

NEW MONEY & RENEWAL ISSUE

BOND ANTICIPATION NOTES

Rating: See “Rating” herein

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), as amended. Bond Counsel is also of the opinion that the interest on the Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We observe that interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the code. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See “TAX EXEMPTION” herein.

The Notes **will not** be designated by the District as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

DEPEW UNION FREE SCHOOL DISTRICT ERIE COUNTY, NEW YORK (the “District”)

\$29,330,000

BOND ANTICIPATION NOTES, 2024 (the “Notes”)

Date of Issue: October 30, 2024

Date of Maturity: October 30, 2025

The Notes will be general obligations of the District, and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from *ad valorem* taxes which may be levied upon all the taxable real property within the District, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York [the “Tax Levy Limitation Law”]; see “TAX INFORMATION-Tax Levy Limitation Law,” herein).

The Notes will be issued as registered notes, and at the option of the purchaser, may be registered to the Depository Trust Company (“DTC” or the “Securities Depository”), or may be registered in the name of the purchaser.

To the extent that the Notes are issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in Jersey City, New Jersey, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof as may be determined by such successful bidder.

The Notes are dated October 30, 2024 and bear interest from that date until October 30, 2025, the maturity date, at the annual rate as specified by the purchaser of the Notes. The Notes are not subject to redemption prior to maturity.

The Notes are offered when, as and if issued and received by the purchaser and subject to the approval of the legality thereof by Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery on or about October 30, 2024 in Jersey City, New Jersey (through the facilities of DTC) or as otherwise may be agreed upon between the District and the purchaser.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF RULE 15c2-12 UNDER THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED (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 NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE. UNLESS THE NOTES ARE PURCHASED FOR THE BUYER’S OWN ACCOUNT, AS PRINCIPAL FOR INVESTMENT AND NOT FOR RESALE, THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN DESIGNATED EVENTS, AS REQUIRED BY THE RULE. SEE “DISCLOSURE UNDERTAKING,” HEREIN.

Dated: October 3, 2024

**DEPEW UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK**

**Board of Education
2024-25**

Todd Bush
President

Bartholomew McGloin Vice President
Amy Doody Board Member
Nicholas LaMarca Board Member
Patrick Law Board Member
Jeffery Ordon Board Member
John Spencer Board Member

Jeffrey R. Rabey, Ph.D. Interim Superintendent of Schools
Elizabeth Sterns Business Administrator
Elizabeth Lalonde Interim District Treasurer
Jessica Neischel District Clerk

BOND COUNSEL

**HODGSON RUSS LLP
Buffalo, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(716) 662-3910**

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

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**OFFICIAL STATEMENT
RELATING TO THE ISSUANCE OF
DEPEW UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK**

**\$29,330,000
BOND ANTICIPATION NOTES, 2024
(the "Notes")**

This Official Statement (the "Official Statement"), which includes the cover page and appendices hereto, presents certain information relating to the Depew Union Free School District, Erie County, New York (the "District," "County" and "State," respectively), in connection with the sale of the District's \$29,330,000 Bond Anticipation Notes, 2024 (the "Notes").

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

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff.

THE NOTES

Description of the Notes

The Notes will be issued as registered notes and, at the option of the purchaser, may be registered to the Depository Trust Company ("DTC" or the "Securities Depository") or may be registered in the name of the purchaser.

To the extent that the Notes are issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the Notes will be issued in registered form in denominations of \$5,000, or integral multiples thereof, may be determined by such successful bidder.

The Notes are dated October 30, 2024 and bear interest from that date until October 30, 2025 the maturity date, at the annual rate as specified by the purchaser of the Notes. The Notes are not subject to redemption prior to maturity.

Authority for and Purposes

The Notes are being issued in accordance with the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and pursuant to three bond resolutions that were

each duly adopted by the Board of Education (the “Board”) of the District, on March 15, 2022, following a positive vote of the qualified voters of the District held on December 14, 2021, for a Three-Part “Capital Improvements Project, 2021” (collectively, the “Project”) authorizing the issuance of up to (1) \$17,080,000 (\$17,080,000 of this issue) of serial bonds of the District to undertake the first component of the Project consisting of the reconstruction, rehabilitation and renovation of, and the construction of improvements and upgrades to various District buildings and facilities and the sites thereof; (2) \$4,700,000 (\$4,150,000 of this issue) of serial bonds of the District to undertake the second component of the Project consisting of the development of an auditorium addition at the Cayuga Heights Elementary School building; and (3) \$8,100,000 (\$8,100,000 of this issue) of serial bonds of the District to undertake the third component of the Project consisting of a prioritized District-wide air conditioning project. Proceeds of the Notes in the amount of \$13,600,000 will be used to redeem and renew, in full, of the bond anticipation note of the District that was issued on November 2, 2023 and will provide \$15,730,000 in new money for the project.

Nature of Obligation

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the District has the power and statutory authorization to levy *ad valorem* taxes on all taxable real property in the District, without limitation as to rate or amount (subject to certain statutory limitations imposed by the Tax Levy Limitation Law); see “TAX INFORMATION-Tax Levy Limitation Law,” herein.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. On June 24, 2011, the Tax Levy Limitation Law was adopted in the State. The Tax Levy Limitation Law established certain limitations on the power of local governments and school districts to increase the property tax levy beyond certain prescribed limits (without following certain prescribed procedures). The Tax Levy Limitation Law had its first application with respect to the District’s budget for fiscal year 2012-2013. The Tax Levy Limitation Law does make certain allowances for the exclusion of tax levy increases associated with capital expenses by school districts. See “TAX INFORMATION-Tax Levy Limitation Law,” herein. Also, certain special protective procedures and remedies available to holders of school district debt remain in place and are not affected by the Tax Levy Limitation Law. See “DISTRICT INDEBTEDNESS—Remedies Upon Default,” herein.

Book-Entry-Only System

The following applies to the extent that the Notes are issued in book-entry form. DTC, in New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note which bears the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, and will be deposited with DTC. One fully registered note certificate will be issued and deposited with DTC for each maturity of the Notes in the aggregate principal amount of the issue. 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each 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 Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

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

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

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

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

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Source: The Depository Trust Company

COVID-19

The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and spread globally, including to the United States was declared a pandemic by the World Health Organization. The outbreak of the disease affected travel, commerce and financial markets globally. Efforts to contain the spread of COVID-19 have reduced the spread of the virus and the restrictions put in place following the initial outbreak have been largely rescinded. The federal coronavirus public health emergency expired in May 2023. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State government to address it may negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's and District's operations and financial condition may not be known for some time. Any resurgence of COVID-19 could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District continues to monitor the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

MARKET FACTORS

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

Disease outbreaks or similar public health threats could have an adverse impact on the District's financial condition and operating results. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020. See "COVID-19" herein for a further discussion of the impacts of the COVID-19 pandemic.

