

OFFICIAL STATEMENT

REFUNDING BONDS

Ratings: See “Ratings” herein

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

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

CITY SCHOOL DISTRICT OF THE CITY OF NIAGARA FALLS NIAGARA COUNTY, NEW YORK

\$15,835,000*

SCHOOL DISTRICT REUNDING (SERIAL) BONDS, 2024

Dated Date: December 11, 2024

Date of Maturity: March 15, 2025; September 15, 2025-2035

Security and Sources of Payment: The Bonds will constitute general obligations of the City School District of the City of Niagara Falls, Niagara County, New York and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds. All the taxable real property within the District will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds. See “Nature of the Obligations” and “Tax Levy Limitation Law” herein.

Prior Redemption: The Bonds will be subject to optional redemption prior to maturity, see “Optional Redemption for the Bonds” herein.

Form and Denomination: The Bonds will be issued as registered bonds registered to The Depository Trust Company (“DTC” or the “Securities Depository”) or may be registered in the name of the purchaser.

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

Payment: The Bonds payment shall be made in Federal funds to the Beneficial Owners of the Bonds by DTC Participants and Indirect through DTC Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in “street name.” Payment will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the District, subject to any statutory and regulatory requirements as may be in effect from time to time. (See “Book-Entry-Only System” herein.)

The Bonds will be dated their date of delivery and will bear interest from that date until maturity at the annual rate or rates as shown on the inside cover page hereof, payable on March 15, 2025, September 15, 2025 and semiannually thereafter on each March 15 and September 15 until maturity. The Bonds will mature on March 15, 2025, September 15, 2025, and annually on September 15 thereafter until maturity, as shown on the inside cover page hereof.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the respective approving legal opinion, as to the validity of the Bonds by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. It is expected that the Bonds will be delivered at the facilities of DTC located in Jersey City, New Jersey or otherwise as may be agreed with the purchaser, on or about December 11, 2024.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER AS MORE FULLY DESCRIBED IN THE NOTICE OF PRIVATE COMPETITIVE BOND SALE WITH RESPECT TO THE BONDS DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE DISCLOSURE FOR THE BONDS AS DEFINED IN THE RULE. SEE “DISCLOSURE UNDERTAKING,” HEREIN.

Dated: November 8, 2024

*Preliminary, subject to change.

The Bonds will mature on March 15, 2025, September 15, 2025, and September 15 in each year thereafter in the principal amounts below:

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP #***</u>
March 15, 2025	\$115,000			
September 15, 2025	1,225,000			
September 15, 2026	1,265,000			
September 15, 2027	1,305,000			
September 15, 2028	1,335,000			
September 15, 2029	1,375,000			
September 15, 2030	1,415,000			
September 15, 2031	1,465,000			
September 15, 2032	1,510,000			
September 15, 2033**	1,555,000			
September 15, 2034**	1,610,000			
September 15, 2035**	1,660,000			

* Preliminary, subject to change.

** The Bonds maturing in the year 2033 and thereafter will be subject to optional redemption prior to maturity, as described herein. See "Optional Redemption for the Bonds" herein.

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

**CITY SCHOOL DISTRICT OF THE CITY OF NIAGARA FALLS
NIAGARA COUNTY, NEW YORK**

Board of Education

Russell Petrozzi
PRESIDENT

Anthony Paretto Vice President
Earl Bass Board Member
Robert Bilson Board Member
Vincent A. Cancemi Board Member
Michael Capizzi Board Member
Clara Dunn Board Member
Brad McLeod Board Member
Nick Vilardo Board Member

Mark Laurrie Superintendent of Schools
Rebecca Holody Business Administrator

BOND COUNSEL

ORRICK HERRINGTON & SUTCLIFFE, LLP
New York, New York

MUNICIPAL ADVISOR



Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier

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

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OFFICIAL STATEMENT

CITY SCHOOL DISTRICT OF THE CITY OF NIAGARA FALLS NIAGARA COUNTY, NEW YORK

Relating To

\$15,835,000* SCHOOL DISTRICT REUNDING (SERIAL) BONDS, 2024

This Official Statement presents certain information relating to the City School District of the City of Niagara Falls, County of Niagara, in the State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$15,835,000 School District Refunding (Serial) Bonds, 2024 (the "Bonds").

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State as well as the acts and proceedings of the 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 Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

All financial and other information presented herein has been provided by the District from its records, except for information expressly attributed to other sources. The presentation of such information is intended to show recent historical data and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience will necessarily continue or be repeated in the future.

THE BONDS

Description of the Bonds

The Bonds are dated their date of delivery and will bear interest from such date until maturity at the annual rate or rates as specified on the inside cover page hereof, payable on March 15, 2025, September 15, 2025 and semiannually thereafter on each March 15 and September 15 until maturity. The Bonds will mature on March 15, 2025, September 15, 2025, and annually on September 15 thereafter until maturity, as specified on the inside cover page hereof. The Bonds will be subject to optional redemption prior to maturity. (See "Optional Redemption for the Bonds" herein.)

The Bonds will be issued as registered bonds registered to the Depository Trust Company ("DTC" or the "Securities Depository").

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

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds 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 bonds will be issued in registered form in denomination of \$5,000 or integral multiples thereof.

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

* Preliminary, subject to change.

Authority for and the Refunding Plan

The Bonds are issued pursuant to the Constitution and laws of the State, including the Education Law and the Local Finance Law, and pursuant to a refunding bond resolution that was duly adopted by the Board of Education of the District (the “Board”) on October 17, 2024. A refunding financial plan has been prepared and is described below (the “Refunding Plan”).

The amount of the Refunded Bonds, set forth below (the “Refunded Bonds”), may be changed by the District in its sole discretion due to market or other factors considered relevant by the District at the time of pricing of the Bonds, and no assurance can be given that any particular maturity thereof will be refunded.

All proceeds of the Refunded Bonds have been previously expended.

