties have the power to issue and sell tax anticipation notes in order to reimburse any uncollected taxes to the District.

STAR - School Tax Exemption

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

For 2021-22, a majority of District homeowners 65 years of age or older with qualifying income received a minimum “full value” exemption of ranging from \$86,730 to \$99,870. Other homeowners in the counties of Dutchess and Putnam received a minimum “full value” exemption which ranged from \$36,800 to \$42,380. Full value exemptions are based on housing values within the various assessing jurisdictions of the District as well as State equalizations rates. For the fiscal year ending June 30, 2022, the District has applied to the State for a STAR reimbursement of \$10.7 million for school taxes exempted by the STAR program. (See “*State Aid*” herein.)

Ten of the Largest Taxpayers

Larger Taxpayers **2021-2022 Taxes**

<u>Taxpayer</u>	<u>Classification</u>	<u>Full Valuation</u>	<u>% of Total Full Valuation ⁽¹⁾</u>
CHG & E Corp	Public Utility	\$606,850,109	6.02%
Meric Assoc, LLC	Apartments	29,084,374	0.29
Global Foundries	Computers & Manufacturing	27,637,020	0.27
Consolidated Edison	Public Utility	10,239,163	0.10
I Park East Fishkill LLC	Office Park	8,733,138	0.09
Nature Preserve MGT LLC	Apartments	6,121,883	0.06
Toll Van Wyck LLC	Apartments	3,843,884	0.04
Westage Medical Dev II LLC	Real Estate Developers	3,770,033	0.04
Tucker Scott Henry	Residential	3,765,688	0.04
Verizon NY	Communications	3,566,669	0.04
Total		<u>\$703,611,960</u>	<u>6.98%</u>

(1) The total full value for 2021-22 is \$10,086,876,673.

DISTRICT INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law (“LFL”), authorized the powers and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

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

The LFL also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, estops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District has complied with such procedure with respect to the BANs. The LFL limits the Districts statutory debt limit to 10% of the full valuation.

The Board of Education, as the finance board of the District, has the power to enact tax anticipation note resolutions (such as the TANs). Such resolutions may authorize the issuance of tax anticipation notes in an aggregate principal amount necessary to fund anticipated cash flow deficits but in no event exceeding the amount of real property taxes

levied or to be levied by the District, less any tax anticipation notes previously issued and less the amount of such taxes, previously received by the District.

Statutory Debt Limit and Net Indebtedness

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

**Statement of Debt Contracting Power
As of July 12, 2022**

Full Valuation of Taxable Real Property ⁽¹⁾	\$10,086,876,673
Debt Limit (10% of Full Valuation)	1,008,687,667
Outstanding Indebtedness:	
Serial Bonds ⁽²⁾	58,325,000
Bond Anticipation Notes	40,947,162
 Total Gross Indebtedness	 99,272,162
 Less Exclusions and Deduction	 -0-
 Total Net Indebtedness	 99,272,162
 Net Debt Contracting Margin	 \$909,415,505
 Percentage of Debt Contracting Margin Exhausted	 9.84%

- (1) As reported on the Joint Statement of School Tax Levy for the 2021-2022 Fiscal Year.
- (2) Exclusive of energy performance contract obligations (\$9,591,779 outstanding as of June 30, 2022), which while not considered general obligation debt, does count toward the statutory debt limit. (See “EPC Financing” herein.)

Short-Term Indebtedness

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

Bond anticipation notes may be sold to provide moneys for capital projects once a bond resolution has been adopted. Generally, bond anticipation notes are issued in anticipation of the sale of bonds at some future date and may be renewed from time to time up to five years from the date of the first note. Notes may not be renewed after the second year unless there is a principal payment on such notes from a source other than the proceeds of bonds. In no event, may bond anticipation notes be renewed after the sale of bonds in anticipation of which the notes were originally issued.

