

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 28, 2024

**NEW ISSUE
SERIAL BONDS**

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 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds 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 Bonds. See “Tax Matters” herein.

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

**TOWN OF MONTGOMERY
ORANGE COUNTY, NEW YORK**

\$2,500,000*

**PUBLIC IMPROVEMENT (SERIAL) BONDS, 2024
(the “Bonds”)**

Dated: Date of Delivery

Due: September 15, 2026 – 2039

The Bonds are general obligations of the Town of Montgomery, Orange County, New York (the “Town”), and all of the taxable real property within the Town is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the “Tax Levy Limit Law”). (See “Tax Levy Limit Law” herein.)

The Bonds will be dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on September 15, 2025, and semiannually thereafter on March 15 and September 15 in each year until maturity. The Bonds shall mature on September 15 each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity as described herein. (See “Optional Redemption” herein.)

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

The Bonds are offered subject to the respective final approving opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel, and certain other conditions. It is anticipated that the Bonds will be available for delivery through the offices of DTC in New York, New York or as otherwise agreed with the purchaser on or about September 24, 2024.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE TOWN FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”) EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS. FOR A DESCRIPTION OF THE TOWN’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING FOR THE BONDS” HEREIN.

DATED: September __, 2024

* Preliminary, subject to change.

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

The Bonds will mature on September 15, subject to optional redemption, in the following years and principal amounts:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>
2026	\$145,000				2033**	\$180,000			
2027	150,000				2034**	185,000			
2028	155,000				2035**	190,000			
2029	160,000				2036**	195,000			
2030	165,000				2037**	205,000			
2031	170,000				2038**	210,000			
2032	175,000				2039**	215,000			

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

** The Bonds maturing in the years 2033 and thereafter will be subject to redemption prior to maturity, as described herein (see "*Optional Redemption*").

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

**TOWN OF MONTGOMERY
ORANGE COUNTY, NEW YORK**

**Steve Brescia
Supervisor**

TOWN BOARD

Cindy L. Loss..... Deputy Supervisor

Mark Hoyt..... Councilperson

Sheryl A Melick..... Councilperson

Michael Setteducato..... Councilperson

TOWN OFFICIALS

Bernard Bowen Bookkeeper of Finance

Tara Stickles..... Town Clerk

William Frank, Esq. Town Attorney

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
New York, New York

MUNICIPAL ADVISOR



CAPITAL MARKETS ADVISORS, LLC
Long Island & Western New York
(516) 274-4502

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

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
THE BONDS	1	LITIGATION	9
Description	1	TAX MATTERS	10
Authority for and Purpose for the Bonds	1	LEGAL MATTERS	12
Optional Redemption	2	DISCLOSURE UNDERTAKING.....	12
Book-Entry-Only System.....	2	Disclosure Undertaking for the Bonds	12
NATURE OF OBLIGATION	4	Compliance History	13
SPECIAL PROVISIONS AFFECTING REMEDIES		RATING	14
UPON DEFAULT	5	MUNICIPAL ADVISOR	14
RISK FACTORS	8	MISCELLANEAOUS	14
Cybersecurity	9	ADDITIONAL INFORMATION	14

APPENDIX A

THE TOWN	A-1	Tax Collection Procedure.....	A-11
General Information.....	A-1	Ten of the Largest Taxpayers	A-12
Form of Government	A-1	TOWN INDEBTEDNESS	A-12
Services.....	A-2	Constitutional Requirements	A-12
Employees	A-2	Statutory Procedure	A-13
Employee Benefits.....	A-2	Constitutional Debt-Contracting Limitation	A-14
Other Post Employment Benefits.....	A-4	Statement of Debt Limit and Net Indebtedness	A-15
FINANCIAL FACTORS.....	A-5	Bond Anticipation Notes	A-15
Budgetary Procedures.....	A-5	Tax and Revenue Anticipation Notes.....	A-15
Investment Policy	A-5	Trend of Capital Debt.....	A-15
The State Comptroller’s Fiscal Stress Monitoring		Overlapping and Underlying Indebtedness.....	A-16
System and Compliance Reviews.....	A-6	Debt Ratios.....	A-16
COVID-19 Stimulus and Uses.....	A-7	Authorized but Unissued Debt	A-17
Revenues.....	A-7	Debt Service Schedule.....	A-17
State Aid	A-9	ECONOMIC AND DEMOGRAPHIC DATA	A-18
REAL PROPERTY TAXES.....	A-10	Population	A-18
Assess and Full Valuation.....	A-10	Income.....	A-18
Tax Levy Limit Law	A-11	Employment	A-18

APPENDIX B – SUMMARY OF BUDGETS AND FINANCIAL STATEMENTS

APPENDIX C – AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

APPENDIX D – FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

OFFICIAL STATEMENT

**TOWN OF MONTGOMERY
ORANGE COUNTY, NEW YORK**

Relating To

\$2,500,000*

**PUBLIC IMPROVEMENT (SERIAL) BONDS, 2024
(the “Bonds”)**

This Official Statement, which includes the cover page, inside cover page and appendices hereto, presents certain information relating to the Town of Montgomery, in the County of Orange, in the State of New York (the “Town”, “County” and “State,” respectively) in connection with the sale of \$2,500,000* Public Improvement (Serial) Bonds, 2024 (the “Bonds”).

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

THE BONDS

Description

The Bonds are dated their date of delivery and will bear interest from such date until maturity, payable on September 15, 2025, and semiannually thereafter on March 15 and September 15 until maturity. The Bonds shall mature on September 15 each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity as described herein. (See “*Optional Redemption*” herein.)

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in principal amounts of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds. Principal and interest on the Bonds will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants (defined herein), for subsequent disbursement to the Beneficial Owners of the Bonds as described under “*Book-Entry-Only System*,” herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Town referred to therein.

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

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the General Municipal Law, Town Law, the Local Finance Law, and a bond resolution duly adopted by the Town on May 15, 2024, for the construction of a new highway garage. The proceeds from the sale of the Bonds will be used to provide original financing for such purpose.