The District previously issued its \$25,160,000 School District Refunding Serial Bonds, 2014, with \$15,545,000 of such bonds being scheduled to mature in the years 2025 through 2035, inclusive (the “2025-2035 Maturities”). The 2025-2035 Maturities are, by their terms, either scheduled for payment or subject to the possibility of a call for redemption on or prior to their stated maturity dates. The Bonds are being issued, in part, to refund the 2025-2035 Maturities, as listed below:

Maturity	Coupon	Maturity Value	Call Date	Call Price	CUSIP
09/15/2025	3.000%	\$1,175,000	01/10/2025	100.00%	653420 LF4
09/15/2026	3.125%	1,215,000	01/10/2025	100.00%	653420 LG2
09/15/2027	3.250%	1,260,000	01/10/2025	100.00%	653420 LH0
09/15/2028	3.375%	1,300,000	01/10/2025	100.00%	653420 LJ6
09/15/2029	3.500%	1,345,000	01/10/2025	100.00%	653420 LK3
09/15/2030	3.625%	1,395,000	01/10/2025	100.00%	653420 LL1
09/15/2031	3.625%	1,455,000	01/10/2025	100.00%	653420 LM9
09/15/2032	3.750%	1,510,000	01/10/2025	100.00%	653420 LN7
09/15/2033	3.750%	1,565,000	01/10/2025	100.00%	653420 LP2
09/15/2034	3.875%	1,630,000	01/10/2025	100.00%	653420 LR8
09/15/2035	4.000%	<u>1,695,000</u>	01/10/2025	100.00%	653420 LQ0
		\$ 15,545,000			

Under current market conditions, the District expects to refund all of the Refunded Bonds as shown above. The net proceeds of the Bonds (after payment of costs of issuance relating to the Bonds) will be used to purchase non-callable, direct obligations of, or obligations guaranteed by, the United States of America (the “Government Obligations”) which, together with remaining cash proceeds from the sale of the Bonds, will be placed in an irrevocable trust fund (the “Escrow Fund”) to be held by Manufacturers and Traders Trust Company (the “Escrow Holder”), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the District and the Escrow Holder, dated as of the delivery date of the Bonds (the “Escrow Contract”). The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of, and interest on the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the refunding bond resolution of the District and the Escrow Contract, to pay the Refunded Bonds on the Call Date listed in the table above.

The holders of the Refunded Bonds will have a first lien on all investment income from, and maturing principal of, the Government Obligations, along with other available monies held in the Escrow Fund. The Escrow Contract shall terminate upon final payment by the Escrow Holder to the paying agents/fiscal agent for the Refunded Bonds amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds, including interest payable with respect thereto.

The Refunding Plan will permit the District to realize, as a result of the issuance of the Bonds, cumulative dollar and present value debt service savings.

Under the Refunding Plan, the Refunded Bonds will continue to be general obligations of the District. However, inasmuch as the Government Obligations held in the Escrow Fund will be sufficient to meet all required payments of principal and interest when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be required.

Sources and Uses of Proceeds of the Bonds

Sources:	
Par Amount of the Bonds	_____
Reoffering Premium	_____
	=====
Application:	
Deposit to Escrow Deposit Fund	_____
Underwriter’s Discount	_____
Cost of Issuance and Contingency	_____
	=====
Total	=====

Verification of Mathematical Computations

Causey Demgen & Moore P.C. (“Causey”) will verify from the information provided to them, the mathematical accuracy, as of the date of the closing of the Bonds, of: the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits, to be held in escrow, will be sufficient to pay, when due, the principal of, and interest on the Refunded Bonds. Causey will express no opinion on the assumptions provided to them, nor as to the exclusion from taxation of the interest on the Bonds.

Optional Redemption for the Bonds

The Bonds maturing on or before September 15, 2032 are not subject to redemption prior to their stated maturity.

The Bonds maturing on or after September 15, 2033 will be subject to redemption prior to maturity at the option of the District on any date on or after September 15, 2032, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price of 100% of the par amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

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

Nature of Obligation

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

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

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

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor, as amended (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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

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

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

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

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977), the Court of Appeals described the pledge as a direct

constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

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

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

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

Book-Entry Only System

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

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instruments (MMI) Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond 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, bond certificates will be printed and delivered as applicable.

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

Source: The Depository Trust Company

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

IN ADDITION, THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS.

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

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

Certificated Obligations

In the event the purchaser elects to receive certificated Bonds or if the District discontinues the use of the book-entry only system through DTC the Bonds will be issued as certificated Bonds.

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions would apply:

The Bonds will be issued in registered certificated form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Bonds would be payable, upon presentation, at the principal corporate trust office of a fiscal agent bank located and authorized to do business in the State of New York: (i) as selected by the initial purchaser of the Bonds if such purchaser elects to receive certificated Bonds; or (ii) as appointed by the District if the DTC system is discontinued.

MARKET AND RISK FACTORS

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

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its

ability to maintain fund balances and other statistical indices commensurate with its current credit rating. Accordingly, a decline in the District's credit rating could adversely affect the market value of the Bonds.

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

The financial condition of the District as well as the market for the Bonds 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 Bonds. 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 Bonds, could be adversely affected.

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

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

Cybersecurity

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

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Bonds included in adjusted financial statement income of

certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. Complete copies of the proposed forms of opinion of Bond Counsel is set forth in Appendix D hereto.

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

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

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds.

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

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

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

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

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as Appendix D.

DISCLOSURE UNDERTAKING

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

officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”), the District has agreed to provide, or cause to be provided,

(1) to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement anticipated to be dated November 19, 2024 of the District relating to the Bonds under the headings “LITIGATION” and in Appendix A under the headings “THE DISTRICT”, “FINANCIAL FACTORS”, “TAX INFORMATION”, and “DISTRICT INDEBTEDNESS” and Appendix B by the end of the ninth month following the end of each succeeding fiscal year, commencing with the fiscal year ending June 30, 2025, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2025; such audit (prepared in accordance with the accounting principles the District may be required to employ pursuant to State law or regulation), if any, will be so provided on or prior to the later of either the end of the ninth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the District of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the District of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

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

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

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

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

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, 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 District.

With respect to events (xv) and (xvi) above, the term “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). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

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

Prior Disclosure History

The District is in compliance, in all material respects, with all previous undertakings made pursuant to Rule 15c2-12 for the past five years.

RATING

S&P Global had assigned the District an underlying rating of “A” to the uninsured outstanding bonded indebtedness of the District, including the Bonds.

Such rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the ratings. There can be no assurance that such ratings will continue for any specified period of time or that such ratings will not be revised or withdrawn, if in the judgment of the rating agency circumstances so warrant. Any such change or withdrawal of such ratings may have an adverse effect on the market price of or the availability of a secondary market for the Bonds.

MUNICIPAL ADVISOR

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

MISCELLANEOUS

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and 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’s files with the MSRB. When used in District documents or oral presentations, the words “anticipate,” “believe,” “intend,” “plan,” “foresee,” “likely,” “estimate,” “expect,” “objective,” “projection,” “forecast,” “goal,” “will,” or “should,” or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the District, expresses no opinion 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 Bonds, including but not limited to, the financial or statistical information in this Official Statement.