The District is also authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash to pay operating expenditures. Borrowings for these purposes are restricted by formulas contained in the Local Finance Law and Regulations issued under the U.S. Internal Revenue Code. Such notes may be renewed from time to time generally not beyond three years in the case of revenue anticipation notes and five years for tax anticipation notes. The District has generally not issued revenue anticipation notes, except for delays in State aid due to the lack of a timely State budget.

Budget notes may be issued to finance current operating expenditures for which there is no appropriation or the amount so appropriated is not sufficient. Generally, the amount of budget notes issued may not exceed 5% of the budget and must be redeemed in the next fiscal year. Deficiency notes may be issued in the context in which budgeted revenues will not be received.

Tax Anticipation Notes

<u>Fiscal Year</u>	<u>Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>
2017-18	\$ 6,500,000	07-05-17	10-31-17
2018-19	6,000,000	07-25-18	10-15-18
2019-20	6,000,000	07-15-19	10-15-19
2020-21	6,000,000	07-14-20	10-14-20
2021-22	4,500,000	07-13-21	10-21-21
2022-23 (Projected)	4,500,000	08-02-22	10-02-22

Bond Anticipation Notes

The District currently has the following bond anticipation notes outstanding.

<u>Purpose</u>	<u>Current Maturity Date</u>	<u>Amount Currently Outstanding</u>
Purchase of Buses ⁽¹⁾	08-11-22	\$ 376,502
Purchase of Buses ⁽¹⁾	08-11-22	764,489
Various Facilities Improvements ⁽¹⁾	08-11-22	33,508,371
Purchase of Buses ⁽¹⁾	08-11-22	1,765,114
Purchase of Buses ⁽¹⁾	08-11-22	2,271,522
Purchase of Buses ⁽¹⁾	08-11-22	2,261,164
Total:		<u>\$40,947,162</u>

(1) To be redeemed with proceeds from the sale of the BANs and \$2,396,637 in available current funds (see "Authority for and Purpose of the BANs" herein).

Energy Performance Contract Financing

The District has outstanding two equipment lease purchase agreements the proceeds of which were used to finance equipment and related work for the implementation of energy conservation measures pursuant to energy performance contracts.

Lease Summary

<u>Closing Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Lease Maturity</u>	<u>Annual Debt Service</u>	<u>Principal Outstanding as of 6/30/2022</u>
3/11/2020	\$5,381,510	2.33%	3/11/2035	\$444,555	\$4,961,326
3/27/2020 ⁽¹⁾	4,791,293	1.75%	3/27/2027	733,214	4,630,453

(1) Refinance of 2012 Lease Purchase Agreement in original amount of \$8,540,634 with final maturity of March 28, 2027.

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Trend of Capital Indebtedness

The following table sets forth the total capital indebtedness outstanding at the end of each of the last five completed fiscal years.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Bonded Indebtedness	\$15,640,000	\$48,070,000	\$44,004,314	\$38,929,321	\$ 42,042,954
Bond Anticipation Notes	43,321,860	17,325,645	30,055,779	57,641,618	72,337,668
Total Outstanding Indebtedness ⁽¹⁾	<u>\$58,961,860</u>	<u>\$65,395,645</u>	<u>\$74,060,093</u>	<u>\$96,570,939</u>	<u>\$114,380,622</u>

(1) Exclusive of refunded debt being paid through escrow, debt issued for operational purposes (Revenue Anticipation Notes, Tax Anticipation Notes), and energy performance contract lease purchase. (See “*Energy Performance Contract Financing*,” herein.)