* Preliminary, subject to change.

Optional Redemption

The Bonds maturing on or before September 15, 2032 are not subject to redemption prior to their stated maturity. The Bonds maturing on or after September 15, 2033 will be subject to redemption prior to maturity, at the option of the Town, on any date on or after September 15, 2032, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

The Town may select the maturities of the Bonds to be redeemed and the amount to be redeemed of each maturity selected, as the Town shall determine to be in the best interest of the Town at the time of such redemption. If less than all of the Bonds of any maturity are to be redeemed prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the Town by lot in any customary manner of selection as determined by the Town. Notice of such call for redemption shall be given by transmitting such notice to the registered owner not less than thirty (30) days nor more than sixty (60) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date of redemption set forth in such call for redemption, become due and payable, together with accrued interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

Book-Entry-Only System

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of

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

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

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

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town, 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 Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE TOWN TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS.

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

BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

NATURE OF OBLIGATION

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

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

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

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, Chapter 97 of the New York New York Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation 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 Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Town’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “Tax Levy Limitation 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 bondholders 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 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, 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.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors’ Provision. Each Bond and Note when duly issued and paid for will constitute a contract between the Town and the holder thereof. Under current law, provision is made for contract creditors of the Town 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 Town upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

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

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the Town, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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

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

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

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

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

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

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Town has not applied to FRB and does not reasonably anticipate doing so. 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, Town 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, Town 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, Town or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

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

No Past Due Debt. No principal of or interest on Town indebtedness is past due. To the knowledge of current officials, the Town has never defaulted in the payment of the principal of and interest on any indebtedness.

RISK FACTORS

The financial and economic condition of the Town as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the Town’s control. There can be no assurance that adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or 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 Town to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

There can be no assurance that the State appropriation for State aid to school districts or municipalities will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefor. 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 or the State's financial condition due to the ongoing COVID-19 pandemic and other circumstances, including fiscal stress. The Town is not very dependent on State aid, however, State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefor. (See "*State Aid*", "*Sales Tax*" and "*Impacts of COVID-19*" herein).

Should the Town fail to receive monies expected from the State in the amounts and at the times expected, the Town is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

If and when a holder of any of the should elect to sell a Bond 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 of the Bonds. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond will decline, causing the bondholder to incur a potential capital loss if such bond is sold prior to its maturity.

Amendments to the U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the Town. Any such future legislation could have an adverse effect on the market value of the Bonds (See "*Tax Matters*" herein).

The enactment of Chapter 97 of the New York Laws of 2011 on June 24, 2011, which imposes a tax levy limitation upon municipalities, including the Town, school districts, and fire districts in the State could have an impact upon operations of the Town and as a result, the market price for the Bonds. (See "*Tax Levy Limit Law*," herein.)

Cybersecurity

The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town has invested in a cybersecurity policy as of 2018; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

The Town has contracted with Town of New Windsor IT, New York to handle all computer issues and monitor against cybersecurity threats. The Town updated its computers during the months of July/August 2020 to comply with a State IT audit done in 2019. The Town is now in compliance with the audit.

LITIGATION

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

The Town is a party to various tax certiorari proceedings instituted by various taxpayers under Article 7 of the Real Property Tax Law. In these actions, taxpayers have claimed that real property assessments as presently determined are excessive, unequal or unlawful. Such claims seek to have the property assessment reduced and, generally,

request a refund for a portion of the taxes previously paid. Claims of this nature are filed continuously and some cases may not be settled for several years or more. It is not unusual for certain taxpayers to have multiple pending claims affecting a period of years.

There is no action, suit, proceeding or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the Town, threatened against or affecting the Town 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 Town taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the Town.

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 Bonds 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 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. A Complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendices D hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), 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 Bonds 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 Bonds is the first price at which a substantial amount of such maturity of the Bonds 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 Bonds accrues daily over the term to maturity of such Bonds 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 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds 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 Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, 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 Bond, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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

provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

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 Bonds) 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 Bonds 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 Bonds 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 Bonds 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.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds 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 Bonds. Prospective purchasers of the Bonds 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 Bonds 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 Town, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Town has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Town or the owners regarding the tax-exempt status of the Bonds 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 bonds is difficult, obtaining an independent review of IRS positions with which the Town legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Town or the owners to incur significant expense.

Payments on the Bonds 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 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. 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 Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as Appendix D.

DISCLOSURE UNDERTAKING

Disclosure Undertaking for the Bonds

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission"), the Town has agreed to provide, or cause to be provided,

(1) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated September 11, 2024 of the Town relating to the Bonds under the headings "The Town", "Financial Factors", "Real Property Taxes", "Town Indebtedness", "Economic and Demographic Data", "Litigation", and Appendix B (other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2024, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2024 such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Town of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Town of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(2) in a timely manner not in excess of ten business days, to EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Town; (xiii) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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 (as defined in the Rule) of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Town, any of which affect Bond holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Town, any of which reflect financial difficulties.

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

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

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

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

(3) in a timely manner, to EMMA, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The Town reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the Town no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The Town acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Town’s obligations under its continuing disclosure undertaking and any failure by the Town to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The Town reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Town; provided that, the Town agrees that any such modification will be done in a manner consistent with the Rule.

An undertaking to provide continuing disclosure as described above shall be provided to the Underwriter at the closing.

Compliance History

For fiscal year ended December 31, 2022, the Town’s audited financial statements were not filed within 60 days of the release of those audited financial statements. The audited financial statements were subsequently filed on November 13, 2023, within one year of the end of the fiscal year. A failure to file notice was posted on November 13, 2023.

For fiscal year ended December 31, 2022, the Town’s annual financial information and operating data was not filed within 6 months of the close of the fiscal year. The information was subsequently filed on August 9, 2023. A failure to file notice was posted on July 6, 2023.

On February 1, 2022, The Town filed a material event notice with EMMA, regarding the failure to file the initial rating of the Town of “Aa2” from Moody’s Investors Service (“Moody’s”) on December 27, 2021.

RATING

The Town has applied to Moody’s for a rating on the Bonds. Such application is pending at this time.

On December 27, 2021, Moody’s assigned an initial credit rating of “Aa2” to the Town.

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

MUNICIPAL ADVISOR

Capital Market Advisors, LLC, has served as the independent Municipal Advisor to the Town in connection with this transaction.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, 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 Town 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 Bonds.

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 Bonds. Orrick, Herrington & Sutcliffe LLP expresses no opinion on the accuracy or completeness of any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds, 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 Town, except as expressed in the calculation of estimated "*Overlapping and Underlying Debt*", herein.

Additional information may be obtained from the Town’s Bookkeeper of Finance, Bernard Bowen, 110 Bracken Road, Montgomery, New York 12549, (845) 457-2600 x. 1238, e-mail: bbowen@townofmontgomery.com or from the Town’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 Town and the original purchasers or holders of any of the Bonds.

This Official Statement has been prepared only in connection with the sale of the Bonds by the Town 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 Town, expresses no opinion as to the accuracy or completeness of the information in any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds, 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 Bonds, the Town 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 Town.

The Official Statement is submitted only in connection with the sale of the Bonds by the Town 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 Town nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

This Official Statement has been duly executed and delivered by the Town Supervisor.

TOWN OF MONTGOMERY
ORANGE COUNTY, NEW YORK

By: _____
Steve Brescia
Supervisor and Chief Fiscal Officer

DATED: September __, 2024

APPENDIX A

THE TOWN

THE TOWN

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

General Information

The Town of Montgomery (the “Town”) is situated in Orange County (the “County”) approximately 60 miles north of New York City. Within its borders are the Villages of Maybrook, Montgomery and Walden and the Hamlet of Coldenham. The Town and its Villages have over 10 miles of riverfront on the Wallkill River and cover an area of approximately 51 square miles.

The Town is characterized by farmland and preserved open space in addition to residential neighborhoods, some retail and small business development in addition to commercial distribution centers and trucking terminals. In addition to in-town employment, the residents have easy access to industries in the Poughkeepsie and Kingston metropolitan areas.

The Town is served by all major forms of transportation. Major highways serving the Town include the New York State Thruway (linking New York City and Buffalo), Interstate 84 (linking Hartford, Connecticut and Scranton, Pennsylvania), and State Route 17 (providing access to New York City metropolitan area and western portions of the State). The Town is also served by a network of County and Town roads. Rail passenger service is available from the Metro North Commuter Railroad, with a station in the City of Middletown providing service links with New Jersey trains to New York City. Metro North and Amtrak rail service is also available in nearby Beacon. Commercial air transportation is available at nearby Stewart Airport in Newburgh, New York.

The Town of Montgomery Comprehensive Plan was adopted in 2021 for the first time in several decades. Over the next several months the Town Board will be taking action to implement suggested recommendations of the plan including zoning changes that will impact and shape the community for years to come. The 17K Corridor plan is centered around potential investments in infrastructure as well as the revitalization of historic properties such as the Colden Ruins Site. The Town’s Comprehensive Plan can be found on the Town website at the following link: <https://townofmontgomery.com/Government/Comprehensive-Plan-Committee>. Reference to this website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

Form of Government

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

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

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

also must be authorized by the Town Board. The original issuance of all Town indebtedness is subject to approval by the Town Board.

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

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

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

The Town Attorney is appointed annually by the Town Board.

Services

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

Employees

The Town employs approximately 52 full-time and 97 part-time employees. Some employees are represented by collective bargaining organizations as shown below.

Union Contracts

<u>Bargaining Unit</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
CSEA	13	December 31, 2024
PBA	46	December 31, 2024

Employee Benefits

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

31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. Members hired on or after January 1, 2010 must contribute three or more percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

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

Police officers and firefighters who are members of PFRS are divided into four tiers. As with ERS, retirement benefit plans available under PFRS are most liberal for Tier 1 employees. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. Police officers and firefighters that were hired between July 1, 2009 and January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. Police officers and firefighters hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution from members. Police officers and firefighters hired after April 1, 2012 are in Tier 6, which also originally had a 3% contribution requirement for members for FY 12-13; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: \$45,000.00 or less contributes 3%; \$45,000.01 to \$55,000.00 contributes 3.5%; \$55,000.01 to \$75,000.00 contributes 4.5%; \$75,000.01 to \$100,000.00 contributes 5.75%; and more than \$100,000.00 contributes 6%.

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

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

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

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

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

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

<u>Fiscal Year</u>	<u>ERS⁽¹⁾</u>	<u>PFRS</u>
2019	\$316,117	\$407,837
2020	327,786	423,185
2021	327,794	419,668
2022	355,256	438,756
2023	264,285	407,695
2024 (Budget)	409,454	486,765

(1) Include budgeted General Fund, Highway Fund, Water fund and Sewer Fund contributions. Summary itself not audited.

Other Postemployment Benefits

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

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

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

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

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

The Town is in compliance with the requirements of GASB 75 as was required by the end of the Town’s 2020 fiscal year. It has been determined that The Town’s total OPEB liability as of December 31, 2023 was \$20,119,286 using a discount rate of 4.31% and actuarial assumptions and other inputs as described in the Town’s December 31, 2023 audited financial statements.

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

FINANCIAL FACTORS

Budgetary Procedure

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

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

Summaries of the 2023 and 2024 budgets may be found in Appendix B of this Official Statement.

Investment Policy

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

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

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

for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State. Reverse repurchase agreements are not permitted under State law.

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

Eligible securities pledged to secure deposits must be held by the depository or third party bank or trust company pursuant to written security and custodial agreements. The Town's security agreements provide that the aggregate market value of pledged securities must equal or exceed the principal amount of deposit, the agreed upon interest, if any, and any costs or expenses arising from the collection of such deposits in the event of a default. Securities not registered or inscribed in the name of the Town must be delivered, in a form suitable for transfer or with an assignment in blank, to the Town or its designated custodial bank.

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

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

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

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

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

The most current applicable report of the State Comptroller designates the Town as “No Designation” with a fiscal score of “0.0” and an environmental score of “3.3”.

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. OSC has not released a formal report on the Town in the past five years nor is one presently in progress. Additional information regarding State audits can be obtained by visiting the New York State website for Local Governments and School Accountability.

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein, nor inclusion herein by reference. References to websites and/or website addresses presented herein are for information 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.

COVID-19 Stimulus and Uses

On March 11, 2021, the federal government signed into law The American Rescue Plan (ARP) that addresses issues related to the ongoing COVID-19 pandemic. The ARP Act also creates new programs to address continuing pandemic-related crisis and fund recovery efforts. It provides significant funding to local governments and school districts in NYS.

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.

The Town has been allocated \$941,588.78 of which \$470,794.39 was received in July 2021 and the remainder of which has been received in July 2022. The funds must all be committed by December 31, 2024, and expended by December 31, 2026. All funds have been used as of July 2024 for the purpose of building repairs.

Revenues

The Town derives its revenues primarily from real property taxes and special assessments, State aid and departmental fees and charges. A summary of such revenues for the years 2019-2023 is presented in Appendix B, hereto. Information for said fiscal years has been excerpted from the Town's Audit, which is not audited nor is it prepared in accordance with GAAP.

Property Taxes. The Town derives a major portion of its revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B.) Property taxes accounted for 46.1% of total General Fund and other governmental funds revenues for the fiscal year ended December 31, 2023.

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The following table sets forth total fund revenues and real property taxes received for each of the past five fiscal years and the amount budgeted for the current fiscal year.

Fund Revenues & Real Property Taxes

<u>Fiscal Year Ended December 31:</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Taxes to Revenues</u>
2019	\$9,038,374	\$4,336,948	48.0%
2020	8,311,135	4,539,146	54.6
2021	9,177,677	4,472,936	48.7
2022	12,429,073	4,456,924	35.9
2023	9,663,996	4,456,917	46.1
2024 (Adopted Budget)	8,825,730	4,059,615	46.0

Source: Audited Financial Statements and Adopted Budget of the Town. Summary itself not audited.

State Aid. The Town receives financial assistance from the State. State Aid accounted for approximately 7.4% of the total general fund revenues of the Town in the 2023 fiscal year. A substantial portion of the State aid received is directed to be used for specific programs. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

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

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also “RISK FACTORS,” herein.)

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

The following table sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years and the amount budgeted for the current fiscal year.

Fund Revenues & State Aid Revenues

<u>Fiscal Year Ended December 31:</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2019	\$9,038,374	\$1,171,630	13.0%
2020	8,311,135	895,906	10.8
2021	9,177,677	1,408,741	15.3
2022	12,429,073	2,219,651	17.9
2023	9,663,996	1,972,124	7.4
2024 (Adopted Budget)	8,825,730	1,265,115	20.4

Source: Audited Financial Statements and Adopted Budget of the Town. Summary itself not audited.

State Aid

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

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the current or future fiscal years. In view of the State's continuing budget problems, State aid reductions are likely. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See *“Risk Factors”* herein.)

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

The State’s 2021-22 Enacted Budget provided \$10.8 billion in State funding to local governments. This funding available for use over multiple years, is designed to support essential workers and government employees, assist COVID-19 vaccination efforts, boost local economies, and support local government services.

The Aid and Incentives for Municipalities (“AIM”) program provides State aid to all of the State’s cities (other than New York City), and 141 towns and villages. AIM was funded at \$656.1 million in the 2021-22 Enacted State Budget.

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

Sales Tax. The Town receives a share of the County sales tax. The County presently imposes a sales and use tax of 3 3/4%, in addition to the 4% tax imposed by the State and a 3/8% levy by the Metropolitan Transportation Authority, for a total countywide sales tax rate of 8 1/8%. Such sales and use tax collections are administered by the State Tax Commission and paid at least monthly to the County. The County, pursuant to a Sales Tax Sharing Agreement (the “Agreement”), shares the proceeds of the County’s 3 3/4% sales and use tax with the three cities, twenty towns and seventeen villages within the County. Under the terms of the Agreement, the County retains 73.616% of the sales tax

revenues with the balance disbursed quarterly to the municipalities on a formula basis. The cities, in turn, agree not to levy a city sales tax for the term of the Agreement.

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

General Fund Revenues & Sales Tax

Fiscal Year Ended December 31:	Total Revenues	Sales Tax	Sales Tax to Revenues
2019	\$9,038,374	\$1,540,109	17.0%
2020	8,311,135	1,437,465	17.3
2021	9,177,677	1,584,397	17.3
2022	12,429,073	1,552,991	12.5
2023	9,663,996	1,300,000	13.5
2024 (Adopted Budget)	8,825,730	1,500,000	17.0

Source: Audited and Unaudited Financial Statements and Adopted Budget of the Town. Summary itself not audited.

REAL PROPERTY TAXES

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

Assessed and Full Valuations

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

Tax Levies and Rates

	2020	2021	2022	2023	2024
Taxable Value	\$1,409,333,992	\$1,457,424,838	\$1,464,304,970	\$1,492,975,054	1,481,961,420
Equalization Rate	0.58%	0.56%	0.49%	0.42%	0.40%
Full Value	\$2,429,886,193	\$2,602,544,353	2,988,377,489	3,554,702,509	3,704,903,550
Town Tax Levy:					
General	\$2,059,500	\$1,948,945	\$2,008,178	\$2,009,072	\$2,025,038
Highway	1,970,000	1,970,000	1,955,702	1,994,761	2,335,493
Part Town	2,479,646	2,464,708	2,447,846	2,447,845	2,034,577
Tax Rate: ⁽¹⁾					
General	1.4799	1.4285	1.3756	1.3704	1.3531
Highway	2.4419	2.3800	2.2698	2.3084	2.6341
Part Town	3.0736	2.9710	2.8410	2.8327	2.2939

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

Source: Town Officials

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the New York Laws of 2011, as amended, (the “Tax Levy Limit Law”), all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town, without limitation as to rate or amount, is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

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

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

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the Town or such indebtedness incurred after the effective date of the Tax Levy Limit Law. To date, the Tax Levy Limit Law has not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

Tax Collection Procedures

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

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

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

The Town Tax receiver collects Town and County property taxes and special district assessments. Taxes and assessments are levied against properties on the first of January and may be paid without penalty through the month of January. Payments made after January 31 are assessed a penalty as follows: a 1% penalty is added in February and 2% in March. After April the tax roll is returned to the County and taxes plus penalties are payable to the County Treasurer. The Town retains the total amount of Town, highway and special district levies from the total collections and returns the balance plus uncollected items to the County, which assumes collection responsibility and holds annual tax sales.

Ten of the Largest Taxpayers

The following table presents the taxable assessments of the Town's larger taxpayers listed on the 2023 assessment roll for 2024 taxes.

2023 Assessment Roll for 2024 Taxes

<u>Taxpayer's Name</u>	<u>Nature of Business</u>	<u>Taxable Assessed Valuation</u>	<u>% of Total Taxable Assessed Valuation ⁽¹⁾</u>
Allegiance Healthcare Corp	Healthcare	\$36,755,000	2.48%
MRE Propco LP	Developer	31,480,000	2.12
GWL 201 Neelytown LLC	Corporation	24,636,000	1.66
LCN STP Hagerstown	Corporation	23,600,000	1.59
Neelytown Road Investors, LLC (Home Depot)	Retail Store	21,300,000	1.44
Do it Best Corp	Retail Store	9,900,000	0.67
Clemenceau Logistics Assets LLC		7,935,000	0.54
Montgomery Grocery Owners LLC	Grocery Store	6,300,000	0.43
YRC Freight		5,520,000	0.37
Tforce Freight Inc.		5,079,600	0.34
		<u>\$172,505,600</u>	<u>11.64%</u>

(1) The total taxable assessed value for fiscal 2023 is \$1,481,961,420.

TOWN INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid, in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute or, in the alternative, weighted average period of probable usefulness of the several

objects or purposes for which such indebtedness is to be contracted; unless substantially level or declining annual debt service is authorized and utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

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

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

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

Statutory Procedure

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

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

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

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

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend more than five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. In addition, notes issued in calendar years 2015 through 2021 may extend issuance in notes up to the seventh anniversary date of the original date of issuance. (See “*Payment and Maturity*” under “*Constitutional Requirements,*” herein).

In addition, under each bond resolution, the Town Board may delegate the power to issue and sell bonds and notes to the Supervisor, the chief fiscal officer of the Town.

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

Constitutional Debt-Contracting Limitation

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

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

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

**Computation of Debt Contracting Limitation
As of August 28, 2024**

For Fiscal Year Ended December 31:	Assessed Valuations	Equalization Rate	Full Valuations
2020	\$1,409,333,992	0.58	2,429,886,193
2021	1,457,424,838	0.56	2,602,544,353
2022	1,464,304,970	0.49	2,988,377,489
2023	1,492,975,054	0.42	3,554,702,509
2024	1,481,961,420	0.40	3,704,903,550
Total Five-Year Full Valuation			\$15,280,414,094
Five-Year Average Full Valuation			3,056,082,819
Debt Contracting Limitations: 7% of Five-Year Average Full Valuation			\$213,925,797

Source: ORPTS

Statutory Debt Limit and Net Indebtedness

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

**Statutory Debt Limit and Net Indebtedness
As of August 28, 2024**

	Amount	Percentage
Debt Contracting Limitation:	\$213,925,797	100%
Gross Debt:		
Serial Bonds	7,145,000	3.34
Bond Anticipation Notes	1,500,000	0.70
	8,645,000	4.04
Less Exclusions and Deductions:		
Appropriations	160,000	0.07
Water Debt	0	0.00
Total Exclusions	160,000	0.07
Net Indebtedness	8,485,000	3.97
Net Debt Contracting Margin	\$205,440,797	96.03

Bond Anticipation Notes

The Town currently has an outstanding \$1,500,000 Bond Anticipation Notes, 2023 bearing a 4.25% coupon which matures on December 13, 2024. The Town has not yet determined whether it will issue bonds or notes to redeem its outstanding bond anticipation note at maturity.

Tax and Revenue Anticipation Notes

The Town has not issued any Tax or Revenue Anticipation Notes (or budget or deficiency notes) in the past 5 years, and the Town does not expect to issue such notes in the foreseeable future.

Trend of Capital Debt

	Debt History				
	2019	2020	2021	2022	2023
Bonds	\$65,000	\$0	\$0	\$7,295,000	\$7,145,000
Bond Anticipation Notes	3,652,352	3,348,092	3,204,092	0	1,500,000
Totals:	\$3,717,352	\$3,348,092	\$3,204,092	\$7,295,000	\$8,645,000

Overlapping and Underlying Debt

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

**Estimated Direct and Estimated Overlapping Indebtedness
As of August 28, 2024**

Gross Direct Indebtedness	\$8,645,000
Exclusions and Deductions	<u>160,000</u>
Net Direct Indebtedness	<u>\$8,485,000</u>

<u>Issuer</u>	<u>Date of Report</u>	<u>Total Net Underlying Debt</u>	<u>Applicable Percentage</u>	<u>Net Applicable Debt</u>
Orange County	02/15/2024	183,600,000	5.81%	\$10,667,160
Villages:				
Maybrook	5/31/2023	4,115,000	100.00	4,115,000
Montgomery	5/31/2022	840,800	100.00	840,800
Walden	5/31/2022	0	100.00	0
School Districts:				
Valley Central	05/23/2024	24,375,000	12.4	3,022,500
Wallkill Central	05/23/2024	30,786,298	17.6	5,418,388
Fire Districts:				
Coldenham Fire District	12/31/2021	0	100.00	0
Maybrook Fire District	12/31/2021	0	100.00	0
Montgomery Fire District	12/31/2021	0	100.00	0
Walden Fire District	12/31/2021	0	100.00	<u>0</u>
Total				<u><u>\$24,063,848</u></u>

Source: Data provided by County and School District Officials.

Debt Ratios

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

**Direct and Overlapping Debt Ratios
As of August 28, 2024**

	<u>Amount</u>	<u>Per Capita⁽¹⁾</u>	<u>Ratio To Full Value⁽²⁾</u>
Net Direct Debt	\$8,485,000	\$365.42	0.23%
Net Direct and Overlapping Debt	31,208,848	1,401.76	0.88

(1) The population of the Town according to 2023 data compiled by the U.S. Census Bureau is 23,220.

(2) The full valuation for fiscal 2024 is \$3,704,903,550.

Authorized but Unissued Debt

Following the issuance of the Bonds, the Town will have no authorized but unissued debt.

Debt Service Schedule

The following table sets forth all principal and interest payments required on the Town's outstanding bonded indebtedness of the Town, exclusive of the Bonds.

Fiscal Year Ending December			Total Principal & Interest
<u>31st</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest</u>
2024 ⁽¹⁾	\$160,000	\$193,738	\$353,738
2025	165,000	185,738	350,738
2026	175,000	177,488	352,488
2027	185,000	168,738	353,738
2028	195,000	159,488	354,488
2029	205,000	149,738	354,738
2030	215,000	139,488	354,488
2031	225,000	128,738	353,738
2032	230,000	124,238	354,238
2033	235,000	119,638	354,638
2034	240,000	114,938	354,938
2035	245,000	110,138	355,138
2036	250,000	105,238	355,238
2037	250,000	100,238	350,238
2038	260,000	95,238	355,238
2039	265,000	90,038	355,038
2040	270,000	84,738	354,738
2041	275,000	79,338	354,338
2042	280,000	73,494	353,494
2043	285,000	67,544	352,544
2044	290,000	61,131	351,131
2045	300,000	54,606	354,606
2046	305,000	47,856	352,856
2047	310,000	40,613	350,613
2048	320,000	33,250	353,250
2049	330,000	25,250	355,250
2050	335,000	17,000	352,000
2051	345,000	8,625	353,625
	<u>\$7,145,000</u>	<u>\$2,756,303</u>	<u>\$9,901,303</u>

ECONOMIC AND DEMOGRAPHIC DATA

Population

	Population				
	<u>2010-2023</u>				
	<u>2010</u>	<u>2020</u>	<u>2023</u>	<u>% Change</u>	
			<u>2010-2020</u>	<u>2020-2023</u>	
Town	22,606	23,222	23,220	2.7%	(0.01)%
County	372,813	401,310	407,470	7.6	1.53
State	19,378,102	20,201,249	19,571,216	4.2	(3.12)

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

Income

	Per Capita Money Income				
	<u>2010-2022</u>				
	<u>2010</u>	<u>2020</u>	<u>2022</u>	<u>% Change</u>	
			<u>2010-2020</u>	<u>2020-2023</u>	
Town	\$27,185	36,765	\$40,185	35.24%	9.30%
County	28,944	39,507	40,410	36.49	2.29
State	30,948	40,898	47,173	32.15	15.34

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

Employment

	Average Civilian Labor Force				
	<u>2010-2022</u>				
	<u>2010</u>	<u>2020</u>	<u>2023</u>	<u>% Change</u>	
			<u>2010-2020</u>	<u>2020-2023</u>	
County	181,400	187,200	193,700	3.2%	3.5%
State	9,630,300	9,564,400	9,717,800	(0.68)	1.60

Source: New York State Department of Labor.

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

Average Unemployment Rates

The following tables provide information concerning employment and unemployment in the County, State and United Stated. Data provided for the County and State are not necessarily representative of the Town.

<u>Year</u>	<u>County</u>	<u>State</u>
2019	3.6%	3.9%
2020	8.0	9.8
2021	4.8	7.1
2022	3.3	4.3
2023	3.4	4.2
2024		
Jan	4.0	4.3
Feb	4.1	4.2
Mar	3.9	3.9
Apr	3.5	4.2
May	3.7	4.5
Jun	3.6	4.3

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

END OF APPENDIX A

APPENDIX B

SUMMARY OF BUDGETS AND FINANCIAL STATEMENTS
(Summary itself is not audited)

**TOWN OF MONTGOMERY
GENERAL FUND
BALANCE SHEET
UNAUDITED PRESENTATION**

As of December 31:

	2019	2020	2021	2022	2023
ASSETS					
Cash and Equivalents	\$ 3,228,674	\$ 3,304,326	\$ 1,516,628	\$ 2,095,421	\$ 3,184,439
Accounts Receivable, Net	591,595	599,138	298,895	189,649	24,240
Due From Other Funds	1,802,659	1,031,373	3,558,738	5,477,969	4,046,923
Prepaid Expenses	152,941	162,895	171,097	151,674	171,991
State And Federal Aid Receivable	106,990	57,482	57,482	57,482	354,220
Total Assets	\$ 5,882,859	\$ 5,155,214	\$ 5,602,840	\$ 7,972,195	\$ 7,781,813
 LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	\$ 307,775	\$ 164,866	\$ 187,616	\$ 0	\$ 138,349
Accrued Liabilities	73,509	146,066	0	0	0
Due To Other Funds	0	65	478,135	528,264	1,155,104
Unavailable Revenue	0	0	528,277	569,282	265,953
Overpayments	0	57,482	0	0	0
Deferred Revenue	69,859	0	0	0	0
Total Liabilities	451,143	368,479	1,194,028	1,097,546	1,559,406
Fund Balances:					
Non Spendable	152,941	162,895	171,097	151,674	171,991
Assigned	3,192,555	3,171,450	2,863,985	4,833,574	4,367,674
Unassigned	2,086,220	1,453,390	1,373,730	1,889,401	1,682,742
	5,431,716	4,787,735	4,408,812	6,874,649	6,222,407
Total Liabilities and Fund Equity	\$ 5,882,859	\$ 5,156,214	\$ 5,602,840	\$ 7,972,195	\$ 7,781,813

The financial data presented on this page has been excerpted from the audited financial statements and Annual Update Document of the Town. Such presentation, however, has not been audited. Complete copies of the Town's audited financial statements are available upon request to the Town and are available on the EMMA Website.