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

Concurrently with the delivery of the Bonds, the 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 limitation as to information in the Official Statement obtained from sources other than the District, as to which no representation can be made.

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Information pertaining to the Final Official Statement may be obtained upon request after the date of the Final Official Statement from Capital Markets Advisors, LLC, Orchard Park, New York 14127, telephone (716) 662-3910; fax (716) 662-6684 or www.capmark.org.

This Official Statement has been duly executed and delivered by the President of the Board of Education and Chief Financial Officer of the District on behalf thereof.

ADDITIONAL INFORMATION

Additional information may be obtained from the District's School Business Administrator, Rebecca Holody, 630 66th Street, Niagara Falls, NY 14304, (716) 286-4242, email: rholody@nfschools.net or from the District's Financial Advisor, Capital Markets Advisors, LLC, (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 purchasers or holders of any of the Bonds.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the 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.

CITY SCHOOL DISTRICT OF THE CITY OF
NIAGATA FALLS

By: */s/ Russell Petrozzi* _____
Russell Petrozzi
President of the Board of Education

DATED: November 8, 2024

APPENDIX A

THE DISTRICT

General Information

The District is located within the City of Niagara Falls and has an estimated population of 48,502 and an area of approximately 17 square miles and is located 23 miles northwest of the City of Buffalo, New York, and is one of the principal ports of entry into Canada.

The Seneca Nation Casino has been in operation since December 31, 2002. The casino contains over 4,200 slot machines, 110 game tables, restaurants and an entertainment venue. The hotel is a 26 story hotel with 486 deluxe rooms, 86 multi-bedroom suites and 22 one-bedroom suites. The hotel also offers a full-service spa and over 30,000 square feet of meeting and conference space. The Seneca Niagara Casino & Hotel is the largest hotel in Western New York.

The Niagara Frontier Transportation Authority operates the Niagara Falls Airport, as well as the Greater Buffalo International Airport and the local bus transportation system. The New York State Thruway serves the area. The City is responsible for and maintains police, fire, sanitation, streets, parks and playgrounds. As of September 25, 2003, the Niagara Falls Water Board is responsible for water and sewer services within the City. Gas and electric services are provided by the National Fuel Gas Corporation and National Grid.

District Organization

The Board of Education, which is the policy-making body of the District, consists of nine members with overlapping five-year terms so that as nearly an equal number as possible is elected to the board each year. The President and Vice President are selected by the Board members.

The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by the Board, include the Superintendent of Schools, the Administrator for School Business Services, Administrator for Human Resources, the Assistant Superintendent of curriculum, and the District Treasurer.

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 Administrator for School Business Services and the District Treasurer.

District Facilities

The District operates eleven schools; statistics relating to each are shown below.

Table 1
School Statistics

Name of School	<u>Grades</u>	<u>Date of Construction</u>	<u>Enrollment</u>
79 Street Elementary	Pre-K - 6	1950	426
Harry F. Abate Elementary	2-6	1971	671
Hyde Park Elementary	Pre-K - 6	1929	483
Henry J. Kalfas Elementary	Pre-K - 3	1957	308
Geraldine J. Mann Elementary	Pre-K - 6	1958	412
Maple Avenue Elementary	Pre-K - 6	1922	386
Bloneva Bond Elementary	Pre-K - 2	2007	462
Cataract Elementary	Pre-K - 6	1995	506
Gaskill Preparatory	7-8	1930	455
LaSalle Preparatory	7-8	1932	549
Niagara Falls High School	9-12	2000	2,116

Source: District Officials

Employees

The District provides services through full and part-time employees represented by the following organizations.

Table 2
Employees

<u>Number Of Employees</u>	<u>Organization</u>	<u>Contract Expiration Date</u>
719	Niagara Falls Teachers' Association	6/30/2027
286	Civil Service Employees' Association	6/30/2027
267	Civil Service Employees' Association – Aide Unit	6/30/2027
25	Administrators & Supervisors Council	6/30/2027
9	Non-Instructional Administrators & Supervisors	6/30/2027

Source: District Officials

Employee Pension Benefits

Both the New York State and Local Employees' Retirement System and the New York State Teachers Retirement System (together, the "Retirement Systems") 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 except for Tiers V and VI as described below. Employees hired on or after April 1, 2012 have a variable contribution amount. See further details herein.

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 Systems are deducted from the School District's State aid payments.

The following table details the District's contractually required contributions to the ERS for the preceding three audited fiscal years, and the estimated amount for the State fiscal year ending March 31, 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)	\$2,088,755
2024	1,943,024
2023	1,771,413
2022	2,031,387

Source: Audited Financial Statements and Office of the State Comptroller

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

<u>Fiscal Year End 6/30</u>	<u>TRS</u>
2025 (Budgeted)	\$6,981,941
2024	6,527,620
2023	6,321,705
2022	5,758,439

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 is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding 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, pension reform legislation was signed into law. The legislation creates 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 TRS 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, Governor Cuomo signed into law the new Tier 6 pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

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 was required to be paid to the system until after its budget was implemented. Under the current method the contribution for a given fiscal year will be 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%.

Due to prior poor performance of the investment portfolio of the State Retirement System, New York State Comptroller Thomas DiNapoli previously announced that the employer contribution rates for required pension contributions to the State Retirement System will continue to increase. To help mitigate the impact of their ERS increases, legislation has been enacted that permits local governments and school district to amortize a portion of such contributions. Under such legislation, local governments and school districts that choose to amortize a portion of their ERS contributions will be required to set aside and reserve funds with the State Retirement System for certain future rate increases. The District did not opt into the pension smoothing plan.

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 2016-17 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. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2019-20) 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, school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

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

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district.

School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of the date of this Official Statement, the School District has not yet determined whether it will establish such a fund.

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 year end June 30, 2019, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), which supersedes GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This statement requires the District to recognize the total OPEB liability and related deferred outflows and deferred inflows of resources. The cumulative effect of implementing this required change in accounting principle resulted in a restatement of beginning net position as detailed in Note 2 to the financial statements. This statement addresses accounting and financial reporting for other postemployment benefits offered by the District and requires various note disclosures and required supplementary information.