Overlapping and Underlying Debt

In addition to the District, 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 District. The estimated gross outstanding indebtedness (bonds and notes) of such political subdivisions, based on information furnished by such entities, but not independently verified, is as follows:

Statement of Direct and Overlapping Indebtedness As of July 12, 2022

Gross Direct Indebtedness	\$99,272,162
Exclusions and Deductions	<u>-0-</u>
Net Direct Indebtedness	<u>\$99,272,162</u>

<u>Jurisdiction</u>	<u>As of Date</u>	<u>Net Indebtedness</u>	<u>Percent Applicable</u>	<u>Amount Applicable</u>
County:				
Dutchess	02-23-22	\$198,830,000	28.46%	\$56,587,018
Putnam	08-17-21	47,265,000	0.07	33,086
Towns:				
East Fishkill	06-24-21	23,134,459	78.22	18,095,774
Fishkill	03-03-22	10,115,000	69.04	6,983,396
Kent	12-31-21	7,405,000	0.46	34,063
LaGrange	04-28-21	17,884,389	5.98	1,069,486
Philipstown	01-04-21	2,646,108	0.11	2,911
Poughkeepsie	11-30-21	23,090,000	33.72	7,785,948
Wappinger	06-06-22	15,393,555	92.39	14,222,105
Villages:				
Fishkill	10-08-21	6,656,000	100.00	6,656,000
Wappingers Falls	09-16-21	7,614,080	100.00	7,614,080
				<u>\$119,083,867</u>

Source: County officials, the Office of the State Comptroller and Official Statements obtained from the Municipal Securities Rulemaking Board.

Debt Ratios

The following table sets forth certain debt ratios relating to the District's indebtedness as of July 12, 2022.

	<u>Amount</u>	<u>Debt Per Capita ⁽¹⁾</u>	<u>Debt to Estimated Full Value ⁽²⁾</u>
Net Direct Debt	\$ 99,272,162	\$1,372.62	0.98%
Net Direct and Overlapping Debt	218,356,029	3,019.18	2.16

(1) The District's population is estimated at 72,323 for 2019 (US Census Bureau).

(2) The District's full valuation of taxable real estate for 2021-22 is \$10,086,876,673.

Authorized but Unissued Debt

On June 18, 2018, after voter approval, a resolution in the amount of \$38,822,560 was approved by the Board authorizing improvements to various schools. Following the issuance of the BANs, the District will have \$5,000,000 remaining authorized but unissued for such project.

Debt Service Schedule

The following table presents the debt service requirements to maturity on the District's outstanding general obligation bonded indebtedness, excluding energy performance lease obligations and refunded debt.

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>% Cumulative Principal Paid</u>
2022 ⁽¹⁾	\$5,183,977	\$956,406	\$6,140,383	8.12%
2023	4,215,000	2,576,299	6,791,299	14.72
2024	4,165,000	1,825,623	5,990,623	21.25
2025	4,330,000	1,662,048	5,992,048	28.03
2026	4,510,000	1,491,448	6,001,448	35.09
2027	4,695,000	1,313,373	6,008,373	42.45
2028	4,880,000	1,127,748	6,007,748	50.09
2029	5,085,000	934,123	6,019,123	58.06
2030	5,295,000	731,973	6,026,973	66.35
2031	5,500,000	530,048	6,030,048	74.97
2032	5,710,000	332,698	6,042,698	83.91
2033	2,695,000	193,623	2,888,623	88.13
2034	2,760,000	121,423	2,881,423	92.46
2035	2,825,000	60,993	2,885,993	96.88
2036	1,990,000	16,169	2,006,169	100.00
	<u>\$63,838,977</u>	<u>\$13,873,995</u>	<u>\$77,712,972</u>	

(1) For the entire fiscal year.

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ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table sets forth population statistics for the District, the Counties and the State.

<u>Population</u>				
<u>Year</u>	<u>District</u>	<u>Dutchess County</u>	<u>Putnam County</u>	<u>State</u>
1990	63,000	259,462	83,941	17,990,455
2000	67,779	280,150	95,745	18,976,457
2010	73,132	297,488	99,710	19,378,102
2020	72,323 ⁽¹⁾	295,911	97,668	19,835,913

(1) As of 2019

Source: The United States Census Bureau.