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

As of December 31:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
REVENUES:					
Real Property Taxes	\$ 4,336,948	\$ 4,539,146	\$ 4,472,936	\$ 4,456,924	\$ 4,456,917
Real Property Tax Items	71,844	185,060	172,167	299,922	330,531
Non Property Tax Items	1,590,662	1,488,993	1,261,045	1,602,127	1,384,624
Departmental Income	560,556	546,433	655,122	727,726	813,976
Intergovernmental Charges	92,686	37,975	22,510	816	1,157
Use Of Money And Property	28,204	6,807	5,223	8,389	87,214
Licenses and Permits	234,650	195,461	726,709	2,209,937	264,446
Fines and Forfeitures	308,281	206,456	230,058	148,399	173,742
Sale Of Property And Compensation For Loss	95,822	124,490	27,254	1,000	8,635
Miscellaneous	22,803	84,408	195,912	754,182	170,630
State & Federal Aid	1,695,918	895,906	1,408,741	2,219,651	1,972,124
	<u>9,038,374</u>	<u>8,311,135</u>	<u>9,177,677</u>	<u>12,429,073</u>	<u>9,663,996</u>
EXPENDITURES:					
Current:					
General Government Support	2,363,376	2,424,418	2,767,548	2,756,890	2,654,268
Public Safety	2,808,827	2,658,806	2,883,030	3,216,769	3,373,784
Health	6,732	155,906	159,897	363,615	9,277
Transportation	305,250	357,014	499,841	504,750	590,236
Economic Assistance And Opportunity	108,040	76,017	1,819	2,902	5,001
Culture And Recreation	404,593	477,853	1,017,125	591,490	770,214
Home And Community Services	180,147	186,202	210,695	385,805	344,984
Employee Benefits	1,966,548	2,017,623	2,016,643	2,056,792	2,080,521
Debt Service	34,305	34,304	0	84,224	284,306
	<u>8,177,818</u>	<u>8,388,143</u>	<u>9,556,598</u>	<u>9,963,237</u>	<u>10,112,591</u>
Excess of Revenues Over Expenditures	<u>860,556</u>	<u>(77,008)</u>	<u>(378,921)</u>	<u>2,465,836</u>	<u>(448,595)</u>
OTHER FINANCING SOURCES (USES):					
BANs Redeemed from Appropriations	0	0	0	0	0
Operating Transfers - In	0	0	0	0	0
Operating Transfers - Out	0	(566,973)	0	0	0
	<u>0</u>	<u>(566,973)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(566,973)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>860,556</u>	<u>(643,981)</u>	<u>(378,921)</u>	<u>2,465,836</u>	<u>(448,595)</u>
Fund Equity - Beginning of Year	4,571,160	5,431,716	4,787,735	4,408,814	6,671,002
Prior Period Adjustments	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Equity - End of Year	<u>\$ 5,431,716</u>	<u>\$ 4,787,735</u>	<u>\$ 4,408,814</u>	<u>\$ 6,874,650</u>	<u>\$ 6,222,407</u>

*Restated

The financial data presented on this page has been excerpted from the audited financial statements and Annual Update Document of the Town.

Such presentation, however, has not been audited.

Complete copies of the Town's audited financial statements are available upon request to the Town and are available on the EMMA Website.

**TOWN OF MONTGOMERY
2023 OPERATING BUDGET**

	General Fund Town-Wide	General Fund Town-Outside	Highway Fund	Water District Funds	Sewer District Funds	Combined Totals
ESTIMATED REVENUES:						
Real Property Taxes	\$ 2,009,072	2,447,845	1,994,761	567,911	570,701	7,590,290
Real Property Tax Items	67,000	115,267	143,276	65,344	101,120	492,007
Non Property Tax Items	25,000	1,352,000	450,000	0	0	1,827,000
Departmental Income	580,100	78,000	18,018	96,169	36,338	808,625
Intergovernmental Charges	134,063	0	100,000	0	0	234,063
Use of Money And Property	3,500	2,000	500	1,355	915	8,270
Licenses And Permits	7,600	400,000	0	0	0	407,600
Sale of Property and Compensation for Loss	0	0	6,000	0	0	6,000
Fines and Forfeitures	300,000	0	0	0	0	300,000
Miscellaneous	394,500	0	0	100,000	10,099	504,599
State Aid	643,115	0	200,000	0	0	843,115
Federal Aid	107,000	0	0	0	0	107,000
						0
Total Estimated Revenues	<u>\$ 4,270,950</u>	<u>4,395,112</u>	<u>2,912,555</u>	<u>830,779</u>	<u>719,173</u>	<u>13,128,569</u>
OTHER SOURCES:						
Appropriated Fund Balance:	<u>612,900</u>	<u>640,500</u>	<u>173,750</u>	<u>1,652</u>	<u>0</u>	
Total Revenues and Other Sources	<u>\$ 4,883,850</u>	<u>5,035,612</u>	<u>3,086,305</u>	<u>832,431</u>	<u>719,173</u>	<u>14,557,371</u>
EXPENDITURES:						
General Government Support	2,656,297	113,000	0	0	0	2,769,297
Public Safety	291,200	3,089,833	0	0	0	3,381,033
Health	5,000	4,503	0	0	0	9,503
Transportation	634,151	0	2,094,305	0	0	2,728,456
Economic Assistance And Opportunity	7,500	0	0	0	0	7,500
Culture and Recreation	183,202	425,555	0	0	0	608,757
Home And Community Services	135,000	163,921	0	429,113	546,003	1,274,037
Employee Benefits	971,500	1,238,800	668,000	33,132	37,170	2,948,602
Debt Service	0	0	324,000	370,186	136,000	830,186
Total Appropriations	<u>\$ 4,883,850</u>	<u>5,035,612</u>	<u>3,086,305</u>	<u>832,431</u>	<u>719,173</u>	<u>14,557,371</u>
Excess Of Estimated Revenues Over Appropriations	<u>\$ (612,900)</u>	<u>(640,500)</u>	<u>(173,750)</u>	<u>(1,652)</u>	<u>0</u>	<u>(1,428,802)</u>

**TOWN OF MONTGOMERY
2024 OPERATING BUDGET**

	General Fund <u>Town-Wide</u>	General Fund <u>Town-Outside</u>	Highway Fund	Ambulance Fund	Water District Funds	Sewer District Funds	Combined Totals
ESTIMATED REVENUES:							
Real Property Taxes	\$ 2,025,038	2,034,577	2,335,493	760,000	560,392	556,282	8,271,782
Real Property Tax Items	150,000	130,000	143,276	40,000	116,132	71,327	650,735
Non Property Tax Items	25,000	1,552,000	450,000	0	0	0	2,027,000
Departmental Income	540,400	38,000	18,018	0	155,642	71,151	823,211
Intergovernmental Charges	155,500	0	100,000	0	0	0	255,500
Use of Money And Property	3,500	2,000	500	0	129,200	15,315	150,515
Licenses And Permits	5,100	300,000	0	0	0	0	305,100
Sale of Property and Compensation for Loss	500,000	0	6,000	0	0	0	506,000
Fines and Forfeitures	230,000	0	0	0	0	0	230,000
Miscellaneous	219,500	0	0	0	0	3,099	222,599
State Aid	1,265,115	0	200,000	0	0	0	1,465,115
Federal Aid	150,000	0	0	0	0	0	150,000
							0
Total Estimated Revenues	\$ <u>5,269,153</u>	<u>4,056,577</u>	<u>3,253,287</u>	<u>800,000</u>	<u>961,365</u>	<u>717,175</u>	<u>15,057,557</u>
OTHER SOURCES:							
Appropriated Fund Balance:	<u>1,100,000</u>	<u>975,000</u>	<u>150,000</u>	<u>0</u>	<u>2,398</u>	<u>6,650</u>	<u>2,234,048</u>
Total Revenues and Other Sources	\$ <u>6,369,153</u>	<u>5,031,577</u>	<u>3,403,287</u>	<u>800,000</u>	<u>963,763</u>	<u>723,825</u>	<u>17,291,605</u>
EXPENDITURES:							
General Government Support	2,746,595	88,000	0	0	0	0	2,834,595
Public Safety	450,560	2,991,598	0	800,000	0	0	4,242,158
Health	5,000	5,686	0	0	0	0	10,686
Transportation	618,349	0	2,284,287	0	0	0	2,902,636
Economic Assistance And Opportunity	7,500	0	0	0	0	0	7,500
Culture and Recreation	334,972	411,000	0	0	0	0	745,972
Home And Community Services	146,177	162,493	0	0	556,838	544,200	1,409,708
Employee Benefits	1,160,000	1,372,800	795,000	0	33,260	36,625	3,397,685
Debt Service	400,000	0	324,000	0	373,665	136,000	1,233,665
Total Appropriations	\$ <u>5,869,153</u>	<u>5,031,577</u>	<u>3,403,287</u>	<u>800,000</u>	<u>963,763</u>	<u>716,825</u>	<u>16,784,605</u>
Excess Of Estimated Revenues Over Appropriations	\$ <u>(600,000)</u>	<u>(975,000)</u>	<u>(150,000)</u>	<u>0</u>	<u>(2,398)</u>	<u>350</u>	<u>(1,727,048)</u>

APPENDIX C

**GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2023***

**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/P11790660.pdf>

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

*** Nugent & Haeussler, P.C. has not commented on or approved this Official Statement, has not been requested to perform any procedures on the information in its included report since its date and has not been asked to consent to the inclusion of its report in this Official Statement.**

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

FORM OF BOND COUNSEL’S OPINION

Town of Montgomery,
County of Orange,
State of New York

September 24, 2024

Re: Town of Montgomery, Orange County, New York,
\$2,500,000 Public Improvement (Serial) Bonds, 2024

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$2,500,000 Public Improvement (Serial) Bonds, 2024 (the “Obligations”), of the Town of Montgomery, Orange County, New York (the “Obligor”), dated September 24, 2024, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of _____ hundredths per centum (_____%) per annum as to bonds maturing in each of the years 20____ to 20_____, both inclusive, payable on September 15, 2025 and semi-annually thereafter on March 15 and September 15, and maturing in the amount of \$_____ on September 15, 2026, \$_____ on September 15, 2027, \$_____ on September 15, 2028, \$_____ on September 15, 2029, \$_____ on September 15, 2030, \$_____ on September 15, 2031, \$_____ on September 15, 2032, \$_____ on September 15, 2033, \$_____ on September 15, 2034, \$_____ on September 15, 2035, \$_____ on September 15, 2036, \$_____ on September 15, 2037, \$_____ on September 15, 2038, and \$_____ on September 15, 2039.

Obligations are not subject to redemption prior to maturity.

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 Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations, including the form of the Obligations. 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 Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (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 Obligations; 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 Obligations 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 Obligations is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Obligations included in adjusted financial statement income of certain corporations is not excluded from the federal corporate 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 Obligations.

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 Obligations) 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 Obligations 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 Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations 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 Obligations 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 real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations 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 Obligations, 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