The District is in compliance with the requirements of GASB 75, and a summary of the actuarial valuation is included in the District's June 30, 2024 Financial Audit attached herein. The following table summarizes the District's annual OPEB statements for the year ended June 30, 2024:

Total OPEB Liability	<u>2024</u>
Balance at June 30, 2023	<u>\$162,473,233</u>
Changes for the year:	
Service cost	2,278,800
Interest	5,983,433
Differences between expected & actual experience	8,872,851
Changes in assumptions & other inputs	(3,621,818)
Benefit payments	<u>(6,460,146)</u>
Net changes in total OPEB liability	<u>7,053,120</u>
Balance at June 30, 2024	<u>\$169,526,353</u>

Source: Audited Financial Statements of the District

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 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.

The Board of Education had adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

FINANCIAL FACTORS

Revenues

The District derives a major portion of its revenues from a tax on real property. Property taxes and other tax items accounted for 14.78% of total general fund revenues for the fiscal year ended June 30, 2024, while State aid accounted for 81.32%.

The following table sets forth information regarding real property tax and other tax items revenues during the last five audited fiscal years and the amount budgeted for the current fiscal year.

Table 3
Property Taxes

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Real Property Taxes</u>	<u>Property Taxes to Revenues</u>
2020	\$146,132,010	\$27,589,201	18.88%
2021	148,657,663	27,284,302	18.35%
2022	157,808,052	27,562,826	17.47%
2023	167,916,789	27,332,716	16.28%
2024	185,127,348	27,380,637	14.78%
2025 Budgeted	184,624,639	26,226,013	14.21%

⁽¹⁾ General Fund.

Source: Audited Financial Statements of the District and the Budget for the 2025 fiscal year. (Table itself, not audited.)

State Aid

The District also receives a major portion of its revenues in the form of State aid. However, there is no assurance that the State appropriation for State aid to school districts will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counter balancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The following table sets forth State aid revenues during the last five audited fiscal years and the amounts budgeted for the current fiscal year.

Table 4
State Aid

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>State Aid</u>	<u>State Aid to Revenues</u>
2020	\$146,132,010	\$113,283,711	77.52%
2021	148,657,663	110,437,014	74.29%
2022	157,808,052	121,108,620	76.74%
2023	167,916,789	133,984,768	79.79%
2024	185,127,348	150,546,495	81.32%
2025 Budgeted	184,624,639	151,403,595	82.01%

⁽¹⁾ General Fund.

Source: Audited Financial Statements of the District and the Budget for the 2025 fiscal year. (Table itself, not audited.)

In addition to the amount of State Aid budgeted by the District in its 2023-24 fiscal year, the State is expected to make payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (see "STAR-School Tax Exemption"). The District expects to receive timely receipt of STAR aid for the remainder of the current fiscal year.

The Gap Elimination Adjustment ("GEA") law was first introduced for the 2010-11 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then \$10 billion budget deficit. Under legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. Since the program began, the GEA and Deficit Reduction Assessment reduction in State aid for the

District has amounted to approximately \$3.47 million annually. As a result, the District has been forced to reduce programs, services, and staff accordingly. Beginning in the 2013-14 fiscal year, the State made modest restorations to the GEA. In the 2014-15 fiscal year, the GEA was reduced by \$2,100,736, dropping the total GEA to \$1.37 million. In the 2015-16 fiscal year, it has been further reduced by \$1.35 million, yielding a remaining GEA of \$27,562. In the 2016-17 fiscal year, the GEA was eliminated.

The Smart Schools Bond Act was passed as part of the Enacted 2014-15 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds is \$8,865,240.

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 therefore. 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 remainder of 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 thereof. 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.

Seneca Niagara Casino. As of March 2017, the Seneca Nation has taken the position that the casino revenue sharing section of the compact is no longer applicable. The Seneca Nation claims that while the compact has been extended until December 31, 2023, the revenue sharing agreement was only intended to last through 2016. Both New York State and the City of Niagara Falls believe that the extension of the compact from December 31, 2016 to December 31, 2023 also extended the casino revenue sharing agreement through December 31, 2023. The District's share of such revenues is capped at \$750,000 annually.

New York Power Authority. The District currently receives \$675,000 annually through a 50-year agreement with the New York Power Authority which the District currently uses for various capital expenditures. Additionally, the District receives an allotment of electricity each year which the District can either use or sell back to the grid.

Recent Events Affecting New York 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 would 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 included large-scale increases in State aid to school districts, including a \$105 million expansion of full-day prekindergarten provided 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 provided that additional federal aid would supplement, not supplant, State funding. Most notably, Foundation Aid was 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.

School district fiscal year (2022-23): The Governor's State budget proposal proposes \$31.2 billion in School Aid for the 2022-23 fiscal year, an increase of \$2.1 billion (7.1 percent) from \$29.1 billion 2021-22. Foundation Aid is increased by \$1.6 billion (8.1%), 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 \$6.62 million from the 2021-22 fiscal year. The total funding for the Universal Pre-Kindergarten includes \$103.36 million in expansion grants supported by the American Rescue Plan Act.

School district fiscal year (2023-24): The Governor's Enacted State budget provided \$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 continued the expansion of full-day prekindergarten that provided 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 Aid formula to prepare for changes next year.

The State budget for the 2024-25 fiscal year provides \$156.48 million of State Aid to the District, a 0.95% increase from the District’s 2023-24 in the amount of \$1,471,188.

It should also be noted that the District receives federal aid for certain programs. In its last audited fiscal year, the District received \$528,995 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 District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the District’s 2024-25 fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing.

Budgetary Procedure

Pursuant to law, the Board of Education annually prepares or causes to be prepared a tentative budget of the District for the ensuing fiscal year. Starting in the fall or winter of each year, the District’s financial plan and enrollment projection are reviewed and updated and the first draft of the next year’s proposed budget is developed by the central office staff. During the winter and early spring the budget is developed and refined in conjunction with school building principals and department supervisors, and by law must be submitted to voter referendum on the third Tuesday of May each year. The District’s budget for fiscal year 2012-13 and thereafter are subject to the provisions of Chapter 97 of the Laws of 2011, which imposes a limitation on the amount of real property taxes that a District may levy in a given year. See “TAX INFORMATION-The Tax Levy Limitation Law,” herein.

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

Independent Audit

The District retains independent certified public accountants to audit its financial statements. Appendix A to the Official Statement presents excerpts from the District’s most recent audited reports. 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.

The State Comptroller’s Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the District as “No Designation” (see <https://www1.osc.state.ny.us/localgov/fiscalmonitoring/fsms.cfm>).