Income

The following table presents per capita money income statistics for all of the towns comprising the District, and comparative information for the Counties and State.

<u>Per Capita Money Income</u>	
<u>Unit</u>	<u>2020</u>
Town of East Fishkill	\$49,520
Town of Fishkill	41,778
Town of Kent	46,195
Town of LaGrange	49,015
Town of Philipstown	56,583
Town of Poughkeepsie	37,941
Town of Wappinger	40,670
Dutchess County	42,309
Putnam County	47,533
New York State	40,898

Source: The United States Census Bureau

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Employment

Unemployment information is not available for the District per se. The smallest area for which such statistics are available, which includes the District, is the County of Dutchess. The data set forth above with respect to such County is included for information purposes only. It should not be implied from the inclusion of such data that the County is necessarily representative of the District or vice versa.

Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2017	4.3%	4.6%
2018	3.7	4.1
2019	3.5	3.8
2020	7.3	9.9
2021	4.4	6.9
2022 ⁽¹⁾		
January	3.5	5.3
February	3.6	5.1
March	3.4	4.7
April	2.8	4.2
May	2.8	4.1

(1) Monthly Rates.

Source: The New York State Department of Labor. Information not seasonally adjusted.

Major Non-Government Employers in the County (1,000 or More Employees)

<u>Name</u>	<u>Industry or Business</u>	<u>Estimated Number of Employees</u>
Nuvance	Healthcare	5,600
International Business Machine Corp.	Technology	4,100
GlobalFoundries/iPark	Manufacturing	2,500
GAP Inc.	Logistics	2,000
Bard College	Higher Education	1,800
Mid-Hudson Regional Hospital	Healthcare	1,800
Culinary Institute of America	Higher Education	1,500
Marist College	Higher Education	1,300
Vassar College	Higher Education	1,100
Central Hudson Gas & Electric Corp.	Utility	1,000

As of June 22, 2022
Source: County Officials.

END OF APPENDIX A

APPENDIX B

**UNAUDITED FINANCIAL STATEMENTS, BUDGET SUMMARIES, AND CASH
FLOW STATEMENTS**

WAPPINGERS CENTRAL SCHOOL DISTRICT
GENERAL FUND
BALANCE SHEET
UNAUDITED PRESENTATION

AS OF FISCAL YEAR END JUNE 30:

	2017	2018	2019	2020	2021
ASSETS					
Unrestricted Cash And Equivalents	\$ 26,156,978	\$ 28,272,133	\$ 15,842,496	\$ 11,318,069	\$ 19,106,182
Restricted Cash	332,970	330,009	332,672	334,910	376,055
Due From Other Funds	4,513,785	2,722,386	5,973,694	5,760,461	3,782,412
Due From Other Governments	605,980	282,292	197,465	185,189	144,378
Receivables	16,000	33,712	61,836	102,696	5,858,908
State and Federal Aid	3,533,880	3,626,144	3,870,948	4,492,992	37,701
Prepaid Expenditures	3,439,334	3,665,156	3,868,234	3,899,309	3,838,206
Total Assets	\$ 38,598,927	\$ 38,931,832	\$ 30,147,345	\$ 26,093,626	\$ 33,143,842
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable & Accrued Liabilities	\$ 2,322,088	\$ 1,735,001	\$ 1,955,625	\$ 1,763,026	\$ 2,887,464
Due To Other Funds	225,651	1,037,752	439,583	447,431	888,009
Due To Retirement System	12,168,034	10,651,622	11,757,770	10,275,056	11,168,394
Bond Anticipation Note	0	0	0	0	0
Unearned Revenues	34,080	78,105	82,204	5,942	125,932
Total Liabilities	14,749,853	13,502,480	14,235,182	12,491,455	15,069,799
Deferred Inflows of Resources:					
Deferred Excess State Aid	0	0	0	837,103	0
Fund Balance:					
Nonspendable:	3,439,334	3,665,156	3,868,234	3,899,309	3,838,206
Restricted	372,384	372,384	372,384	378,219	376,055
Assigned	4,542,218	4,425,419	4,384,878	5,077,830	4,676,890
Unassigned	15,495,138	16,966,393	7,286,667	3,409,710	9,182,892
Total Fund Balance	23,849,074	25,429,352	15,912,163	12,765,068	18,074,043
Total Liabilities and Fund Balance	\$ 38,598,927	\$ 38,931,832	\$ 30,147,345	\$ 26,093,626	\$ 33,143,842

The financial data presented on this page has been excerpted from the audited financial statements of the District for the year ended June 30, 2017 through 2021. Such presentation, however, has not been audited. Complete copies of the District's audited financial statements are available upon request to the District.

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

AS OF FISCAL YEAR END JUNE 30:

	2017	2018	2019	2020	2021
Revenues:					
Real Property Taxes	\$ 144,806,694	\$ 146,874,518	\$ 152,007,891	\$ 157,165,734	\$ 163,789,199
Other Tax Items ⁽¹⁾	16,133,636	15,636,883	14,966,518	13,525,575	12,908,101
Charges For Services	670,549	582,764	434,129	495,347	268,141
Use Of Money and Property	43,934	99,343	297,496	173,433	62,552
Sale Of Property and Compensation For Loss	212,558	165,972	363,404	218,948	220,586
Interfund Revenues	0	0	0	0	0
State Aid	56,960,083	60,523,139	61,382,586	60,355,810	62,940,715
Federal aid	498,177	441,279	863,235	698,782	1,630,566
Miscellaneous	1,757,661	1,078,559	999,493	1,286,723	1,506,724
Total Revenues	221,083,292	225,402,457	231,314,752	233,920,352	243,326,584
Expenditures:					
Current:					
General Support	18,338,493	17,742,843	18,081,202	17,777,741	18,558,357
Instruction	116,694,040	119,456,783	125,727,257	130,873,911	130,583,467
Pupil Transportation	12,540,341	12,864,244	13,258,907	12,936,897	13,400,574
Employee Benefits	60,684,408	64,376,584	68,020,417	66,814,199	65,619,119
Debt Service	1,593,133	1,917,556	1,922,282	1,157,402	2,236,933
Total Expenditures	209,850,415	216,358,010	227,010,065	229,560,150	230,398,450
Excess (Deficiency) of Revenues Over Expenditures	11,232,877	9,044,447	4,304,687	4,360,202	12,928,134
Other Financing Sources (Uses):					
Proceeds from Debt	0	0	0	0	0
Operating Transfers - In	22,916	1,577,775	23,355	25,430	25,068
Operating Transfers - Out ⁽²⁾	(7,882,643)	(9,041,944)	(13,845,231)	(7,532,727)	(7,644,227)
Total Other Financing Sources (Uses)	(7,859,727)	(7,464,169)	(13,821,876)	(7,507,297)	(7,619,159)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	3,373,150	1,580,278	(9,517,189)	(3,147,095)	5,308,975
Fund Equity - Beginning of Year	20,475,924	23,849,074	25,429,352	15,912,163	12,765,068
Fund Equity - End of Year	\$ 23,849,074	\$ 25,429,352	\$ 15,912,163	\$ 12,765,068	\$ 18,074,043

(1) Includes STAR reimbursement, P.L.L.O.T. payments and interest and penalties.

(2) Includes transfer to Debt Service Fund.

The financial data presented on this page has been excerpted from the audited financial statements of the District for the years ended June 30, 2017-2021. Such presentation, however, has not been audited. Complete copies of the District's audited financial statements are available upon request to the District.

Wappingers CSD
 Monthly Cash Flows
 2021-2022 Fiscal Year

	Actual											Projected	
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Balance (beg. of month)	18,074,043	11,433,631	4,959,874	19,795,239	110,047,725	112,500,659	92,081,660	94,807,808	76,356,210	86,307,725	66,108,423	46,518,807	18,074,043
<u>Receipts:</u>													
State Aid	101,624	1,965,142	13,486,733	280,366	267,541	4,195,794	11,331,092	331,722	27,353,361	78,516	62,025	6,550,000	66,003,918
STAR	0	0	0	0	0	0	10,732,824	0	0	0	0	0	10,732,824
BOCES	0	0	1,397,276	574,829	0	814,418	0	812,391	0	0	0	376,000	3,974,914
Federal Aid	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	0	0	26,102,861	111,671,763	19,712,832	4,467,551	1,047,132	0	6,833,939	52,850	0	0	169,888,929
Interest	1,890	257	149	2,233	4,057	3,855	4,013	2,634	2,452	2,146	3,706	3,500	30,893
Other	76,552	200,757	30,866	1,725,164	132,860	56,791	291,671	1,252,873	70,537	93,098	611,731	250,000	4,792,900
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TAN Proceeds	4,506,165	0	0	0	0	0	0	0	0	0	0	0	4,506,165
Total Receipts	4,686,231	2,166,156	41,017,886	114,254,355	20,117,290	9,538,410	23,406,732	2,399,620	34,260,288	226,610	677,462	7,179,500	259,930,542
<u>Disbursements:</u>													
Payroll & Benefits	6,708,722	6,579,049	21,965,797	16,341,320	12,462,613	20,429,700	16,232,087	16,579,774	16,397,519	16,432,160	16,298,257	33,500,000	199,926,997
Warrants	4,228,589	2,060,864	3,964,196	3,151,362	5,201,744	5,484,009	4,448,498	4,271,444	6,205,512	3,993,752	3,968,821	1,750,000	48,728,790
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TAN Set Aside	0	0	0	4,500,000	0	0	0	0	0	0	0	0	4,500,000
TAN Interest Payment	0	0	0	9,188	0	0	0	0	0	0	0	0	9,188
Debt Service	389,333	0	252,528	0	0	4,043,700	0	0	1,705,742	0	0	926,850	7,318,153
Total Disbursements	11,326,644	8,639,913	26,182,521	24,001,869	17,664,356	29,957,409	20,680,585	20,851,218	24,308,773	20,425,912	20,267,078	36,176,850	260,483,127
Balance (end of month)	11,433,631	4,959,874	19,795,239	110,047,725	112,500,659	92,081,660	94,807,808	76,356,210	86,307,725	66,108,423	46,518,807	17,521,457	17,521,457
<u>TAN Set Aside (Payment):</u>													
Balance (beg. of month)	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	4,500,000	0	0	0	0	0	0	0	0	4,500,000
Disbursements	0	0	0	4,500,000	0	0	0	0	0	0	0	0	4,500,000
Balance (end of month)	0	0	0	0	0	0	0	0	0	0	0	0	0

Wappingers CSD
 Monthly Cash Flows
 2022-2023 Fiscal Year

	Projected												
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Balance (beg. of month)	17,521,457	6,414,227	2,637,351	38,202,723	128,066,938	116,074,505	96,207,776	101,598,032	83,075,520	90,289,147	75,408,699	55,162,199	17,521,457
<u>Receipts:</u>													
State Aid	85,000	1,850,000	14,000,000	350,000	265,000	5,000,000	14,000,000	350,000	29,072,309	350,000	350,000	8,000,000	73,672,309
STAR	0	0	0	0	0	0	10,700,000	0	0	0	0	0	10,700,000
BOCES	0	0	1,000,000	250,000	0	850,000	0	850,000	0	0	0	300,000	3,250,000
Federal Aid	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	0	0	40,000,000	112,993,000	8,300,000	1,500,000	750,000	0	0	6,949,213	0	0	170,492,213
Interest	1,300	800	400	7,500	14,000	10,000	10,000	4,500	3,500	5,500	3,500	3,500	64,500
Other	75,000	55,000	70,000	85,000	400,000	400,000	400,000	400,000	400,000	250,000	250,000	250,000	3,035,000
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TAN Proceeds	0	4,500,000	0	0	0	0	0	0	0	0	0	0	4,500,000
Total Receipts	161,300	6,405,800	55,070,400	113,685,500	8,979,000	7,760,000	25,860,000	1,604,500	29,475,809	7,554,713	603,500	8,553,500	265,714,022
<u>Disbursements:</u>													
Payroll & Benefits	6,724,000	6,176,832	16,870,500	16,904,410	16,971,432	21,497,529	16,889,444	16,224,487	16,304,441	17,250,000	17,250,000	41,005,000	210,068,076
Warrants	3,850,000	2,400,000	2,400,000	2,400,000	4,000,000	3,400,000	3,400,000	3,500,000	4,500,000	5,185,161	3,600,000	4,500,000	43,135,161
Interfund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0
TAN Set Aside	0	0	0	4,500,000	0	0	0	0	0	0	0	0	4,500,000
TAN Interest Payment	0	0	0	16,875	0	0	0	0	0	0	0	0	16,875
Debt Service	694,530	1,605,845	234,528	0	0	2,729,200	180,300	402,524	1,457,742	0	0	664,400	7,969,069
Total Disbursements	11,268,530	10,182,677	19,505,028	23,821,285	20,971,432	27,626,729	20,469,744	20,127,011	22,262,183	22,435,161	20,850,000	46,169,400	265,689,181
Balance (end of month)	6,414,227	2,637,351	38,202,723	128,066,938	116,074,505	96,207,776	101,598,032	83,075,520	90,289,147	75,408,699	55,162,199	17,546,299	17,546,299
<u>TAN Set Aside (Payment):</u>													
Balance (beg. of month)	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	4,500,000	0	0	0	0	0	0	0	0	4,500,000
Disbursements	0	0	0	4,500,000	0	0	0	0	0	0	0	0	4,500,000
Balance (end of month)	0	0	0	0	0	0	0	0	0	0	0	0	0

APPENDIX C

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

**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/P11613322.pdf>

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

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

APPENDIX D

FORM OF BOND COUNSEL'S LEGAL OPINION FOR THE BANS

August 10, 2022

Wappingers Central School District,
Counties of Dutchess and Putnam,
State of New York

Re: Wappingers Central School District, Dutchess and Putnam Counties, New York
\$38,550,525 Bond Anticipation Notes, 2022 (Renewals)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$38,550,525 Bond Anticipation Notes, 2022 (Renewals) (the "Obligation"), of the Wappingers Central School District, Dutchess and Putnam Counties, New York (the "Obligor"), dated August 10, 2022, numbered ____, of the denomination of \$38,550,525, bearing interest at the rate of _____% per annum, payable at maturity, and maturing August 10, 2023.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the

amount of revenues or moneys of the Obligor legally available will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX E

FORM OF BOND COUNSEL'S LEGAL OPINION FOR THE TANS

August 2, 2022

Wappingers Central School District,
Counties of Dutchess and Putnam,
State of New York

Re: Wappingers Central School District, Dutchess and Putnam Counties, New York
\$4,500,000 Tax Anticipation Note, 2022

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$4,500,000 Tax Anticipation Note, 2022 (the "Obligation"), of the Wappingers Central School District, Dutchess and Putnam Counties, New York (the "Obligor"), dated August 2, 2022, numbered ____, of the denomination of \$4,500,000, bearing interest at the rate of _____% per annum, payable at maturity, and maturing October 20, 2022.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to certain statutory limitations, ;provided however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the

amount of revenues or moneys of the Obligor legally available will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ORRICK, HERRINGTON & SUTCLIFFE LLP