Inflation Reduction Act of 2022

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (H.R. 5376). For tax years beginning after 2022, the legislation will impose a minimum tax of 15 percent on the "adjusted financial statement income" of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with at least \$1 billion in average annual earnings, and certain foreign-parented multinational corporations with at least \$100 million in average annual earnings, determine over a three-year period. For this purpose, adjusted financial statement income tax is not reduced for interest earned on tax-exempt obligations. Prospective holders of the Notes that could be subject to this minimum tax should consult with their own tax advisors regarding the potential consequences of owning the Notes.

The District is dependent to a substantial degree on financial assistance from the State in the form of State aid. No delay in payment of State aid for the remainder of the District's current fiscal year is presently anticipated although no assurance can be given that there will not be a delay in payment thereof. 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 District, in this year or future years, the District may be affected by such a delay, until sufficient State taxes have been received by the State to make State aid payments to the District.

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the individual alternative minimum tax imposed by the Code. However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. We observe that interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the code. Such opinion will state that interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof (including the City of New York).

In rendering the foregoing opinion, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the District with the applicable requirements of Code Sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the "Tax Requirements"). In the opinion of Hodgson Russ LLP, the tax certificate and the nonarbitrage certificate that will be executed and delivered by the District in connection with the issuance of the Notes (collectively, the "Certificates") establish requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1. The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a “private activity bond” within the meaning of Code Section 141;
2. The requirements contained in Code Section 148 relating to arbitrage bonds; and
3. The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code Section 149(b).

In the Certificates, the District will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Notes. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond or note before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code Section 3406, if such holder fails to provide the information required on Internal Revenue Service (“IRS”) Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes. Prospective purchasers are encouraged to consult with their own legal and tax advisors with respect to these matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the District will furnish certificates, dated the date of delivery of the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. Additional certificates will state that there is no controversy or litigation of any nature now pending or threatened by or against the District wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the District or adversely affect the power of the District to levy, collect, and enforce the collection of taxes or other revenues for the payment of its Notes, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of Hodgson Russ LLP, Bond Counsel. Such opinion will be available at the time of delivery of the Notes and will be to the effect that the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit, and all the taxable real property within the District is subject to the levy of *ad valorem* real property taxes to pay the Notes and interest thereon, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of the State). Such opinion shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) such law firm has not been requested to examine or review and has not examined or reviewed the accuracy or sufficiency of the Official Statement, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District which has been or may have been furnished or disclosed to purchasers of the Notes, and expresses no opinion with respect to such financial or other information, or the accuracy or sufficiency thereof.

Closing Certificates

Upon the delivery of the Notes, the purchaser will be furnished with the following items: (i) a certificate of the President of the Board to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the District since the date of this Official Statement to the date of issuance of the Notes; and having attached thereto a copy of this Official Statement; (ii) a certificate signed by an officer of the District evidencing payment for the Notes; (iii) a closing certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Notes or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Notes were authorized or affecting the validity of the Notes thereunder, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (iv) a nonarbitrage certificate and tax certificate executed by the President of the Board, as described under "TAX EXEMPTION" herein.

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), unless the Notes are purchased for the purchaser's own account, as principal for investment and not for resale, the District will

enter into a Disclosure Undertaking at closing, the form of which is attached hereto as “APPENDIX D.” A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Notes as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

Prior Disclosure History

The District is in compliance with all prior undertakings pursuant to the Rule for the past five years.

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

The District is establishing procedures designed to ensure that future filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through EMMA.

RATINGS

Moody’s has assigned a rating of “MIG 1” on the Notes.

Moody’s has assigned an underlying rating of “Aa3” to the uninsured outstanding bonded indebtedness of the District.

With respect to the ratings, such ratings reflect only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency. 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.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinions or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the opinions or estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management’s beliefs as well as assumptions made by, and information currently available to, the District’s management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District files with the repositories. When used in District documents or oral presentation, the words “anticipate”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, or similar words are intended to identify forward-looking statements.

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

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

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

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

MUNICIPAL ADVISOR

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

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

ADDITIONAL INFORMATION

Additional information may be obtained from Ms. Elizabeth Sterns, the School Business Administrator Contact: Phone: (716) 686-5111; Email: esterns@depewschools.org; Address: 5201 S. Transit Road, Depew, New York 14043 or from the District's Municipal Advisor, Capital Markets Advisors, LLC at (716) 662-3910.

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

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

**DEPEW UNION FREE SCHOOL DISTRICT
Erie County, New York**

By: /s/ Mr. Todd Bush
Mr. Todd Bush
President of the Board of Education

DATED: October 3, 2024

APPENDIX A

THE DISTRICT

General Information

The District encompasses approximately 18 square miles and includes portions of the Towns of Cheektowaga and Lancaster (each, a “Town” and, collectively, the “Towns”) and the Village of Depew. The character of the District is primarily suburban with the majority of homes being single-family.

The District is residential in nature with some light manufacturing and commercial facilities. Residents of the District are employed in these operations and others find employment in the commercial and industrial activities in the nearby City of Buffalo and neighboring suburbs.

Transportation is provided to and from the District by New York State Route 78 and U.S. Route 20 and numerous County roads. The New York State Thruway exit 49 is two miles north of the District. Major airline service is provided at the Buffalo Niagara International Airport, which is located about five miles to the northwest of the District. Amtrak operates a station one mile west of the District.

Adequate hydroelectric power is available due to the District’s close proximity to Niagara Falls. Police protection is provided by either the Town of Cheektowaga, the Town of Lancaster or the Village of Depew. The Erie County Water Authority supplies potable water. Fire protection is provided by volunteer fire companies.

Hospital, banking, recreational and utility facilities are available to the residents of the District, either within the District or in nearby areas.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, including the General Municipal Law and the Real Property Tax Law. Under such and laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board, which consists of seven members including the President and Vice President. Board members are elected for overlapping terms of three years such that as nearly as possible an equal number of members are elected to the Board on the third Tuesday of May each year. The administrative officers of the District, whose duty it is to implement the policies of the Board and who are appointed by such Board, include the Superintendent of Schools, Business Administrator, District Treasurer and District Clerk.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the Business Administrator and the District Treasurer.

District Facilities

The District currently operates the following facilities:

TABLE 1
School Statistics

<u>Name of School</u>	<u>Grades</u>	<u>Year of Construction</u>	<u>Date of Last Addition</u>	<u>Designed Capacity</u>
Cayuga Heights Elementary School	K-5	1969	2011	1,540
Depew Middle School	6-8	1965	1980	1,067
Depew High School	9-12	1954	1980	1,717

Employees

There are approximately 266 full-time and 84 part-time and temporary persons employed by the District, including ten full-time employees and one part-time employee not represented by any bargaining group. The collective bargaining agents representing the employees and the dates of expirations of the various agreements are as follows:

TABLE 2
Employees

<u>Approximate No. of Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
193	Depew Teachers' Organization	June 30, 2027
8	Depew Administrators' Association	June 30, 2027
93	Civil Service Employees' Association	June 30, 2027
49	Depew Transportation Employees' Association	June 30, 2026

*Scheduled for negotiations.
Source: District officials.

Employee Pension Benefits

All non-teaching and non-certified administrative employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York and Local Employees' Retirement System ("ERS").

Teachers and certified administrators are members of the New York State Teachers' Retirement System ("TRS"). Payments to the Retirement System are deducted from the District's State aid payments.

Both the ERS and the TRS are non-contributing with respect to members hired prior to July 27, 1976. The Retirement Systems are non-contributory with respect to members working ten or more years. All members working less than ten years must contribute 3% of gross annual salary toward the cost of retirement programs.

The following table details the District's contractually required contributions to the ERS for the preceding three audited fiscal years, and the budgeted amount for the fiscal years ending March 31, 2024 and 2025 (for ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31):

<u>Fiscal Year End 3/31</u>	<u>ERS</u>
2025 (Budgeted)	\$878,302
2024 (Budgeted)	733,931
2023	498,428
2022	487,082
2021	723,210

Source: Audited Financial Statements and District Officials.

The following table details the District's actual required contributions to the TRS for the preceding three audited fiscal years and the budgeted amount for the fiscal years ending June 30, 2024 and 2025:

<u>Fiscal Year End 6/30</u>	<u>TRS</u>
2025 (Budgeted)	\$1,925,792
2024 (Budgeted)	1,811,292
2023	1,840,930
2022	1,734,325
2021	1,511,643

Source: Audited Financial Statements and District Officials.

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for the ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003

and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year will be based on the valuation of the pension fund on the prior April 1 of the calendar year proceeding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

On December 10, 2009, former Governor Paterson signed into law pension reform legislation that will provide (according to a Division of the Budget analysis) more than \$35 billion in long-term savings to State taxpayers over the next thirty years. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age of which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38 percent for any civilian who retires prior to age 62.
- Requiring employees to continue contributing three percent of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from five years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15 percent of non-overtime wages.

Members of the NYS Teachers Retirement System will have a separate Tier V benefit structure that will achieve equivalent savings as other civilian public employees. It includes:

- Raising the minimum age an individual can retire without penalty from 55 to 57 years.
- Contributing 3.5 percent of their annual wages to pension costs rather than 3.0 percent and continuing this increased contribution so long as they accumulate additional pension credits.
- Increasing the two percent multiplier threshold for final pension calculations from 20 to 25 years.

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

In accordance with constitutional requirements, these new pension reforms would apply only to public employees hired after the particular dates specified in the statutes establishing Tier V and Tier VI, respectively.

Pension reform legislation enacted in 2003 and 2004 changed the cycle of ERS billing to match budget cycles of the District. Under the previous method, the District was unsure of how much it paid to the system until after its budget was implemented. Under the current method the contribution for a given fiscal year is based on the value of the pension fund on the prior April 1 instead of the following April 1 so that the District will be able to more accurately include the cost of the contribution into its budget. The reform legislation also (i) required the District to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible and (ii) moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004.

The New York State ERS rate for 2022-23 was 11.6%. The 2023-24 ERS increased to 13.1%. The 2023-24 TRS rate is 9.8%. The 2024-25 ERS is estimated to be 15.2%. The 2024-25 TRS is estimated to be 10.0%.

Previously, due to poor performance of the investment portfolio of the State Retirement System in the wake of the 2008-2009 financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially, although such contribution rates have stabilized and actually reduced in recent years. To help mitigate the impact of such increases, legislation was enacted that permitted school districts to amortize a portion of its annual employer pension payment to the ERS only. Under such legislation, school districts that choose to amortize were required to set aside and reserve funds with the ERS for certain future rate increases. The District has not amortized any of its employer pension payments pursuant to this legislation and expects to continue to pay all payments in full when due.

In Spring 2013, the State and TRS approved a Stable Contribution Option (“SCO”) that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). ERS followed suit and modified its existing SCO, which was adopted in 2010. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below. The plan, which was approved in Governor Cuomo’s 2014-15 budget would let districts contribute 14.13% of employee costs toward pensions. The District has not opted into the pension smoothing plan.

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

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

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

During the 2017-2018 fiscal year, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB Statement No. 75 improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other post-employment benefits or OPEB). Other than the matter discussed in Note 7 of the District’s Audited Financial Statements, GASB Statements No. 75, 81, 82, 85, and 86 did not have a material impact on the District’s financial position or results from operations.

The following table shows the components of the District’s annual OPEB cost for the 2023 fiscal year, the amount actually contributed to the plan, and changes in the net OPEB obligation.

	<u>Total OPEB Liability</u>
Balance at June 30, 2022, as restated	<u>\$1,993,269</u>
Changes for the year:	
Service cost	63,169
Interest	71,758
Changes of assumptions	(763,798)
Benefit payments	<u>(59,246)</u>
Net changes	<u>(688,177)</u>
Balance at June 30, 2023	<u>\$1,305,152</u>

The District’s unfunded actuarial accrued OPEB liability is significant, and is being met by the District (as is the case with many school districts) on a “pay-as-you-go” basis. To the extent that the District’s annual outlays in this area increase over time (as they are expected to do) the District could be forced to reduce services, raise taxes or both.

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

Investment Policy/Permitted Investments

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the District is generally permitted to deposit monies in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those bonds issued by the District; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, obligations of the District.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of instruments and investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

FINANCIAL FACTORS

Revenues

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District and State aid. A summary of such revenues for the last five audited fiscal years may be found in Appendix B.

Property Tax

The following table sets forth total general fund revenues and real property tax revenues received during the last five fiscal years for which audited financial statements are available and the amounts budgeted for the previous and current fiscal years.

TABLE 3
Real Property Taxes

<u>Fiscal Year</u>	<u>Total Revenues ⁽¹⁾</u>	<u>Real Property Tax Items</u>	<u>Real Property Tax Items to Revenues</u>
2019	\$40,981,726	\$18,060,862	44.1%
2020	42,176,153	18,352,860	43.5%
2021	42,935,278	18,715,144	43.6%
2022	44,309,835	19,170,760	43.3%
2023	46,486,149	19,579,576	42.1%
2024 (<i>Budgeted</i>)	48,042,003	19,851,703	41.3%
2025 (<i>Budgeted</i>)	50,441,201	20,398,282	40.4%

(1) General Fund only. Excludes Interfund Transfers and Appropriated Fund Balance.
Source: District's audited financial statements and adopted budgets. This summary is not audited.

State Aid

The District receives a significant portion of its revenues in the form of State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute.

The following table sets forth total general fund revenues and State aid revenues received during the last five fiscal years for which audited financial statements are available and the amounts budgeted for the previous and current fiscal years.

TABLE 4
State Aid

<u>Fiscal Year</u>	<u>Total Revenues ⁽¹⁾</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2019	\$40,981,726	\$19,946,599	48.7%
2020	42,176,153	21,059,336	49.9%
2021	42,935,278	20,820,326	48.5%
2022	44,309,835	21,742,124	49.1%
2023	46,486,149	23,219,674	49.9%
2024 (<i>Budgeted</i>)	48,042,003	24,705,732	51.4%
2025 (<i>Budgeted</i>)	50,441,201	25,247,902	50.1%

(1) General Fund only. Excludes Interfund Transfers and Appropriated Fund Balance.
Source: District's audited financial statements and adopted budgets. This summary is not audited.

In addition to the amount of State Aid budgeted by the District in its 2024-2025 fiscal year, the State made payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR (see "STAR-School Tax Exemption") Program. The District received timely receipt of STAR aid for the current fiscal year.

In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity ("CFE") v. State of New York* mandating that the system of apportionment of state aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of

the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

A case related to the *CFE* case was heard on appeal on May 30, 2017 in *New Yorkers for Students' Educational Rights ("NYSER") v. State of New York*. The *NYSER* lawsuit asserted that the State failed to comply with the original decision in the Court of Appeals in *CFE* and asked the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the "foundation aid" formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiff's causes of action were properly dismissed except for two causes of action regarding accountability mechanisms and sufficient state funding for a "sound basic education" limited solely to the New York City and Syracuse school districts.

The Court emphasized its previous ruling in the *CFE* case that absent "gross educational inadequacies", claims regarding State funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein.

The District is dependent to a substantial degree on financial assistance from the State in the form of State aid. No delay in payment of State aid for the remainder of the District's current fiscal year is presently anticipated, although no assurance can be given that there will not be a delay in payment thereof. 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 District, in this year or future years, the District may be affected by such a delay, until sufficient State taxes have been received by the State to make State aid payments to the District.

There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. The State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor.

No delay in payment of State aid for the District's 2024-25 fiscal year is presently anticipated, although no assurance can be given that there will not be a delay in payment. Should the District fail to receive monies expected from the State in the amounts and at the times expected, the District is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

Recent Events Affecting New York State School Districts

School district fiscal year (2020-21): Due to the below-described decrease in State revenues as a result of the COVID-19 pandemic, the State budget included an increase of only \$95 million in State Aid (0.035% increase from the prior budget year), and Foundation Aid remained at essentially the same level as it was during the 2019-2020 fiscal year. While the budget actually included a decrease in State Aid (referred to as a "Pandemic Adjustment"), the decrease in State aid be fully offset by the State's allocation of federal stimulus funds. Absent the federal stimulus funds, there would have been a \$1.127 billion decrease in State Aid from the 2019-2020 year.

School district fiscal year (2021-22): The State budget includes large-scale increases in State aid to school districts, including a \$105 million expansion of full-day prekindergarten that will provide funding to 200 school districts that didn't previously receive State funding for such full-day prekindergarten programs. In contrast to the 2020-21 budget, this budget provides that additional federal aid would supplement, not supplant, State funding. Most notably, Foundation Aid is increased by \$1.4 billion (7.6%), and the State has committed to a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State's commitments from the Campaign for Fiscal Equity case from the early 2000s.

The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State's 2019-2020 fiscal year, and continuing during the State's 2020-2021 fiscal year.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June, 2020 the State Division of the Budget ("DOB") began withholding 20 percent of most local aid payments, although such aid was restored in full later in that same fiscal year.

Many of the State's 2020-21 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost \$24 billion in funding for various levels of government in the State, including approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion was intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-22 fiscal year was more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts benefitted from a \$1.4 billion increase in Foundation Aid and will benefit from a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive, by the 2023-24 State fiscal year, the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments received a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding. Further, municipalities that host Video Lottery Terminal ("VLT") facilities received a full restoration of \$10.3 million in proposed VLT aid cuts.

Although the State's 2021-22 and 2022-23 budgets contained additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District. See "COVID-19," herein, for further details on the COVID-19 pandemic and its effects on the State.

See "COVID-19," herein, for further details on such pandemic and its effects on the State.

School district fiscal year (2022-23): The Governor's Enacted budget provides \$31.5 billion in School Aid for the 2022-23 fiscal year, an increase of \$2.1 billion (7.2 percent) from \$29.1 billion 2021-22. Foundation Aid is increased by \$1.5 billion (7.7% increase). This is the second year of the Foundation Aid Formulation, a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State's commitments from the Campaign for Fiscal Equity case from the early 2000s. The budget continues the expansion of full-day prekindergarten that will provide funding to 200 school districts with an increase of \$125 million from the 2022-23 fiscal year, and increase of 13%. The Budget also includes \$451 million increase in all other School Aid programs.

School district fiscal year (2023-24): The Governor's Enacted State budget provides \$34.5 billion in School Aid for the 2023-24 fiscal year, an increase of \$3.1 billion (10.0 percent). Foundation Aid is increased by \$2.7 billion (12.8 percent). This is the third year of the Foundation Aid Formulation, a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State's commitments from the Campaign for Fiscal Equity case from the early 2000s. The budget continues the expansion of full-day prekindergarten that will provide funding to 200 school districts with an increase of \$1.2 million from the 2022-23 fiscal year. The total funding for the Universal Pre-Kindergarten includes \$25 million in expansion grants supported by the American Rescue Plan Act.

School district fiscal year (2024-25): The Governor's Enacted State budget provides \$35.9 billion in School Aid, an increase of \$1.3 billion, including \$24.9 billion in Foundation Aid for the 2024-25 fiscal year. Governor Hochul is lowering the inflation factor from 3.4 percent to 2.8 percent in the formula to right-size funding for the 2024-25 school year. The Budget also commissions a Rockefeller Institute study to examine the Foundation

The State's Budget for the 2024-25 fiscal year provides \$24.58 million of State Aid to the District, a 6.73% decrease from the District's 2023-24 fiscal year.

The District presently anticipates an increase in its Foundation Aid for its 2024-25 fiscal year in an amount of \$122,604.

It should also be noted that the District receives federal aid for certain programs. In its last audited fiscal year, the District received \$36,686 in such direct federal aid. It is not possible to predict whether such aid will continue in the future, or if continued, whether it will be funded at present levels.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that certain of the 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 District as "No Designation." (See <https://www.osc.ny.gov/files/local-government/fiscal-monitoring/pdf/2023-schools-summary.pdf>)

New York State Comptroller's Audit

Many school districts throughout the State can be subject to an audit of the New York State Office of the Comptroller ("OSC") pursuant to Article V, Section 1 of the State Constitution, and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

On October 20, 2023, OSC, Division of Local Government and School Accountability released an audit of the District to review whether the District's officials developed and managed a comprehensive investment program. The audit found that District's Officials did not develop and manage a comprehensive investment program. The Business Administrator and District officials did not invest available funds in financial institutions that offer higher interest rates, prepare monthly cash flow forecasts, or solicit interest rate quotes. In over a 16-month period, officials missed the opportunity to realize approximately \$487,000 in additional interest earning. The OSC audit recommended that the District comply with the District's investment policy and develop comprehensive written investment program procedures. The District agreed and has initiated a corrective action plan.

The link to this OSC report is:

<https://www.osc.ny.gov/files/local-government/audits/2023/pdf/depew-union-free-school-district-2023-77.pdf>

OSC, Division of Local Government and School Accountability has not conducted any other financial audits of the District in the past five years.

Independent Audit

The District retains independent certified public accountants to audit its financial statements. Appendix B to the Official Statement presents excerpts from the District's most recent audited reports. Appendix C contains the District's audited financial statements for the fiscal year ending June 30, 2022. In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State.

Fund Structure and Accounts

The General Fund is the principal operating fund for the District which is used to account for substantially all financial resources, revenues and expenditures, except those accounted for in another fund. Special Revenue Funds include: the School Lunch Fund and the Special Aid Fund. A Capital Projects Fund is used to account for and report financial resources used for the acquisition, construction, or renovation of major capital facilities or equipment.

Expendable trust funds and funds held in an agency capacity are accounted for in the Trust and Agency Fund. The District also maintains account groups for its General Fixed Asset and General Long-Term Debt Accounts in order to maintain accountability for its fixed assets and long-term debt, respectively. The Long-Term Debt Group is used to account for long-term obligations of the District including bonds, most obligations under lease/purchase and other financing arrangements, certain retirement liabilities and compensated absences to be funded by future budgets.

Basis of Accounting

The District's governmental funds are accounted for on a modified accrual basis whereby revenues, other than those susceptible ("measurable" and "available" to finance current operations) to accrual, are recorded when received in cash. Revenues susceptible to accrual include real property taxes, charges for services and intergovernmental revenues. The District generally records expenditures on the accrual basis when fund liabilities are incurred, except as follows: Interest on general obligation debt which is recorded when it becomes due, and accumulated vacation and sick leave are accounted for in the general long-term debt account group. Inventories are generally not recorded but expensed at the time of purchase. Fixed assets are recorded at actual (historical) cost or estimated historical cost or, in the case of gifts and contributions at fair market value at the time received. There is no provision for depreciation expense.

Budgetary Procedure

Pursuant to the State Education Law, the Board annually prepares or causes to be prepared a proposed budget of the District for the ensuing year. A public hearing is held about two weeks prior to the referendum to adopt the budget now held on the third Tuesday in May of each year. If the voters approve the budget, the Board, by resolution, shall adopt the proposed budget as the budget of the District for the following fiscal year. If the budget is not so approved, the Board may make changes to the budget and resubmit it, as revised, to the voters one additional time. Alternatively, the Board may, by resolution, adopt a contingency budget for the following fiscal year. Debt service is not a contingent budget item, and it can be levied to the extent necessary, regardless of budget passage.

The qualified voters approved the District's 2024-25 budget on May 21, 2024.

TAX INFORMATION

Real Property Tax Assessment and Rates

The District derives its power to levy an *ad valorem* real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by each Town. Assessment valuations are determined by each Town assessor and the State Office of Equalization and Assessment which is

responsible for certain utility and railroad property. In addition, the State Office of Equalization and Assessment annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations.

TABLE 5
Real Property Tax Assessment and Rates
(Fiscal Years Ending June 30:)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>Assessed Valuation</u>					
Town of Cheektowaga	\$572,238,728	\$788,163,631	\$880,529,522	\$886,543,424	\$887,120,504
Town of Lancaster	<u>333,986,230</u>	<u>337,894,361</u>	<u>335,835,519</u>	<u>334,692,116</u>	<u>335,936,417</u>
Total Assessed Valuation:	\$906,224,958	\$1,126,057,992	\$1,216,365,041	\$1,221,235,540	\$1,223,056,921
<u>State Equalization Rates</u>					
Town of Cheektowaga ⁽¹⁾	83.00%	100.00%	100.00%	91.00%	80.00%
Town of Lancaster	100.00%	100.00%	87.00%	75.00%	72.00%
<u>Full Valuation</u>					
Town of Cheektowaga	\$689,444,251	\$788,163,631	\$880,529,522	\$974,223,542	\$1,108,900,630
Town of Lancaster	<u>333,986,230</u>	<u>337,894,361</u>	<u>386,017,838</u>	<u>446,256,615</u>	<u>466,578,357</u>
Total Full Valuation:	\$1,023,430,481	\$1,126,057,992	\$1,266,547,360	\$1,420,479,697	\$1,575,478,987
Tax Levy ⁽²⁾	\$18,483,284	\$19,036,522	\$19,449,417	\$19,851,703.00	\$19,851,703
<u>Tax Rate/\$1,000 of FV</u>					
Town of Cheektowaga	\$21.76	\$16.91	\$16.53	\$15.36	NA
Town of Lancaster	\$18.06	\$16.91	\$19.00	\$18.63	NA

⁽¹⁾ Inclusive of anticipated STAR payments.

Source: School District Officials.

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real property in any fiscal year. The District is not subject to constitutional real property taxing limitations. See, however, the discussion — “Tax Levy Limitation Law” below.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City). The discussion herein does not include school districts in New York City, Buffalo, Rochester, Syracuse, or Yonkers.

On June 25, 2015, Chapter 20 of the 2015 Laws of New York (“Chapter 20”) amended the Tax Levy Limitation Law to extend its expiration from June 15, 2016 to June 15, 2020. On April 12, 2019, the enacted budget legislation made the Tax Levy Limitation Law permanent.

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited

to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

The Tax Levy Limitation Law requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-13 fiscal year.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. Chapter 20 additionally allows the State Commissioner of Taxation and Finance to adjust changes in the real property base to reflect development on tax exempt real property.

There are exceptions for school districts to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. "Capital Local Expenditures" do not include certain items for which a school district may issue debt including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures" are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The State Commissioner of Taxation and Finance has promulgated a regulation that will all school districts, beginning in the 2020-21 school year, to adjust the exclusion to reflect a school district's share of capital expenditures related to projects funded through a board of cooperative education services ("BOCES"). The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and this is an exclusion from the tax levy limitation (except in a case when the district would be prohibited from raising the tax levy amount at all due to budget vote results, as explained above).

Tax Collection Procedure

The real property taxes of the District are collected by the Towns. Such taxes are due on September 15 and may be paid without penalty through October 15. The Towns pay to the District the amounts collected on a periodic basis. The penalty on unpaid taxes is 7.5% from October 16 to October 31 and a 9.0% penalty is charged for payments received between November 1 and November 30. On or about December 1, the Towns file a report of any uncollected District taxes with the County. The County thereafter on or before April pays to the District the full amount of its uncollected taxes. Thus, the full amount of the District's real property tax levy is collected by the District in the fiscal year of the levy. The County has the power to issue and sell tax anticipation notes to fund the reimbursement of uncollected taxes due to the District.

The District is not responsible for the collection of taxes of any other unit of government.

Largest Taxpayers of the District

The following table presents the taxable assessments of the District's largest taxpayers for the 2024-25 fiscal year.

TABLE 6
Ten Largest Taxpayers
 2024 Assessment Roll Used for 2024-25 Taxes

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u> ⁽¹⁾
Wegmans Food Markets, Inc.	Grocery	14,080,000	1.15%
Target Corporation	Large Retail	9,152,546	0.75%
Benderson Properties	Commercial Real Estate	5,554,900	0.45%
National Fuel Gas Corp	Utility	5,217,233	0.43%
NYSEG	Utility	5,204,424	0.43%
4800 Transit Road LLC	Apartments	5,100,000	0.42%
9000 Boston State Road LLC	Property Management	3,980,000	0.33%
4728 Transit Road LLC	Apartments	3,940,000	0.32%
4908 Transit Road LLC	Neighborhood Shop Center	3,870,000	0.32%
Joseph Bueme	Commercial	<u>3,700,000</u>	<u>0.30%</u>
	Total:	<u>\$59,799,103</u>	<u>4.89%</u>

(1) The above ten taxpayers represent 4.89% of the District's roll year 2024 total assessed valuation of \$1,223,056,921.
 Source: Lancaster & Cheektowaga Town Assessor's Offices.

STAR - School Tax Exemption

The Basic and Enhanced STAR (School Tax Relief) Property Tax Exemptions are homestead exemptions. Basic STAR is available to anyone who owns and lives in his or her own home. Enhanced STAR is available to senior homeowners whose incomes do not exceed the statewide standard.

For the 2024-25 school levy year, homeowners subject to certain household income limitations are eligible for an enhanced exemption and basic exemption as follows:

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>
Cheektowaga	\$76,440	\$27,300
Lancaster	63,030	23,760

Date Certified 04/09/2024

The enhanced or basic STAR exemption is the amount that an assessment will be reduced prior to the levy of school taxes. For example, if a home is assessed at \$150,000 and the enhanced STAR exemption for a municipality is \$50,000, the school taxes on the property would be paid on a taxable assessment of \$100,000 (\$150,000 - \$50,000 = \$100,000).

Since the 2011-12 school tax bills, there has been a 2% limit on STAR savings increases, the savings results from the Basic or Enhanced STAR exemptions are limited to a 2% increase over the prior year. When a school district initially calculates its tax bills, for each municipal segment it will compare the amount of STAR savings to the maximum. If the STAR savings exceeds the maximum, the district will use the maximum when calculating tax bills for the segment.

The maximum savings for each of the municipalities within the District for the 2024-25 are as follows:

<u>Towns of:</u>	<u>Basic Maximum Savings</u>	<u>Enhanced Maximum Savings</u>
Cheektowaga	\$469	\$1,250
Lancaster	498	1,195

Date Updated: 03/28/2024.

The District expects to receive full reimbursement of such exempt taxes from the State during the 2024-25 fiscal year.

DISTRICT INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge

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

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

Payment and Maturity

Except for certain short-term indebtedness contracted in anticipation of taxes, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General

The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under "THE NOTES--Nature of Obligation", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real property for the payment of interest on or principal of indebtedness theretofore contracted.

Statutory Procedure

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

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

The Local Finance Law also provides a 20-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, estops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District typically complies with such procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

The Board, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board has delegated the power to sell the Notes to the President of the Board, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit

The District has the power to contract indebtedness for any District purpose so long as the principal amount thereof shall not exceed ten per centum of the full valuation of taxable real property of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking the assessed valuation of taxable real property for the last completed assessment roll and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the State Office of Equalization and Assessment. The State Legislature is required to prescribe the manner by which such ratio shall be determined by such authority.

Statutory Debt Limit and Net Indebtedness

The debt limit of the District is \$142,047,970 as of October 3, 2024. This is calculated by taking 10% of the current full valuation of taxable property within the District.

TABLE 7
Statutory Debt Limit and Net Indebtedness

Full Value	\$1,420,479,697
Debt Limit: 10% of Full Valuation	\$142,047,970
Gross Indebtedness:	
Serial Bonds	\$11,745,000
Bond Anticipation Notes	<u>13,600,000</u>
Total Gross Indebtedness:	\$25,345,000
Less Exclusions: ^(a)	<u>0</u>
Total Net Indebtedness:	<u>\$25,345,000</u>
Net Debt Contracting Margin	<u>\$112,792,970</u>
Percentage of Debt Contracting Margin Exhausted	<u>20.60%</u>

(a) In prior years, the District has received State debt service building aid in a calculated amount of approximately 80.5% of the eligible outstanding bond indebtedness. Given the new “assumed amortization” of State building aid as provided in Chapter 383 of the Laws of 2001, no assurance can be given regarding the direct or indirect effect that “assumed amortization” will have on the net indebtedness of the District, or the timing or amount of such Building aid in connection with school facilities financed with the proceeds of the issuance of bonds or notes. See also “State Aid” herein.

Remedies Upon Default

Section 99-b of the State Finance Law (“SFL”) provides for a covenant between the State and the purchasers and the holders and owners from time to time of bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

statement prepared and filed by the State Comptroller shall set forth a description of all such bonds and notes of the district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the Office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State Aid or assistance due to such school district such amount thereof as may be required to pay (a) the district's contribution to the State teachers retirement systems, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State Aid or assistance initially so withheld shall be insufficient to pay such amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State Aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State Aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any of such successive allotments, apportionments or payments of such State Aid deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to such provisions of the SFL.

Under current law, provision is made for contract creditors (including the holders of the Notes) of the District to enforce payments upon such contract, if necessary, through court action, although the present statute limits interest on the amount adjusted due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of holders of bonds and notes issued by municipalities and school districts, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

There is in the State Constitution, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for such indebtedness."

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

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

Bond Anticipation Notes

Following the issuance of the Notes, the District will have \$29,330,000 in bond anticipation notes maturing on October 30, 2025.

Tax and Revenue Anticipation Notes

The District has not needed to issue tax or revenue anticipation notes in recent.

Other Indebtedness

In 2002 the District entered into an energy performance contract, which was paid off as of June 30, 2019.

Authorized but Unissued Indebtedness

On March 15, 2022 the Board duly adopted three bond resolutions for the approved Project authorizing the issuance of serial bonds for the District's Three-Part Capital Improvements Project 2021 in the aggregate principal amount of \$29,880,000. Following the issuance of the Notes, the District will have \$550,000 authorized and unused indebtedness.

Summary of Long-Term Indebtedness

The following table provides information relating to outstanding indebtedness on June 30 for the last six fiscal years, excluding refunded debt.

TABLE 8
Outstanding Bond Indebtedness

<u>Fiscal</u> <u>Year</u>	<u>Total</u> <u>Serial Bonds</u>
2019	\$20,370,000
2020	16,580,000
2021	23,360,000
2022	19,975,000
2023	16,265,000

Source: Audited Financial Statements of the District. This summary is not audited.

Overlapping and Underlying Debt

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total values. The following table presents an estimate of the amount of overlapping and underlying debt and the District's share of this debt.

TABLE 9
Statement of Direct and Overlapping Indebtedness

<u>Overlapping Units</u>	<u>Total Net</u> <u>Indebtedness</u>	<u>As of:</u>	<u>Percentage</u> <u>Applicable</u>	<u>Applicable Net</u> <u>Indebtedness</u>
County of Erie	\$268,267,674	05/31/24	1.51%	\$4,050,842
Town of Cheektowaga	48,950,000	06/27/24	11.97%	5,859,315
Town of Lancaster	21,447,500	07/02/24	8.15%	1,747,971
Village of Depew	9,441,505	05/31/23	100.00%	9,441,505
Bellevue #9 Fire District	42,621	12/31/22	20.9%	8,908
South Line #10 Fire District	455,000	06/26/24	35.2%	<u>160,160</u>
Total Net Overlapping Debt				\$21,268,701
Net Direct Debt				<u>\$25,345,000</u>
Total Net Direct and Overlapping Debt				<u>\$46,613,701</u>

Source: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller, local officials or more recently published Official Statements and County, Town, Village and Fire District Officials.

Debt Ratios

The following table presents certain debt ratios relating to the District's direct and overlapping indebtedness.

TABLE 10
Debt Ratios

	<u>Amount</u>	Debt Per <u>Capita</u> ⁽¹⁾	Debt to <u>Full Value</u> ⁽²⁾
Net Direct Debt	\$25,345,000	\$1,873	2.06%
Net Direct and Overlapping Debt	\$46,613,701	\$3,201	3.52%

(1) The population of the District is estimated by District officials to be approximately 15,620.

(2) The District's full value of taxable real property for fiscal year 2022-23 is \$1,420,479,697.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District's outstanding bonded indebtedness as of October 3, 2024.

TABLE 11
Schedule of Principal and Interest on Long-Term Bond Indebtedness

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024-25	\$930,000	\$241,444	\$1,171,444
2025-26	1,630,000	320,338	1,950,338
2026-27	1,695,000	259,563	1,954,563
2027-28	1,760,000	193,738	1,953,738
2028-29	1,195,000	125,263	1,320,263
2029-30	805,000	77,188	882,188
2030-31	830,000	52,788	882,788
2031-32	845,000	36,038	881,038
2032-33	860,000	22,213	882,213
2033-34	870,000	10,856	880,856
2034-35	<u>325,000</u>	<u>2,438</u>	<u>327,438</u>
	<u>\$11,745,000</u>	<u>\$1,341,867</u>	<u>\$13,086,867</u>

Source: Audited Financial Statements of the District. This summary is not audited.

ECONOMIC AND DEMOGRAPHIC DATA

School Enrollment Trends

The following table presents the past and projected school enrollment for the District.

TABLE 12
School Enrollment Trends

<u>Fiscal Year</u>	<u>Actual Enrollment</u>	<u>Fiscal Year</u>	<u>Projected Enrollment</u>
2022-23	1,789	2025-26	1,831
2023-24	1,811	2026-27	1,820
2024-25	1,945	2027-28	1,820

Source: District Officials.

Population

The District estimates its population to be approximately 15,620. The following table presents population trends for the Towns, the County and the State based upon recent census data and is not necessarily representative of the District.

TABLE 13
Population Trend

	<u>2010</u>	<u>2020</u>	<u>2010/2020</u>
Town of Cheektowaga	88,226	89,877	1.9%
Town of Lancaster	41,604	45,106	8.4%
County	919,040	954,236	3.8%
State	19,378,102	20,201,249	4.3%

Source: US Census Bureau.

Employment and Unemployment

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

TABLE 14
Civilian Labor Force

	(Thousands)				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
County	432.1	434.7	406.8	418.6	428.6
State	9,424.2	9,474.5	8,645.5	8,886.2	9,205.8

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

Unemployment rates are not compiled for the District but are available for the County and State. The following table is not necessarily representative of the District.

TABLE 15
Yearly Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2018	4.4%	4.1%
2019	4.1%	3.8%
2020	9.1%	9.8%
2021	5.4%	7.0%
2022	3.6%	4.3%

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

TABLE 16
Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
November 2023	3.2%	3.8%
December	3.3%	3.8%
January 2024	4.2%	4.6%
February	3.9%	4.5%
March	3.1%	4.0%
April	2.7%	3.7%
May	3.1%	3.8%
June	3.2%	4.2%
July	3.3%	4.1%
August	3.8%	4.4%
September	3.4%	4.0%
August	3.8%	4.4%

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

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the District after consultations with its attorneys, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or action

pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

Depew Union Free School District
Summary of Estimated Revenues and Budgetary Appropriations
General Fund
Fiscal Year Ending June 30:

	<u>Adopted</u> <u>2023-24</u>	<u>Adopted</u> <u>2024-25</u>
<u>Estimated Revenues:</u>		
Real Property Tax plus Tax Items	\$19,851,703	\$20,398,282
Payments in Lieu of Taxes	114,000	122,112
Interest and Penalties	1,682	1,500
Non-Property Tax Distribution	2,400,000	2,550,000
Charges For Services	500	500
Use of Money and Property	45,100	498,255
Sale of Property and Comp. For Loss	17,500	3,750
Refund of Prior Years Expense	187,786	215,900
State Aid	24,705,732	25,247,902
Federal Aid	100,000	100,000
Interfund Transfers	18,000	3,000
Use of Reserves	600,000	1,300,000
Subtotal	<u>48,042,003</u>	<u>50,441,201</u>
Appropriated Fund Balance	<u>3,500,000</u>	<u>3,734,151</u>
Total Estimated Revenues and Fund Balance	<u><u>\$51,542,003</u></u>	<u><u>\$54,175,352</u></u>
 <u>Appropriations</u>		
Administration & General Support	5,562,285	5,713,266
Instructional	28,320,819	31,709,844
Transportation	2,534,956	2,245,175
Benefits	10,821,050	11,992,370
Debt Service	4,302,893	2,514,697
Total Appropriations	<u><u>\$51,542,003</u></u>	<u><u>\$54,175,352</u></u>

Source: District Officials

Depew Union Free School District
Balance Sheet
General Fund
Fiscal Year Ending June 30:

	<u>2022</u>	<u>2023</u>
Assets		
Cash and Cash Equivalents	\$7,956,901	\$7,468,068
Restricted Cash	11,351,459	12,231,381
Receivables	2,618	1,017
Due from Other Funds	624,079	773,477
Due from Other Governments	1,266,488	1,289,368
Prepays	99,721	98,879
Total Assets	\$21,301,266	\$21,862,190
Liabilities		
Accounts Payable	\$634,567	\$376,067
Accrued Liabilities	972,662	761,762
Due to Other Funds	2,721	104,798
Due To Retirement System	1,787,352	1,849,516
Unearned revenue	8,409	5,492
Total Liabilities	3,405,711	3,097,635
Fund Balances		
Nonspendable	99,721	98,879
Restricted	11,343,050	12,225,889
Assigned	4,596,180	4,378,107
Unassigned	1,856,604	2,061,680
Total Fund Balance	17,895,555	18,764,555
Total Liabilities and Fund Balance	\$21,301,266	\$21,862,190

Source: Audited Financial Statements of the District. Summary not audited.

Depew Union Free School District
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Fiscal Year Ending June 30:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Revenues</u>					
Real Property Taxes	\$18,060,862	\$18,352,860	\$18,715,144	\$19,170,760	\$19,579,576
Non-Property Taxes	2,221,592	2,192,689	2,275,816	2,758,316	2,882,974
Charges for Services	26,760	23,695	0	42,150	0
Use of Money and Property	228,564	155,838	52,415	53,689	366,823
Sale of Property and Compensation for Loss	11,371	15,707	14,983	24,411	44,421
Miscellaneous	311,927	287,895	211,044	269,308	288,644
State Sources	19,946,599	21,059,336	20,820,326	21,742,124	23,219,674
Federal Sources	174,051	88,133	845,550	249,077	104,037
Total Revenues	<u>40,981,726</u>	<u>42,176,153</u>	<u>42,935,278</u>	<u>44,309,835</u>	<u>46,486,149</u>
<u>Expenditures</u>					
General Support	3,725,608	3,558,010	3,951,684	4,331,839	4,364,175
Instruction	21,790,083	21,819,555	22,496,439	23,488,848	25,196,341
Pupil Transportation	2,023,519	1,935,917	1,592,902	2,498,324	2,774,580
Employee Benefits	8,320,106	7,625,907	8,107,030	8,589,613	9,045,702
Debt Service:	3,767,717	3,706,743	3,593,415	4,188,843	4,119,943
Total Expenditures	<u>39,627,033</u>	<u>38,646,132</u>	<u>39,741,470</u>	<u>43,097,467</u>	<u>45,500,741</u>
Excess of Revenues over Expenditures	<u>1,354,693</u>	<u>3,530,021</u>	<u>3,193,808</u>	<u>1,212,368</u>	<u>985,408</u>
<u>Other Sources and (Uses)</u>					
Operating Transfers In	25,444	25,246	24,328	27,191	41,812
Operating Transfers Out	(186,894)	(244,182)	(818,361)	(3,100,246)	(158,220)
Total Other Sources and (Uses)	<u>(161,450)</u>	<u>(218,936)</u>	<u>(794,033)</u>	<u>(3,073,055)</u>	<u>(116,408)</u>
Excess (Deficiency) of Revenues and Expenditures over Other Sources and (Uses)	1,193,243	3,311,085	2,399,775	(1,860,687)	869,000
<u>Changes in Fund Balance</u>					
Fund Balance Beginning of Fiscal Year	12,852,139	14,045,382	17,356,467	19,756,242	17,895,555
Fund Balance End of Fiscal Year	<u>\$14,045,382</u>	<u>\$17,356,467</u>	<u>\$19,756,242</u>	<u>\$17,895,555</u>	<u>\$18,764,555</u>

Source: Audited Financial Statements of the District. Summary not audited.

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 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/P21731639-P21330357-P21764094.pdf>

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

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

APPENDIX D

FORM OF DISCLOSURE UNDERTAKING

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by the Depew Union Free School District, Erie County, New York (the “Issuer”) in connection with the issuance of its \$29,330,000 Bond Anticipation Note(s), 2024 or interests therein (such Note(s), including any interests therein, being collectively referred to herein as the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;
- (7) Modifications to rights of Security Holders, if material;
- (8) Bond (or Note) calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, 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 obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions.

“EMMA” means Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“MSRB” means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

“Purchaser” means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

“Security Holder” means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

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

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

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

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

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

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as