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 August 21, 2020, OSC, Division of Local Government and School Accountability released an audit of the District Determine if tuition billings for the Niagara Falls City School District (District) students enrolled in out-of-district programs were accurately calculated and properly supported. The audit found that the District’s Tuition billings for District students enrolled in out-of-district programs were not always accurately calculated or properly supported. The District officials overpaid two charter schools for 36 special education students and may have overpaid for three students in foster care and three students in McKinney-Vento status and unable to properly monitor out-of-district tuition billings or ensure the billed amounts were accurate and proper because they did not obtain or retain adequate support documentation. The OSC audit recommended that the District Consult with legal counsel concerning options available for addressing overpayments and develop and adopt written policies and procedures for monitoring out-of-district tuition billing.

The link to the most recent OSC report is as follows:
<https://www.osc.state.ny.us/files/local-government/audits/pdf/niagara-falls-2020-73.pdf>.

The OSC has not conducted any other audits of the District in the past five years.

TAX INFORMATION

Real Property Tax Assessments and Rates

The following tables set forth the District’s real property tax levy, tax collection record and rates of tax per \$1,000 of full valuation.

Table 5
Tax Levy and Tax Collection Rates
(Fiscal Years Ending June 30)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Tax Levy	\$25,828,989	\$25,828,989	\$25,828,989	\$25,828,989	\$25,828,989
Amount Collected	\$25,047,356	\$24,873,847	\$24,963,059	\$24,527,017	\$23,795,002
Returned for Collection ⁽¹⁾	\$781,633	\$955,142	\$865,930	\$1,301,972	\$2,033,987
% of Uncollected	3.03%	3.70%	3.35%	5.04%	7.87%

(1) See “Tax Collection Procedure” which states that the City of Niagara Falls reimburses the School District for unpaid taxes.

Table 6
Tax Rates

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City of Niagara Falls Tax Rate (Full Value)						
Homestead:	\$19.55	\$19.56	\$19.58	\$19.58	\$19.52	\$19.50
Non-Homestead:	\$19.55	\$19.56	\$19.58	\$19.58	\$19.52	\$19.50

Source: Niagara Falls City School District Tax Office.

Table 7
Assessed and Full Valuations

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Roll Year	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
City of Niagara Falls Assessed Valuation:	\$1,320,619,799	\$1,319,178,013	\$1,318,820,492	\$1,323,497,016	\$1,324,646,437
Equalization Rates:	71.00%	67.00%	62.00%	54.00%	50.00%
Full Valuation:	\$1,860,027,886	\$1,968,922,407	\$2,127,129,826	\$2,450,920,400	\$2,649,292,874

Sources: Office of Comptroller of the State of New York and School Officials

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year for purpose of payment of debt service. It is however, subject to statutory limitations. (See “Tax Levy Limitation Law” herein.)

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.

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 school 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 now 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. It expires on June 15, 2020, unless extended. 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 due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a budget by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget. It should be noted that the permissible amount of increase for the District's 2015-16 budget year was 1.62% (based on the prevailing low rate of inflation). The voters approved the 2015-16 budget which has no change in the tax levy from 2014-15.

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. This term is defined in a manner that does 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 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. This exclusion applies to the Bonds. However, in the event that the District's voters reject their proposed budgets in a given year, or one budget that is not re-proposed in some form, then the District's tax levy may not increase at all, and in this situation the exception for Capital Local Expenditures (and the other exceptions) would not apply.

While the Tax Levy Limitation Law may constrict a school district's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of the Tax Levy Limitation Law (June 24, 2011), it is clear that no statute is able (1) to limit a school district's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit a school district's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a school district authority to treat debt service payments as a constitutional exception to any such statutory tax levy limitation is not clear.

Tax Collection Procedure

School taxes are payable to the District in two equal installments in each fiscal year. The first installment is payable from August 1 through August 31 without penalty unless amended by the School Board in consideration of the holiday weekend. Taxes paid from September 1 through September 30 are with 2% penalty. Taxes paid from October 1 through October 31 are with 3% penalty. First installment taxes paid after October 31 are with 3% penalty plus interest at the rate of 1% per month from November 1. The second installment of taxes is payable from November 1 through November 30 without penalty. Second installment taxes paid from December 1 through December 31 are with 2% penalty. Second installment taxes paid from January 1 through January 31 are with 3% penalty. All school taxes unpaid on February 1 are reported to the City tax enforcement officer. Additional penalties are added by the City to the amount reported and are included with subsequent remittance of

collection by City enforcement officer to the School District. After three years, the District receives this amount from the City prior to the end of the District’s fiscal year, thereby assuring 100% tax collection annually.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

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>Enhanced</u> <u>Exemption</u>	<u>Basic</u> <u>Exemption</u>
City of Niagara Falls	\$45,360	\$16,550
<i>Date Certified: 04/09/2024</i>		

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 their tax bills, for each municipal segment they will compare the amount of STAR savings to the maximum. If the STAR savings exceeded the maximum, the school district will use the maximum when calculating tax bills for the segment.

The maximum savings for District during the 2024-25 fiscal year is as follows:

	<u>Basic</u> <u>Maximum</u> <u>Savings</u>	<u>Enhanced</u> <u>Maximum</u> <u>Savings</u>
City of Niagara Falls	\$363	\$983
<i>Updated: 03/27/2024</i>		

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

Ten of the Largest Taxpayers

The following table presents the taxable assessments of the District's largest taxpayers located in the City Niagara Falls on the 2024 roll used to levy 2024-25 taxes.

Table 8
Taxable Assessments

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u> ⁽¹⁾
Niagara Mohawk Power Corp	Utility	\$61,264,350	4.62%
National Fuel Gas	Utility	19,742,765	1.49%
NFNY Hotel Management LLC	Hotel	19,219,500	1.45%
CSX Transportation Inc. Total	Railroad	10,682,787	0.81%
Wal-Mart Real Estate Business	Retail	8,600,000	0.65%
Occidental Chemical Corp.	Manufacturing	7,002,751	0.53%
BG Robinson Stop II LLC-Lessor	Retail	6,746,390	0.51%
BG Robinson Stop II LLC Total	Retail	5,344,930	0.40%
Target Corporation	Retail	5,177,500	0.39%
93 NYRPT LLC Total	Retail	<u>4,591,900</u>	<u>0.35%</u>
	Total:	<u>\$148,372,873</u>	<u>11.20%</u>

(1) The District's total assessed value is \$1,324,646,437 for fiscal year 2024-25.

Source: Niagara Falls City School District Officials

DISTRICT INDEBTEDNESS

Constitutional and Statutory Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, 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 determines to issue a particular debt obligation amortizing on the basis of 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 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, assessment, borrowing money, contracting indebtedness and loaning the credit of the District so as to prevent abuses in the exercise of such powers; however, as has been noted under "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 estate for the payment of interest on or principal of indebtedness theretofore contracted. But see "Tax Levy Limitation Law" herein.

Debt Limit. The District has the power to contract indebtedness for any District purpose so long as the principal amount thereof shall not exceed five per centum of the average full valuation of taxable real estate of the District unless at least 60% of the voters approve exceeding such limit. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the special equalization ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

Statutory Procedure

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

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

The Board of Education, as the finance board of the District, has the power to enact tax anticipation note resolutions. Such resolutions may authorize the issuance of tax anticipation notes in an aggregate principal amount necessary to fund anticipated cash flow deficits but in no event exceeding the amount of real property taxes levied or to be levied by the District, less any tax anticipation notes previously issued and less the amount of such taxes previously received by the District.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, stops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations.

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

Debt Limit and Net Indebtedness

The debt limit of the District is \$264,929,287. This is calculated by taking 10% of the current full value of the taxable real property of the District.

Table 9
Constitutional Debt Limit and Net Indebtedness
As of November 12, 2024

Full Valuation of Taxable Real Property	\$2,649,292,874
Debt Limit (10% of Full Valuation) ⁽¹⁾	\$264,929,287
<u>Inclusions:</u> ⁽²⁾	
Serial Bonds	\$80,265,000
Bond Anticipation Notes	29,342,500
Revenue Anticipation Notes	<u>0</u>
Total Gross Inclusions	\$109,607,500
<u>Exclusions:</u>	
Estimated State Building Aid ⁽³⁾	<u>\$0</u>
Total Exclusions	\$0
Total Net Indebtedness	<u>\$109,607,500</u>
Net Contracting Margin ⁽⁴⁾	<u>\$155,321,787</u>
Percentage of Net Contracting Margin Exhausted	<u>41.37%</u>

⁽¹⁾ The District's constitutional debt limit has been computed using special equalization ratios established by the State Office of Real Property Tax Services pursuant to Art-12-B of the Real Property Tax Law. "Conventional" State equalization rates are also established by the Office of Real Property Services, and are used for all other purposes.

⁽²⁾ Tax Anticipation Notes and Revenue Anticipation Notes are not included in the computation of the constitutional debt limit of the District.

⁽³⁾ In prior years the District received State debt service building aid in a calculated amount of approximately 98% of its outstanding bonded 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 Bonds. See also "State Aid" herein.

⁽⁴⁾ The District requested and received approvals of the Board of Regents and the State Comptroller, dated June 11, 2013 and July 6, 2018 to issue bonds and/or bond anticipation notes exceeding the debt limit in an amount not to exceed \$66,700,000 and \$55,000,000, respectively, for school buildings and additions for the projects approved by at least 60% the qualified voters of the District on September 25, 2012 and December 12, 2017.

Remedies Upon Default

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State of New York (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 school district which issued the bond or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds 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 said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the 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 such successive allotments, apportionments or payment of such State aid so 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 said section SFL.

Under current law, provision is made for contract creditors (including the Noteholders) of the District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged 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 servicing 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 bondholders or noteholders, 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 Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for 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.

Table 10
Trend of District Indebtedness
Fiscal Year Ending June 30

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Serial Bonds	\$68,515,000	\$84,560,000	\$99,860,000	\$90,800,000	\$81,400,000
Bond Anticipation Notes	<u>34,000,000</u>	<u>29,000,000</u>	<u>0</u>	<u>0</u>	<u>29,342,500</u>
Total:	<u>\$102,515,000</u>	<u>\$113,560,000</u>	<u>\$99,860,000</u>	<u>\$90,800,000</u>	<u>\$110,742,500</u>

Bond Anticipation Notes

The District has \$29,342,500 outstanding in bond anticipation notes maturing on July 10, 2025.

Tax and Revenue Anticipation Notes

The District has not issued tax and revenue anticipation notes in the past five fiscal years.

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 the amount of overlapping and underlying debt and the District's share of this debt. Authorized but unissued debt has not been included.

Table 11
Statement of Direct and Overlapping Indebtedness

<u>Overlapping Units</u>	<u>Total Net Indebtedness</u>	<u>As of:</u>	<u>Percentage Applicable</u>	<u>Applicable Net Indebtedness</u>
County of Niagara	\$23,980,000	06/25/24	13.58%	\$3,256,484
City of Niagara Falls	31,970,000	06/27/24	100.00%	<u>31,970,000</u>
Total Net Overlapping Debt				\$35,226,484
Net Direct Debt				<u>\$109,607,500</u>
Total Net Direct and Overlapping Debt				<u>\$144,833,984</u>

Source: State Comptroller's Special Report on Municipal Affairs

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

Table 12
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$109,607,500	\$2,184	4.14%
Net Direct and Overlapping Debt	\$144,833,984	\$2,886	5.47%

(1) The population of the District is estimated by District officials to be approximately 48,502.

(2) The District's full value of taxable real property for fiscal year 2024-2025 is \$2,649,292,874.

Authorized but Unissued Debt

The District does not have any authorized but unissued indebtedness.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District's outstanding bonded indebtedness as of November 12, 2024.

Table 13
Bond Principal and Interest Maturity Table

<u>Fiscal Year</u>	<u>Principal Debt Service</u>	<u>Interest Debt Service</u>	<u>Total Debt Service</u>
2024-2025	\$6,865,000	\$2,398,309	\$9,263,309
2025-2026	8,285,000	2,314,788	10,599,788
2026-2027	8,590,000	2,050,928	10,640,928
2027-2028	8,915,000	1,769,075	10,684,075
2028-2029	9,245,000	1,468,350	10,713,350
2029-2030	8,110,000	1,164,650	9,274,650
2030-2031	4,980,000	878,303	5,858,303
2031-2032	5,145,000	719,347	5,864,347
2032-2033	5,295,000	571,213	5,866,213
2033-2034	5,445,000	419,956	5,864,956
2034-2035	5,610,000	261,781	5,871,781
2035-2036	<u>3,780,000</u>	<u>96,450</u>	<u>3,876,450</u>
	<u>\$80,265,000</u>	<u>\$14,113,150</u>	<u>\$94,378,150</u>

Note: Columns may not sum due to rounding.

Source: District Officials

Certificates of Participation

The 2005 Certificates of Participation ("COPs") were refunded on May 5, 2015. The following table shows the debt service requirements to maturity on the District's outstanding 2015 COPs lease indebtedness for the fiscal years ending June 30. For a further description of the 2005 COPs see Section 11 – Long Term Liabilities, in the District's 2024 Financial Audit, in Appendix C herein. For a description of the 2015 COPs see <http://emma.msrb.org/ER866551-ER677160-ER1078938.pdf>.

Table 14
Principal and Interest Maturity Table
(as of November 12, 2024)

Fiscal Year	Principal Debt Service	Interest Debt Service	Total Debt Service
2024-2025	\$3,840,000	\$580,800	\$4,420,800
2025-2026	3,840,000	388,800	4,228,800
2026-2027	3,840,000	235,200	4,075,200
2027-2028	<u>3,840,000</u>	<u>120,000</u>	<u>3,960,000</u>
	<u>\$15,360,000</u>	<u>\$1,324,800</u>	<u>\$16,684,800</u>

Note: Columns may not sum due to rounding.
Source: District Officials.

Lease Obligations

In the year ended June 30, 2024, the District entered into a lease purchase obligation for \$703,535 to finance the acquisition of various machinery and equipment. The total lease value of outstanding lease liabilities was \$812,803. The lease liability is paid annually through 2027.

ECONOMIC AND DEMOGRAPHIC DATA

School Enrollment Trends

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

Table 15
School Enrollment Trends

Fiscal Year	Actual Enrollment	Fiscal Year	Projected Enrollment
2022-23	6,766	2025-26	6,750
2023-24	6,754	2026-27	6,750
2024-25	6,704	2027-28	6,750

Source: District Officials.

Population

The District estimates its population to be approximately 48,502. The following table presents population trends for the County and State based upon recent census data and is not necessarily representative of the District.

Table 16
Population Trend

	2010	2020	% Change
County	216,469	212,666	(1.8%)
State	19,378,102	20,201,249	4.3%

Source: U.S. Census Bureau

Employment and Unemployment

Table 17
Major Employers in Niagara Falls Area

<u>Name</u>	<u>Type</u>	<u>Approx. No. of Employees</u>
Niagara Falls Air Reserve Station	Air National Guard	2,787
Seneca Niagara Casino	Gaming Facility	2,715
Niagara County	County Government	1,554
Fashion Outlets of Niagara	Retail Shopping Center	1,434
GM Component Holdings LLC	Heating/Cooling Systems	1,400
Niagara Falls School District	Education	1,263
Praxair Inc.	Gases Manufacturer	1,200
Niagara Falls Memorial Medical Center	Medical Center	1,004
St. Gobain Ceramics & Plastics	Chemical Corporation	884
Niagara County Community College	Education	713
Mount St. Mary's Hospital	Medical Center	700
City of Niagara Falls	City Government	680

Source: Niagara County Center for Economic Development.

The following tables provide information concerning employment and unemployment in the City, County and State.

Table 18
Civilian Labor Force
(Thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City	21.2	21.3	20.6	20.5	20.8
County	100.8	99.5	97.3	97.8	99.3
State	9,470.4	8,628.0	8,857.0	9,178.6	9,717.7

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 City, County, and the State.

Table 19
Yearly Average Unemployment Rates

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>
2019	5.9%	4.8%	3.8%
2020	13.4%	10.1%	9.9%
2021	7.6%	5.7%	6.9%
2022	4.8%	3.9%	4.3%
2023	5.1%	4.0%	4.2%

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

Table 20
Monthly Unemployment Rates

<u>Month</u>	<u>City</u>	<u>County</u>	<u>State</u>
October	5.1%	4.0%	4.4%
November 2023	5.4%	4.2%	4.2%
December	5.8%	4.8%	4.4%
January 2024	6.5%	5.3%	4.3%
February	6.4%	5.4%	4.5%
March	6.1%	5.1%	4.2%
April	5.4%	4.3%	3.9%
May	5.6%	4.2%	4.2%
June	5.2%	3.9%	4.3%
July	5.6%	4.6%	4.9%
August	5.5%	4.6%	4.9%
September	4.6%	3.4%	4.0%

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 various notices of claims and is party to various litigation, including litigation involving actions commenced pursuant to the New York State Child Victims Act.

In the Opinion of the District, because Insurance Carriers have assumed the defense of all claims and actions filed against it to date, including all but two of the Child Victims Act actions. The District's attorneys commenced defending it in the two cases. However, to defend and protect the District more efficiently in those cases, it substituted as its attorneys those representing it other cases involving the same alleged perpetrator. Further and because the Insurance Carriers have assumed the defense in all but the two cases, it is anticipated they will tender indemnification to the District, for settlements reached or verdicts against the District, to the extent of the policy limits if necessary. If such were to occur the impact of the cases and their effect on the financial condition of the District would be significantly decreased.

The District is unable to determine the effect settlements and judgments, greater than the policy limits, would have on its financial condition if any, until discovery is completed and extent of the overage of each case over the coverage is determined. It is noted that settlement discussions recently commenced, have resulted in settlements of seven cases to date with substantial financial participation by the insurance carriers involved. Hopefully such a trend will continue with other cases and minimal impact to the District. The District is working to continue such trend in settlement of remaining cases.

The District is concerned with excessive jury awards made in cases throughout the state, in particular, jury awards in cases where strong defenses were interposed by Defendants. Although the District does not expect such excessive awards, whether in settlement or by Niagara County Juries, should they occur, they could have an impact on the District, the extent of which cannot be determined until and if they occur.

END OF APPENDIX A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

NIAGARA FALLS CITY SCHOOL DISTRICT
General Fund
Balance Sheets
Fiscal Year Ended June 30:

	<u>2023</u>	<u>2024</u>
<u>Assets:</u>		
Cash and Cash Equivalents	\$5,706,737	\$1,719,414
Restricted Cash and Cash Equivalents	37,852,865	42,105,824
Taxes Receivable	3,221,926	3,294,864
Receivables	152,741	85,032
Governmental Receivables	7,748,342	9,334,368
Due From Other Funds	4,479,665	11,013,049
Pepaid items	1,788,109	2,023,706
	<u>\$60,950,385</u>	<u>\$69,576,257</u>
 <u>Liabilities and Fund Balance:</u>		
Accounts Payable	\$2,117,293	\$2,584,150
Accrued Liabilities	1,637,280	2,091,654
Governmental Payables	43,951	35,404
Due to Retirement Systems	7,313,393	7,800,018
Unearned Revenues	1,333,114	1,114,328
	<u>12,445,031</u>	<u>13,625,554</u>
 Deferred Inflows of Resources		
Unavailable Revenues - Taxes	2,858,535	3,237,057
	<u>2,858,535</u>	<u>3,237,057</u>
 Fund Balances (deficit):		
Nonspendable	1,788,109	2,023,706
Restricted	36,519,751	40,991,496
Assigned	78,790	2,058,760
Unassigned	7,260,169	7,639,684
Total Fund Balances (deficit)	<u>45,646,819</u>	<u>52,713,646</u>
 Total Liabilities and Fund Balance	<u>\$60,950,385</u>	<u>\$69,576,257</u>

Source: Audited Financial Statements
Summary not audited

NIAGARA FALLS CITY SCHOOL DISTRICT
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Year Ended June 30:
NIAGARA FALLS CITY SCHOOL DISTRICT

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues:					
Real Property Taxes	\$27,589,201	\$27,284,302	\$27,562,826	\$27,332,716	\$27,380,637
Non-Property Taxes	1,824,512	1,839,259	2,204,570	2,420,133	2,341,075
Charges for Services	22,955	64,387	120,980	81,915	66,434
Use of Money & Property	276,413	169,492	189,702	692,781	1,536,479
Sale of Prop. & Comp. for Loss	206,418	1,007,794	336,957	33,223	33,269
Miscellaneous	2,332,018	3,022,767	5,608,844	2,790,947	2,693,964
State Aid	113,283,711	110,437,014	121,108,620	133,984,768	150,546,495
Federal Aid	596,782	4,832,648	675,553	580,306	528,995
Total Revenues	<u>146,132,010</u>	<u>148,657,663</u>	<u>157,808,052</u>	<u>167,916,789</u>	<u>185,127,348</u>
Expenditures:					
General Support	14,572,882	15,405,599	17,624,239	19,277,021	20,201,119
Instruction	72,520,336	71,669,897	68,622,094	76,315,426	90,329,798
Pupil Transportation	5,778,743	7,245,138	7,939,219	9,321,181	10,109,736
Community Services	129,435	0	37,888	0	0
Employee Benefits	33,401,981	34,519,832	35,326,795	35,018,049	38,417,064
Capital Outlay	0	0	184,690	0	0
Debt Service	14,959,197	17,420,910	19,014,370	18,436,033	17,871,648
Total Expenditures	<u>141,362,574</u>	<u>146,261,376</u>	<u>148,749,295</u>	<u>158,367,710</u>	<u>176,929,365</u>
Excess of Revenues over Expenditures	4,769,436	2,396,287	9,058,757	9,549,079	8,197,983
Other Uses:					
Interfund Transfers In	7	393,783	0	0	93,407
Operating Transfers Out	(235,424)	(154,485)	(228,360)	(2,112,174)	(1,224,563)
Issuance of Lease	0	0	654,014	703,535	
Total Other Uses:	<u>(235,417)</u>	<u>239,298</u>	<u>425,654</u>	<u>(1,408,639)</u>	<u>(1,131,156)</u>
Excess of Revenues over Expenses and Other Financing Uses	4,534,019	2,635,585	9,484,411	8,140,440	7,066,827
Fund Balance - Beg. of Year	<u>20,852,364</u>	<u>25,386,383</u>	<u>28,021,968</u>	<u>37,506,379</u>	<u>45,646,819</u>
Fund Balance - End of Year	<u>\$25,386,383</u>	<u>\$28,021,968</u>	<u>\$37,506,379</u>	<u>\$45,646,819</u>	<u>\$52,713,646</u>

Source: Audited Financial Statements
Summary not audited

NIAGARA FALLS CITY SCHOOL DISTRICT
General Fund
Statement of Estimated Revenues and Budget Appropriations
Fiscal Year Ending June 30:

	Adopted Budget <u>2023-24</u>	Adopted Budget <u>2024-25</u>
Estimated Revenues:		
Real Property Tax	\$25,869,621	\$26,226,013
Real Property Tax Items	461,943	488,969
Non-Property Taxes	2,176,430	2,396,097
Charges for Services	19,800	19,800
Use of Money and Property	280,860	967,801
Sale of Property and Compensation for Loss	3,500	3,500
Miscellaneous	1,718,864	2,608,864
State Aid	149,713,190	151,403,595
Federal Sources	510,000	510,000
Total Estimated Revenues	180,754,208	184,624,639
 Appropriated Fund Balance	 750,000	 6,367,410
 Total Estimated Revenues and Fund Balance	 \$181,504,208	 \$190,992,049
 Appropriations:		
General Support	\$27,650,123	\$23,130,405
Instruction	86,529,039	97,950,992
Pupil Transportation	10,733,867	11,338,541
Community Services	78,100	6,025
Employee Benefits	39,175,259	42,696,923
Debt Service	17,337,820	15,869,163
Total Appropriations	\$181,504,208	\$190,992,049
 Source: School District Officials		
 Administration	 \$21,481,444	 \$23,143,904
Program	122,920,992	132,636,946
Capital	37,101,772	35,211,199
	\$181,504,208	\$190,992,049

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/P21739846-P21336191-P21770414.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 requested by the District to
further review and/or update Financial Statements or opinion in connection with
the preparation and dissemination of this Official Statement.**

APPENDIX D

[FORM OF BOND COUNSEL OPINION]

December 11, 2024

City School District of the City of Niagara Falls,
County of Niagara,
State of New York

CITY SCHOOL DISTRICT OF THE CITY OF NIAGARA FALLS,
NIAGARA COUNTY, NEW YORK
\$15,835,000* SCHOOL DISTRICT REFUNDING (SERIAL) BONDS, 2024

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$15,835,000* School District Refunding (Serial) Bonds, 2024 (the "Obligations"), of the City School District of the City of Niagara Falls, Niagara County, New York (the "Obligor"), dated December 11, 2024, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of _____ centum (____%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, payable on March 15, 2025 and semi-annually thereafter on September 15 and March 15, and maturing in the amount of \$_____ on March 15, 20__ and \$_____ on September 15 in each of the years 20__ to 20__, both inclusive.

The Obligations maturing in the years 2025 to 2032, inclusive, will not be subject to redemption prior to maturity. The Obligations maturing on or after September 15, 2033 will be subject to redemption prior to maturity, at the option of the School District, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price of 100% of the par amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

We have examined:

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

*Preliminary, subject to change.

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

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

In our opinion:

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

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions,

omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP