

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 12, 2024

**NEW/RENEWAL ISSUES**

**BOND ANTICIPATION NOTES**

*In the opinion of Barclay Damon LLP, Albany, New York, under existing law, interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes and is not a "item of tax preference" for purposes of the alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the "Code"), however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The City, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance thereof. In the opinion of Bond Counsel interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York). "TAX MATTERS" herein.*

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



**\$22,996,602**  
**CITY OF SCHENECTADY**  
**SCHENECTADY COUNTY, NEW YORK**

**\$22,996,602 Bond Anticipation Notes, 2024**

**Dated: May 2, 2024**

**Due: May 2, 2025**

**(the "Notes")**

The Notes are general obligations of the City of Schenectady, Schenectady County, New York (the "City"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limits imposed by Chapter 97 of the Laws of 2011 of the State of New York. See "TAX INFORMATION - Tax Levy Limitation Law" herein.

At the option of the Purchaser(s), the Notes will be issued as registered notes payable to the Purchaser(s) or registered in the name of Cede & Co. as nominee of DTC which will act as the securities depository for the Notes. If the Notes are registered in the name of Purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at maturity and the City will act as paying agent. In such case, the Notes will be issued in denominations of \$5,000, or multiples thereof, except for a necessary odd denomination, as may be determined by the Purchaser(s).

If the Notes are issued in book-entry-only form, Noteholders will not receive certificates representing their ownership interest in the Notes and payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect 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 such DTC Direct or Indirect Participants, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes will be issued without the option of prior redemption.

The Notes are offered when, as and if issued and received by the Purchaser(s) and subject to the receipt of the respective unqualified legal opinions as to the validity of the Notes of Barclay Damon LLP, Albany, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey or as may be agreed upon with the purchaser on or about May 2, 2024.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com), on April 18, 2024 by no later than 11:00 A.M. Prevailing Time. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to Fiscal Advisors, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.**

April \_\_, 2024

THE CITY 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 OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDERS, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE CITY WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE WITH RESPECT TO THE NOTES. SEE "APPENDIX - D, CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE NOTES" HEREIN.

# CITY OF SCHENECTADY

## SCHENECTADY COUNTY, NEW YORK



### CITY OFFICIALS

GARY R. McCARTHY  
MAYOR

#### CITY COUNCIL

MARION PORTERFIELD  
PRESIDENT

DAMONNI FARLEY  
CARMEL PATRICK  
CARL WILLIAMS

JOHN MOOTOVEREN  
DOREEN DITRO  
JOSEPH MANCINI

ANTHONY R. FERRARI  
Commissioner of Finance and Administration

SAMANTHA MYKOO  
City Clerk

MAXINE BARASCH  
Corporation Counsel



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor



Bond Counsel

No person has been authorized by the City of Schenectady to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates 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 of Schenectady.

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PREPARED WITH THE ASSISTANCE OF



Fiscal Advisors & Marketing, Inc.  
 250 South Clinton Street, Suite 502  
 Syracuse, New York 13202  
 (315) 752-0051  
<http://www.fiscaladvisors.com>

# CITY OF SCHENECTADY

## SCHENECTADY COUNTY, NEW YORK

Relating To

### \$22,996,602 Bond Anticipation Notes, 2024

This Official Statement, which includes the cover page, has been prepared by the City of Schenectady, Schenectady County, New York (the "City," "County," and "State," respectively) in connection with the sale by the City of \$22,996,602 Bond Anticipation Notes, 2024 (the "Notes").

The factors affecting the City's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the City's tax base, revenues, and expenditures, this Official Statement should be read in its entirety.

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

#### NATURE OF OBLIGATION

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

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

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

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law (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 City is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the City's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to override that limitation. See "TAX INFORMATION - Tax Levy Limitation Law."

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 (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) 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.

## **DESCRIPTION OF THE NOTES**

The Notes are general obligations of the City, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the City is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limits imposed by Chapter 97. See "TAX INFORMATION - Tax Levy Limitation Law" herein.

The Notes will be dated the date of delivery and will mature, without option of prior redemption, on May 2, 2025. The Notes will be issued at the option of the purchaser in either (i) registered form registered in the name of the Purchaser, in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination, as may be determined by the successful bidder(s) and the City will act as paying agent; or (ii) as registered notes registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

## **NO OPTIONAL REDEMPTION**

The Notes are not subject to redemption prior to maturity.

## **BOOK-ENTRY-ONLY SYSTEM**

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

### **CERTIFICATED NOTES**

At the request of the Purchaser (s), the Notes may be issued in certificated form and the following provisions will apply. DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Notes will be issued in registered form registered in the name of the Purchaser(s) in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination. Principal of and interest on the Notes will be payable at the City. The Notes will remain not subject to redemption prior to their stated final maturity date.

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**PURPOSE OF ISSUE**

<b>PROJECT</b>	<b>2023 ISSUE AMOUNT</b>	<b>PRINCIPAL REDUCTION</b>	<b>2024 ISSUE AMOUNT</b>
Parks - F350 Pickup w/plows (2)	\$ 131,755	\$ -	\$ 131,755
Parks -6 wheel dump truck w/plow and spreader	231,078	-	231,078
Waste Collection-rear loaders packers (4)	1,013,500	-	1,013,500
Fire-hydraulic(2)/battery(2) operated extrication equipment	259,938	-	259,938
Fire-arson vehicle 4-door pickup	91,215	-	91,215
Fire-multiple vehicle replacements (2) chevy tahoes	141,890	-	141,890
Police-New pd vehicles (10 marked/4 unmarked/2 vans)	785,463	-	785,463
Police-Computer/servers & body camera's	226,011	-	226,011
Police-solar powered traffic signboards	64,864	-	64,864
Police-property evidence storage system	60,810	-	60,810
Streets-1 ton 6 wheeler dump truck	111,485	-	111,485
Streets-10 wheel dump truck	278,713	-	278,713
Streets-crafcu patcher	70,945	-	70,945
General Facility improvements	2,685,775	-	2,685,775
General Street Improvements	1,520,250	-	1,520,250
Sewage treatment plant-river pumps, controls, backup generator	658,775	-	658,775
Digester 3 upgrades/boiler	3,597,925	-	3,597,925
Pump Stations-Woodlawn pump station rehab	709,450	-	709,450
Garage-mobile vehicle lift	-	-	86,148
Parks - F350 Pickup w/plow	-	-	76,013
Property Mngt.-electric vehicles (2)	-	-	72,972
Property Mngt.-F350 Pickup w/plows (2)	-	-	145,944
Waste Collection-rear loaders packers (2)	-	-	557,425
Waste Collection-electric vehicles (4)	-	-	145,944
Fire-self contained breathing apparatus	-	-	1,216,000
Fire-information technology servers	-	-	202,700
Police-New pd vehicles (11)	-	-	785,463
Police-Computer/servers & body camera's	-	-	126,688
Police-SOS team equipment	-	-	152,025
Streets-street sweepers (11)	-	-	551,344
Streets-blacktop hot box reclaimer trailer	-	-	278,713
General Facility improvements	-	-	3,005,028
Court Renovations	-	-	506,750
Water fund projects	-	-	927,353
Sewer fund projects	-	-	1,520,250
<b>TOTAL</b>	<b>\$12,639,842</b>	<b>\$ -</b>	<b>\$ 22,996,602</b>



## INTRODUCTION

The City of Schenectady, measuring approximately 10.78 square miles and with a population of 68,809 according to the 2022 U.S. Census estimate, is located in the eastern portion of New York State on the Mohawk River about five miles west of Albany. The City is an integral part of the Capital Region, which also includes the cities of Albany and Troy, as well as other smaller cities, towns and villages. Incorporated on March 26, 1798, the City is one of the nation's oldest incorporated cities and serves as the seat of Schenectady County government. The City is the commercial, industrial and cultural center of Schenectady County.

The following is an overview of the City's 2018-2023 budgets. See also "Finances" herein for further detail regarding the City's budgets and financial results.

2018 Budget. The City's 2018 budget was adopted by the City Council on October 24, 2017. The 2018 budget of \$85,241,945 included a tax rate decrease of 0.45%, a tax levy increase of 3.0% (due to increase in taxable assessed value) and percentage of Constitutional Tax Limit used of 65.23%. The City remained within its tax cap for the 2018 fiscal year.

2018 Results: The audited results for FY 2018 include General Fund revenues of \$84.9 million, \$1.1 million less than the revised adopted budget. The 2018 General fund expenses of \$83.1 million which is under the revised adopted budget by \$3.15 million. The General Fund ended 2018 with a surplus of \$1.8 million. Revenues from sale of City owned properties, budgeted at \$1.4 million, generated actual revenues of \$1.98 million. Revenues from the Casino, budgeted at \$2.2 million, generated actual revenue of \$2.6 million. Allowance for uncollected taxes, budgeted at \$4.12 million, were \$3.02 million. Management continued to work diligently to control expenses and cut costs. The City's General Fund - Fund Balance increased to \$15.3 million.

The City's Water and Sewer funds both ended the year with surpluses, \$1,105,807 and \$1,353,837, respectively. The City's Golf/Recreation fund ended the year with a slight deficit of \$10,448 – the City appropriated \$103,000 of Golf Type Capital Reserve during 2018.

On January 29, 2018, a mudslide occurred in the City that destroyed one privately-owned apartment building and damaged another. As a matter of public safety, the City arranged for demolition of several buildings. The City paid a total of \$205,812. Of this amount, the City paid \$124,412 for stabilization of the slope, \$72,000 for City demolitions and \$9,400 for the removal of trees. Funds from the City's Contingency Account were used to pay for those expenses.

In December 2018, the buildings at 6-8 Grand Street became unstable. As a matter of public safety, the City arranged for the demolition of the building at a cost of \$110,000, which amount was paid from the City's contingency fund in 2018.

There were two large tax certiorari claims pending for Home Depot and Rite Aid Corporation. The City accrued the value of these settlements in the 2018 financial statements (approximately \$452,000) (expense and liability in the General Fund).

2019 Budget. The 2019 budget was adopted by the City Council on October 26, 2018. The adopted budget of \$86,735,149 included a tax rate decrease of 1.29% a tax levy decrease of .57% and a percentage of Constitutional Tax Limit used of 62.88%. The City remained within its tax cap for the 2019 fiscal year. The 2019 budget estimated \$2.63 million in revenue from Rivers Casino and \$1.6 million in revenues from the sale of City owned properties. The 2019 budget did not include the sale of tax liens.

2019 Results: The audited results for the 2019 fiscal year include General Fund revenues of \$84.87 million and with General Fund expenditures of \$85.78 million. This resulted in a deficit of \$916,750. The deficit was primarily due to settlement of the police union contract that required retroactive payments for 2018 and 2019 in the amount of \$1.01 million.

The City's Water and Sewer funds both ended the year with surpluses \$90,300 and \$536,837 respectively. The City's Golf/recreation fund had a slight deficit of \$37,270 which was primarily due to the appropriation of Golf Type Capital Reserves of \$92,000 instead of borrowing.

2020 Budget. The 2020 budget was adopted by the City Council on October 28, 2019. The adopted budget of \$89,459,143 included a tax rate decrease of 1.6% a tax levy decrease of 1.1% and a Constitutional Tax Limit used of 60.17%. The City remained within its tax cap for the 2020 budget year. The 2020 budget estimated \$2.925 million in revenue from Rivers Casino, and a new Agreement for the operation of City's Solid Waste Transfer Station. The 2020 budget did not include the sale of tax liens.

2020 Results: The City's Golf/Recreation Fund finished the year with a \$148,000 surplus. The City's Water Fund finished the year with a \$890,000 surplus. The City's Sewer Fund finished the year with a slight deficit of \$168,000 (due to use of capital reserves during the year).

The City's General Fund finished the year with a deficit of \$3,688,309 (far less than the revised budgeted use of Fund Balance of \$5,058,955). During the COVID-19 pandemic, the Finance Commissioner and the Mayor cut the overtime and non personnel budget lines by 20%, a no hiring directive was issued and all purchase orders required the approval of the Mayor and Commissioner of Finance. These directives helped to keep the deficit manageable. Driving factors contributing to this deficit were the financial downturn in the economy due to the COVID-19 pandemic (decrease in Rivers Casino revenues, NYS AIM payments, Prior Year tax lien collection and various departmental income streams). The City's cash flow remained healthy throughout 2020; the City issued a \$7.0 million TAN in September of 2020 to cover any potential cash flow issues. The City repaid the TAN in full at maturity in 2021.

2021 Budget. The 2021 budget was adopted by the City Council on October 26, 2020. The adopted budget of \$88,539,604 included a tax rate increase of 1.5%, a tax levy increase of 2.6% and a Constitutional Tax Limit used of 57.99%. The City remained within its tax cap for the 2021 budget year. The 2021 budget estimated \$2.3 million in revenue from the Rivers Casino. The 2021 budget did not include the sale of tax liens. President Biden signed into law the American Rescue Plan Act ("ARPA"), a \$1.9 trillion COVID-19 relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The City received ARP aid in the amount of \$26,485,899 in 2021 and received ARP aid in the amount of \$26,485,899 in 2022.

2021 Results: The 2021 general fund fiscal year end results are total revenues of \$94,085,386 and total expenditures of \$88,498,096 resulting in an excess of revenue and other financing sources over expenditures of \$5,582,290.

2022 Budget The 2022 budget was adopted by the City Council on October 13, 2021. The adopted budget of \$97,587,611 did not include a tax rate increase. The City remains within its tax cap for the 2022 budget year.

2022 Results: The 2022 general fund fiscal year end results included total revenues of \$98,275,476 and total expenditures of \$96,380,235 resulting in an excess of revenue and other financing sources over expenditures of \$2,638,786. See 2022 audited financial statements attached hereto as "APPENDIX-C".

2023 Budget The 2023 budget was adopted by the City Council on October 30, 2022. The adopted budget of \$103,950,721 did not include a tax rate increase. The City remains within its tax cap for the 2023 budget year.

2024 Budget The 2024 budget was adopted by the City Council on December 21, 2023. The General Fund 2024 adopted budget is 4.5% larger than the 2023 adopted budget by \$4,753,562 and includes the following:

- Tax rate decrease.
- Federal COVID Assistance (ARPA).
- Increase in commercial waste fee from \$3.45 to \$5.17.
- Decrease of 7 positions from the 2023 adopted budget.

Some of the major initiatives that increase recurring revenues and/or decrease recurring costs are as follows:

- **COUNTY SALES TAX AGREEMENT** –In October 2020, the City entered into an agreement with the County effective December 1, 2020, through November 30, 2028. In year one, the City received the same percentage of the 3% sales tax revenue collected as it did in year eight of the prior agreement, plus \$1,000,000, which represents the aggregate total due under the Hazmat (\$600,000), Police (\$200,000) and Community Redevelopment and Demolition of Structures (\$200,000) agreements. Thereafter in years two through eight, the City will receive the same percentage of the 3% sales tax as it did in year one, and the calculation of this amount will include the \$1,000,000 added to the base of year one for the appropriate percentage calculations in years two through eight.
- **COUNTY PROPERTY TAX AGREEMENT** – The City is responsible to extend, apportion, collect and enforce collection of the real property tax within the City. In February 2014, the City entered into an agreement with the County that addresses payment of County taxes (collected or uncollected) by the City beginning with the 2012 taxes. The February 2014 agreement requires that the City pay to the County an amount equal to the County taxes uncollected for 2012 in 2014; pay to the County an amount equal to the County taxes uncollected for 2013 over a multi-year period with payments due February 2015 and 2016; and thereafter only pay to the County the amount of taxes collected. The agreement also contains terms regarding enforcement of unpaid taxes and reporting requirements.
- **HEALTH CARE** – The City is striving to control health care costs while preserving benefits. In 2011, the City facilitated the movement of retired employees to a Medicare Advantage Plan. In 2013 the City became partners with the C.S.E.A. Strategic Benefit Trust ("Trust"). As a result of the partnership with the Trust, the City has: separated the pharmacy component from its health insurance; self-insured the City's Exclusive Provider Organization health plan ("EPO") and has and will continue to conduct programs to expand its employees' awareness of preventative care and wellness information. In 2014, the Trust exited the agreement, but the agreement continues between MVP Select Care, Inc. ("MVP") and the City with no substantial change in terms. Discussions also continue with Ellis Medicine, Schenectady County, Schenectady School District, and MVP regarding the potential to create a uniform public employee benefit package. Effective, 2017, as the City negotiated its union contracts, it created a uniform benefit package, the EPO15, which is composed of its health plan's most efficient options.

- **FIGHTING BLIGHT** - The City has implemented a comprehensive demolition program to reduce blight and enhance quality of life throughout the City's neighborhoods. Selective demolition of blighted properties is expected to stabilize neighborhood property values, reduce criminal activity, and save taxpayer dollars. The City has received HUD Section 108 funds totaling \$2.5 million for this purpose. The City plans to utilize any available additional grant and/or loan funds and, potentially, private investment to fund this effort.
- **H.O.M.E.S.** – Home Ownership Made Easy (“H.O.M.E.S.”) in Schenectady is an innovative program created by Mayor McCarthy that is unique to the City. H.O.M.E.S. endeavors to make home ownership easier and encourage long-term owner-occupied housing within the City. This is accomplished by bringing buyers, available property (City and privately-owned) and financing options together, thereby revitalizing neighborhoods within the City. When City-owned properties are sold, in addition to providing positive value to the City neighborhoods, the City benefits by returning parcels to the tax roll, thereby strengthening its tax base. In 2023 (unaudited) the City sold approximately 43 properties for \$1,019,533. In 2022 (audited) the City has sold 73 properties for \$1,435,026. In 2021 (audited) the City has sold 111 properties for \$3,007,520. In 2020 (audited), even with the COVID-19 pandemic, the City received \$1,081,885 (audited) from the sale of 76 properties. In 2019 City received \$926,200 (audited) of revenue from the sale of 68 City owned properties. In 2018 the City received \$1,985,143 (audited), in 2017, the City received \$1,409,563 (audited); in 2016, the City received \$1,162,314 (audited); in 2015 the City received \$1,300,207 (audited); in 2014 the City received \$577,900 (audited). The program's marketing efforts include open houses, press releases, website presence and public access television. Future marketing efforts are being developed that will include social media and an enhanced website. The City's current strategic partners include lenders, realtors, contractors, Schenectady City School District and the local newspaper, Daily Gazette. An example of financing options available include: KeyBank that offers “Key to the City”, a Schenectady-only mortgage package for qualified buyers that includes a \$500 down payment, no private mortgage insurance requirement and mortgage funding of up to \$50,000 over the appraised value of the property; Schenectady Housing Development Fund Corporation offers up to 10% or \$10,000 to qualified first time home buyers to use for down payment and/or closing costs; and NBT Bank offers ¼% lower interest rate to qualified 1st time homebuyers.
- **LAND BANK** - In April 2012, the State authorized the New York State Land Bank Act to develop new not-for-profit entities focused on revitalizing vacant and abandoned properties. As a result, the Land Reutilization Corporation of the Capital Region (“Land Bank”), a partnership among the City of Schenectady, City of Amsterdam and Schenectady County, was established. The Land Bank demolishes unsafe properties while renovating others to increase value in the service district. Proceeds from the sale of renovated properties are reinvested for further demolition and rehabilitation projects. Since its inception, the Land Bank has received grant funding from Schenectady County as well as through New York State's Land Bank Community Revitalization program. In 2022 the Land Bank celebrated ten years of mitigating blight and strengthening neighborhoods. Since its inception the Land Bank has won over \$10 million of grant funding to leverage over \$100 million of new investment in community and neighborhood revitalization activities, including the demolition of 200 vacant and/or blighted buildings and renovation of an additional 33 structures with over 250 units of safe and modern housing. Recent projects include the proposed mosaic apartment project on multiple vacant City owned parcels on Crane Street, new housing in partnership with Habitat for Humanity of Schenectady County, Inc. and the City's Office of Affirmative Action and continued blight removal. In 2023 the Land Bank acquired 2 properties and 14 blighted structures were demolished. Numerous blighted buildings (4) and vacant lots (10) have been redeveloped. 40 plus additional vacant lots are under contract. The Land Bank received a second disbursement of phase I operational support from the NYS Land Bank Initiative through Homes and Community Renewal. The Land Bank was also awarded \$1.7 million in phase II of which over \$300,000 was used in 2023.
- **RESUMING TAX FORECLOSURES**– From 2005-2011 the City sold its tax liens to American Tax Funding (“ATF”). Beginning in 2012, the City commenced foreclosure activities for properties with tax delinquencies dating to 2008 and 2009. This represented the first foreclosure action by the City in nearly a decade and resulted in the City taking title to 148 properties. The City took title to 57 properties in 2013, 265 properties in 2014, 133 properties in 2015, 176 properties in 2016, and 165 properties in 2017. 2018 was the first year the City took over the ATF tax liens. The City took title to 203 properties in 2018, 98 properties in 2019, and 105 properties in 2023. The City did not have any foreclosures in 2020, 2021 or 2023. The City anticipates another round of foreclosures will occur in 2024.

## THE CITY

### General Information

The City of Schenectady is located in Schenectady County and is part of the Albany, Schenectady, Troy Metropolitan Statistical Area (MSA) generally referred to as the Capital Region of New York State.

In early 2023, GE Vernova invested \$50 million to bring production of the largest on-shore wind turbines in the world to its 650-acre technology campus in downtown Schenectady creating 200 new jobs. Three GE wind suppliers have since announced plans to open facilities in Schenectady County to support this new production work creating more than 150 additional jobs.

GE also announced that all three GE businesses – GE Aviation, GE Healthcare and GE Vernova will continue to base their research and development work in Niskayuna, which is adjacent to the City of Schenectady. This facility employs more than 1,500 scientists and engineers.

Successful development continues to occur at Schenectady's waterfront destination called Mohawk Harbor. In 2023, plans for a new event center/athletic arena were announced for the Harbor. This represents a \$50 million investment. The new facility, which is now under construction, will host Union College's Division I hockey program, other sporting events, tournaments, concerts, and trade shows. Mohawk Harbor already hosts two hotels. Construction of a third new hotel is expected to be announced shortly.

Mohawk Harbor also is home to more than 120,000 square feet of office space that is 98% occupied. The SI Group, a multi-billion global company, moved a regional HQ into office space at Mohawk Harbor this year with 125 jobs.

A new 80,000 SF office building was completed at 356 Broadway in downtown. This was a \$26 million project. The building is fully leased by the NYS Lottery/NYS Gaming Commission and associated vendors. This is the Lottery/Gaming headquarters.

A former Armory building in downtown Schenectady has been renovated and is now called Armory Studios NY. This venue continues to attract interest from entertainment/film and television production companies. Prior to the recent writer's strike, HBO, Showtime, and Amazon filmed productions at the Armory Studios NY sound stage. The facility is also hosting large touring exhibits. Van Gogh: The Immersive Experience, attracted more than 130,000 visitors to Schenectady.

CDTA, the local regional transportation authority, built a new \$5 million Mobility Hub downtown that provides EV car rentals, electric scooter rentals, bike rentals, EV charging and access to bus rapid transit service.

Work was completed in 2023 on a \$120 million housing development on the City's north side by Pennrose, a national leader in housing. This project transformed a former housing authority site into new, quality affordable housing that will make payment in lieu of tax payments where the site was previously exempt from real property taxes.

Work is well underway on a \$20 million redevelopment of the former Wedgeway and Kresge buildings downtown at the corner of Erie Boulevard and State Street by a prominent local developer building market rate apartments.

FW Webb, a major HVAC, and plumbing wholesaler purchased and renovated 586 Broadway in downtown as a retail/office/training center.

A \$23 million renovation of the former Elmer Avenue School into apartments to be known as Elmer Gardens is underway. This project will be completed in 2024 in the Eastern Avenue neighborhood.

A \$27 million redevelopment on Crane Street is under construction.

Metroplex and the Capital Region Land Bank demolished 11 vacant and blighted buildings downtown creating new shovel-ready sites for development of additional mixed-use buildings as demand for downtown residential development continues to be very strong.

A new public square/greenspace was opened across from City Hall called Jay Square.

MTX, a national software and AI company leased 10,000 square foot of space downtown at 400 State Street.

Other companies moving to the city included Old World Provisions and Thomson & Johnson, creating more than 100 new jobs. A number of new restaurants, coffee shops and entertainment/music venues also opened.

The City received a \$2.75 million Restore NY grant that will help redevelop a vacant auto dealership on State Street as part of a \$75 million mixed-use project.

A well-established regional construction company has announced plans and is almost through the approval process for a \$13 million project to build 41 new townhomes in the Hamilton Hill neighborhood.

A new \$6 million dental clinic has opened on State Street in a former vacant Rite-Aid store.

Schenectady County was the 6<sup>th</sup> fastest growing county in NYS according to the most recent census data.

The County's economic development team, led by Metroplex, attracted \$345 million in new investment and over 800 jobs to Schenectady County in 2023.

A new \$14 million apartment complex called the Reserve at Towpath Trail was completed in the Northside neighborhood of the City.

The Swift Building at 26 North Broadway was renovated.

Tokyo Electron has invested \$20 million plus to renovate a building at the Technology Drive Business

Park. A \$2.4 million renovation of 426 Franklin Street was completed. The building is fully leased.

New construction was completed on an \$11 million mixed-use retail/residential project at 501 State Street downtown. The same developer renovated 500 State Street as the new home for three major medical practices.

To accommodate all the new residential construction downtown, an investor from Atlanta completed construction of a 100,000 square foot.

\$ 7 million self-storage facility downtown.

140,000 square foot, \$40 million Mill Artisan District downtown with tech offices, brewery, retail, and apartments. A new \$4 million Alltown Market built by a Fortune 500 company. Both projects have been completed.

Renovation of the former OTB regional headquarters and Gazette Press buildings downtown are completed.

A new tech manufacturing plant in the City will result in 50 new jobs moving to Schenectady from Colorado. The owner now has three manufacturing plants in the City of Schenectady.

The \$19 million Renaissance Square development on Eastern Avenue is completed.

The \$40 million Hillside Crossings development is completed.

Many software technology companies are located downtown including Transfinder and the Jahnel Group. Both companies are expanding.

The City was awarded a \$10 million Downtown Revitalization Grant with 13 new development projects funded in part by this grant.

Other economic development projects include the construction in 2010 of a \$50 million, 240,000 square foot Golub Corporation headquarters which as of December 31, 2026 employed 460 full time employees.

Mohawk Harbor in the City is a \$600 million project on a 60-acre waterfront site that hosts a casino/resort, two new hotels, apartments, condos, retail, and tech office space, along with greenspace, bike trails, a new harbor with 50 boat slips, and other amenities. Schenectady was one of only four communities in the State selected as a site for a new casino. The master developer of Mohawk Harbor, the Galesi Group, is one of the largest developers in the State. The casino operator is Rush Street Gaming, which has a long record of operating successful regional casinos in Pittsburgh, Philadelphia, Chicago and Portsmouth, Virginia.

The riverfront development also includes a new \$15 million Courtyard by Marriott and a new \$25 million The Landing Hotel with 165 rooms. Over 1,500 good paying jobs now exist at Mohawk Harbor. The 206-unit River House waterfront apartments also opened at Mohawk Harbor along with 15 new waterfront townhomes. Over 100,000 square feet of tech office space at the complex have been leased. The City is receiving many financial benefits from this new development, including host community revenue from the casino, increased sales tax, property tax, mortgage recording tax, and a share of the casino licensing fee.

The City serves as the headquarters for Mohawk Valley Physicians Health Care (“MVP”), a large health insurance company which employs almost 900 workers in the downtown area.

The City continues to play a leading role in power generation technologies including green energy. In the past 15 years, GE has invested over \$700 million at its 650-acre technology campus adjacent to downtown Schenectady, transforming the site into one of the largest technology centers in New York State. This campus is home to several GE power businesses including Renewable Energy and GE Vernova, which produces steam turbines and generators at the site. GE’s Global Research Center is located in the nearby Town of Niskayuna. GE has more than 4,000 employees in Schenectady County.

A new \$23 million Amtrak station is now open.

A former County Social Services building near Mohawk Harbor has been converted to loft apartments with a \$3 million investment.

A \$7 million restoration of the former Foster Hotel complex as apartments, office and retail space has been completed. The complex is fully leased.

The Crosstown Plaza, a retail center in Schenectady, has been renamed Crosstown Commons and a \$3 million renovation was completed.

The former Schaffer Senior Center has been transformed into a \$6 million loft apartment complex.

Fluor, a leading engineering and defense company, now has 104,000 square feet of office space downtown.

Union College has recently completed a new \$100 million engineering building.

Cambridge Towers, a \$5 million new apartment complex, has finished construction.

118 Jay Street received a \$650,000 investment as a mixed-use retail and residential building.

Construction has been completed on the \$20 million Electric City Apartments at the corner of Erie Boulevard and State Street.

The \$18 million renovation of the former YMCA at 13 State Street has been completed.

A \$7 million renovation of Summit Towers on Albany Street has been completed.

The former Labor Temple on Clinton Street has been renovated as loft apartments with a \$500,000 investment. 148 Clinton Street has been renovated as apartments and ground floor retail with a \$1.7 million investment

A new apartment building has been completed near Mohawk Harbor. This was a \$5 million investment. A \$20 million renovation of two former schools on Craig Street is completed.

A fast-growing national company, Beekman 1802, has opened its corporate headquarters at Mohawk Harbor along with several other new employers including Delta Engineering and LeChase Construction.

The Jahnel Group, a fast-growing software company, has more than 100 employees in 17,000 square feet of leased space downtown. A fast-growing pharmaceutical company, ICPD, has moved its headquarters and research facility to Schenectady.

Distributed Solar Development (DSD), a leader in solar technology created by GE and Black Rock moved its corporate HQ to Mohawk Harbor in Schenectady.

Recreation and sports facilities within the city include a 600-acre park system, a golf course, playgrounds, tennis courts, and swimming pools.

The City provides police and fire protection, water, and sanitation services. Education is provided by the City School District as well as private and parochial schools. Higher education is available at Union College, founded in 1795, SUNY Schenectady, and Clarkson University's graduate school located in Schenectady.

The Schenectady County Airport is home to the Stratton Air National Guard Base which employs more than 1,000. The base has a \$100 million impact on the local economy. Commercial airline service is available at the Albany International Airport. The City is located on the New York State Barge Canal and has access to direct water transportation to the Atlantic Ocean, the Great Lakes, and the St. Lawrence River through Lake Champlain. Passenger and freight rail transportation is also available. An extensive network of highway facilities includes the New York State Thruway (Interstate I-90) which has two interchanges in the City, Interstate I-890 and Interstate I-88 and New York State Routes 5 and 7.

### **Schenectady Metroplex Development Authority**

The Authority was created under the New York Public Authorities Law to pursue a comprehensive, coordinated program of economic development activities in the Route 5 and 7 corridors of Schenectady County, with special emphasis on the downtown area of the City. In creating the Authority, the State Legislature determined that its establishment was necessary for the economic prosperity, health, safety and general welfare of the people of the State, through the construction, development, location and operation of infrastructure improvements and new facilities to redevelop an area characterized by deteriorated industrial and commercial structures, uncoordinated and incompatible commercial uses, inadequate public facilities and substandard economic conditions. The Authority's general purpose is to design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage and/or maintain buildings, parks, structures and other facilities within its service district.

The primary source of funding of the Authority is the receipt of sales tax revenues received by the county for the benefit of the Authority.

As of December 31, 2023, the Authority has approximately \$31.7 million of General Resolution Bonds outstanding. The Authority's bonds are not an obligation of the City and the City does not guarantee the debt of the Authority.

The Authority has a bond rating of "A+" from Standard and Poor's and an "A1" rating from Moody's.

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## Larger Employers (over 400 employees)

<u>Company</u>	<u>Type</u>	<u>Number of Employees</u>
GE	Research, Manufacturing, Engineering	4,000
Ellis Medicine	Hospital/Medical Facilities	3,450
County of Schenectady	County Government	1,446
Golub Corporation	Food Distributors	1,401
Rivers Casino & Resort	Entertainment	1,065
Schenectady City Schools	Education	730
Union College	Education	865
MVP Health Care	Health Insurance	850
City of Schenectady	City Government	523
Fluor	Navy Nuclear Engineering	500
SUNY Schenectady County Community	Education	428
NYS Workers Compensation Board	State Government Agency	400

Source: City officials.

## Population Trends

	<u>City of Schenectady</u>	<u>County of Schenectady</u>	<u>New York State</u>
U.S. Census 1970	77,958	161,078	18,236,882
U.S. Census 1980	67,972	149,946	17,558,072
U.S. Census 1990	65,566	149,285	17,990,455
U.S. Census 2000	61,908	146,555	18,976,457
U.S. Census 2010	66,135	154,727	19,378,102
U.S. Census 2018	65,575	155,350	19,542,209
U.S. Census 2019	65,273	155,299	19,453,561
U.S. Census 2020	67,047	158,061	20,201,249
U.S. Census 2021	66,809	157,515	19,857,492
U.S. Census 2022	68,809	160,093	19,677,151

Source: U.S. Census Bureau.

## Form of City Government

Subject to the State Constitution, the City operates pursuant to the City Charter and in accordance with State laws to the extent such laws are applicable to the City. The City operates under the "Strong Mayor and Council" form of government.

The Mayor is the chief executive and administrative officer of the City and is elected at large for a four-year term. The duties of the Mayor include appointment of officers and employees, preparation of the tentative budget and review and approval (or disapproval) of resolutions and ordinances of the City Council.

The City Council is the legislative branch of government and consists of seven members who are elected to staggered four-year terms. One member of the City Council is designated at the annual organization meeting to be City Council President to preside over the meetings of the City Council. The City Council meets at both regular and special meetings throughout the year and utilizes the committee system to review legislation. In addition, the City Council adopts the annual budget, levies taxes, approves modifications to the budget and authorizes indebtedness to be incurred by the City.

The Commissioner of Finance and Administration is the Chief Fiscal Officer of the City. The Commissioner of Finance and Administration is appointed by the Mayor and the duties of the Commissioner of Finance and Administration include supervision of general accounting and bookkeeping and other financial functions of the City.



## Budgetary Procedures

The tentative budget of the City is prepared by the Mayor and is submitted to the City Council by October 1 of each year. The budget includes estimates of expenditures required for each department of the City as well as estimates of revenue from all sources including ad valorem real property taxes. Adoption of the budget by the City Council follows a public hearing and is required to be adopted on or before November 1st. The 2022 , 2023 and 2024 budgets were adopted by the City Council on October 25, 2021, October 30, 2022 and December 21, 2023, respectively.

Upon adoption of the budget, the tax roll and levy are determined for the ensuing year. Under present law, the tax rate and levy cannot thereafter be amended. The City Council and the Mayor may during the course of the year revise appropriations and make further transfers with respect to general operations. In addition, the Commissioner of Finance and Administration updates the Mayor and City Council Finance Committee on operations as necessary.

## Investment Policy

Pursuant to the statutes of the State, the City is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, certificates of deposit issued by or deposit placement program with a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account, certificate of deposit or deposit placement program is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law; (2) obligations of the United States of America; (3) 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; (4) obligations of the State; (5) with the approval of the State Comptroller, in tax anticipation bonds or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the City; (6) certificates of participation issued by political subdivisions of the State, as those terms are defined in the law; (7) obligations of a New York public corporation which are made lawful investments for the City pursuant to the enabling laws of such public corporation; or (8) in the case of moneys held in certain reserve funds established by the City pursuant to law, in obligations of the City. Any investments made by the City pursuant to law are required to be payable or redeemable at the option of the City within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations 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. These statutes also require that the City's investments, unless registered or inscribed in the name of the City, must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law. Historically, the City has not chosen to invest in repurchase agreements and by law cannot and does not invest in so-called derivatives.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

## Employees

The City currently employs approximately 605 full-time and part-time active employees, 496 of whom are represented by the following bargaining units: The PBA union is currently under contract negotiations.

<u>Union</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u>
Schenectady PBA (Police)	158	December 31, 2023 <sup>(1)</sup>
AFSCME, Local 1037	112	December 31, 2025
IAFF, Local 28 (Firefighters)	117	December 31, 2024
CSEA	86	December 31, 2024
IUOE, Local 106 (Operating Engineers)	11	December 31, 2024
National Union of Painters & Allied Tradesman, Local 62	4	December 31, 2027
Brotherhood of Electrical Workers, Local 236	5	December 31, 2026
United Brotherhood of Carpenters & Joiners of America, Local 146	3	December 31, 2027

(1) Currently under negotiation

## Pension Payments

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS and PFRS together are generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law" or "NYSRSSL"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. Other than members of Tier V and Tier VI described below, all members hired on or after July 27, 1976, with less than 10 years service, must contribute 3% of gross annual salary toward the cost of retirement programs.

The investment of monies, and assumptions underlying the same, of the Retirement Systems covering the City's employees is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters. For further information on the latest actuarial valuations of the Retirement Systems, investors should contact the Retirement Systems administrative staff.

Historically, there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement Systems in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the ERS and PFRS, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments. While the City is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

The City's actual aggregate contributions to the Retirement Systems since the 2014 fiscal year and 2024 budgeted contributions are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 7,854,951 <sup>(1)</sup>
2015	8,156,195 <sup>(2)(3)</sup>
2016	8,456,457 <sup>(4)</sup>
2017	8,565,029 <sup>(4)</sup>
2018	8,687,040 <sup>(4)</sup>
2019	8,300,360 <sup>(4)</sup>
2020	8,891,623 <sup>(4)</sup>
2021	9,897,471
2022	10,474,592
2023 (Unaudited)	10,642,794
2024 (Budgeted)	11,845,051

<sup>(1)</sup> The City, as budgeted, amortized a portion (\$1.5 million) of the pension contribution payable February 2015.

<sup>(2)</sup> The February 2016 pension contribution was paid in full.

<sup>(3)</sup> The City's adopted 2016 budget included a potential amortization of \$250,000. Upon the adoption of its 2015 audit, the City amended the 2016 budget using unassigned funds to budget for pension payments in full, payable February 2017.

<sup>(4)</sup> The City paid the February pension payment in full and did not amortize its pension contribution.

Amortization of Certain Pension Payments

The payment schedule from the NYS Retirement System for the amortization of all deferred retirement payments is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 170,608	\$ 5,374
Total	\$ 170,608	\$ 5,374

The City, as budgeted, amortized a portion (\$3.3 million) of the pension contribution payable February 2014 at an interest rate of 3.7%.

The City, as budgeted, amortized a portion (\$1.5 million) of the pension contribution payable February 2015 at an interest rate of 3.15%.

The City’s adopted 2016 budget included a potential amortization of \$250,000. However, as done for the 2015 pension budget after the adoption of the 2014 audit, the City amended the 2016 pension budget upon adoption of the 2015 audit using unassigned funds to pay for pension payments in full, payable February 2017. The pension payments due in February 2017 through February 2024 have been made in full.

Retirement System Rates

A chart of average ERS and PFRS rates (2019 to 2024) is shown below:

<u>State Fiscal Year Ending</u>	<u>ERS</u>	<u>PFRS</u>
2019	14.9%	23.5%
2020	14.6	23.5
2021	14.6	24.4
2022	16.2	28.3
2023	11.6	27.0
2024	13.1	27.8

New Tiers

On December 12, 2009, a new Tier V was signed into law. The law became effective for new hires on January 1, 2010. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributing 3% 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 5 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% of non-overtime wages.

On March 16, 2012, a State law further reforming public employee pensions added a new Tier VI. The Tier VI plan only applies to those employees hired after April 1, 2012.

Below is a brief summary highlighting a number of components from the Tier VI legislation:

- The employee contribution rates will vary based on a salary sliding scale from 3% to 6% of salary.
- Under previous tiers, there was no limit to the number of public employers a public employee worked for from which retirement benefits could be calculated. Tier VI only permits two salaries to be included in the calculation
- The legislation includes an optional defined contribution plan for new non-union employees with annual salaries of \$75,000 and over. The employer will make an 8% contribution to employee contribution accounts. This is a voluntary option for those employees.

- The new tier increases the minimum retirement age from 62 to 63 and allows for early retirement with penalties. There will be a permanent reduction of a pension payout for each year a person retires *prior to age 63*.
- The pension multiplier for Tier VI will be 1.75% for the first 20 years of service and 2% starting in the 21st year.
- Employees will vest after 10 years of service. This is not a change from Tier V.
- The number of sick and leave days that can be applied toward retirement service credit is reduced from 200 to 100.
- The final average salary will be based on a 5-year average instead of the current 3-year average. The annual growth in salary used to determine pension allowances is capped at 10% of the average salary of the previous four years (lump sum payments of unused sick and vacation time are eliminated from the calculation)

Pension eligible overtime for civilian and non-uniformed employees will be capped at \$15,000 plus inflation. For uniformed employees (primarily police and fire) outside of New York City, the cap is set at 15% of base

- The State will be required to fund any pension enhancements on an ongoing basis. This is a potential future cost savings for local governments.

### Stable Rate Option

The 2013-14 State Enacted Budget included a provision that provides local governments, including the City, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. For 2016-17, the stable contribution option rate was 15.1% for ERS and 23.5% for PFRS. The pension contribution rates under this program would reduce near-term payments for employers but will require higher than normal contributions in later years. The City determined it will not avail itself of this option when and if it amortizes any portion of a payment.

### **Other Post-Employee Benefits**

Healthcare Costs. It should also be noted that the City provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that will require governmental entities, such as the City, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”), described below, requires such accounting.

OPEB. Other Post-Employment Benefits (“OPEB”) refers to “other post-employment benefits,” meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended December 31, 2018 the City implemented GASB 75. The implementation of this statement requires municipalities to report Other Post-Employment Benefits (“OPEB”) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required municipalities to calculate and report a net other postemployment benefit obligation. However, under GASB 45 municipalities could amortize the OPEB liability over a period of years, whereas GASB 75 requires municipalities to report the entire OPEB liability on the statement of net position.

The City contracted with an actuarial firm to calculate its actuarial valuations under GASB 75. The following outlines the changes to the total OPEB liability during the 2022 and 2023 fiscal year, by source.

	<u>2022</u>	<u>2023</u>
Balance at Beginning of Fiscal Year:	\$ 336,358,842	\$ 261,540,657
<u>Changes for the Year:</u>		
Service cost	\$ 13,287,397	\$ 7,733,273
Interest	6,611,638	10,693,208
Changes in benefit terms	0	0
Differences between expected and actual experience	31,716,186	1,049,987
Changes in assumptions or other inputs	(116,783,838)	23,831,446
Benefit payments	<u>(9,649,568)</u>	<u>(10,488,229)</u>
Balance at End of Fiscal Year:	<u>\$ 261,540,657</u>	<u>\$ 294,360,342</u>

Source: GASB 75 Actuarial Valuation of the City. The above tables are not audited.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The City has reserved \$0 towards its OPEB liability. The City funds this liability on a pay-as-you-go basis.

The City’s unfunded actuarial accrued OPEB liability could have a material adverse impact upon the City’s finances and could force the City to reduce services, raise taxes or both.

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

### Unemployment Rate Statistics

Below are unemployment statistics for the City, County and State. The information set forth below with respect to the County and State is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County and State are necessarily representative of the City, or vice versa.

	<u>Annual Averages</u>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Schenectady City	5.4%	4.7%	4.5%	10.7%	6.6%	4.2%	4.5%
Schenectady County	4.1%	4.3%	3.7%	8.1%	4.9%	3.3%	3.5%
State of New York	4.7%	4.1%	4.0%	10.0%	6.9%	4.3%	4.2%

### 2024 Monthly Figures

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>
Schenectady City	5.3%	5.3%	N/A
Schenectady County	3.5%	3.0%	N/A
State of New York	4.3%	4.5%	N/A

Note: March 2024 unemployment figures are not available as of the date of this Official Statement.

Source: State of New York, Department of Labor. (Note: Figures not seasonally adjusted).

## Per Capita Income

Per capita income statistics for the City, County and State are listed below.

	<u>City of Schenectady</u>	<u>County of Schenectady</u>	<u>State of New York</u>
1990	\$ 12,569	\$ 15,378	\$ 16,501
2000	17,076	21,992	29,221
2010	19,810	27,500	30,948
2022	30,778	39,791	47,173

Source: U.S. Census Bureau, 1990, 2000, 2010 and 2018-2022 5-Year American Community Survey.

## Other Information

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes for which the Bonds and Notes are to be issued, is the Charter of the City, the City Law, the General Municipal Law and the Local Finance Law.

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

The fiscal year of the City is January 1 through December 31.

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the City.

## 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 reports of the State Comptroller for the past five years for the City are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2022	No Designation	15.8
2021	No Designation	19.2
2020	No Designation	33.8
2019	No Designation	15.8
2018	No Designation	6.3

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

## **Financial Statements and Accounting Procedures**

The City maintains its financial records in accordance with the Uniform System of Accounts for Cities prescribed by the State Comptroller. Independent accountants audit the financial records of the City. The last such audit made available for public inspection covers the fiscal year ended December 31, 2020. Such Audit is attached hereto as “APPENDIX – C”

The 2023 unaudited Annual Update Document is expected to be available by April 30, 2024.

### *New York State Comptroller Report of Examination*

In addition, the financial affairs of the City are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the City has complied with the requirements of various State and Federal statutes.

The most recent audit report was released by the State Comptroller’s office on August 3, 2018. The objective of the audit was to determine if municipalities are utilizing resources to perform fire safety and property maintenance inspections. The audit period was from January 1, 2015, through May 12, 2017. The audit scope was extended back to October 2004 to review inspections and January 2010 to review building permits. A copy of the audit and City’s response can be found via the website of the Office of the New York State Comptroller.

There are no State Comptrollers audits of the City that are currently in progress or pending release.

### *Fund Structure and Accounts*

The City utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity, which segregates the transactions of specific programs in accordance with regulations, restrictions or limitations. The audited financial statements of the City are not yet GASB-34 compliant. The City recognizes the requirements of GASB-34, has purchased software for the GASB-34 process and will address the requirement when possible.

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and (3) fiduciary funds that account for assets held in a trustee capacity which is now being accounted for in the General Fund (as of 12/31/2019), per GASB 84. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The City maintains the following governmental funds: General Fund, Water Fund, Sewer Fund, Special Grant Fund, Capital Projects Fund, Recreation Fund, Downtown Schenectady Improvement Fund and a Miscellaneous Special Revenue Fund. The General Fund is the operating fund of the City and accounts for general tax revenues, miscellaneous receipts not allocated by law or contractual agreement to other funds, general operating expenses, and fixed charges. The Water Fund is used to account for water operations which are not required to be accounted for on an enterprise basis. The Sewer Fund is used to account for sewer operations which are not required to be accounted for on an enterprise basis. The Special Grant Fund is used to account for Local, State and Federal agency grants that are legally restricted to expenditures for a specific grant purpose. The Capital Projects Fund is used to account for moneys used for the acquisition of capital facilities and improvements. The Recreation Fund is used to account for the operations of the municipal golf course. The Downtown Schenectady Improvement Fund is used to account for the Downtown Schenectady Improvement Corporation (DSIC) working with the City to expand the functions of the DSIC to provide a broader focus on the revitalization of Downtown Schenectady. The Miscellaneous Special Revenue Fund is used to account for the Upper Union Street Revitalization Program. The City does not utilize any funds of a proprietary nature. Fiduciary funds consist of the Trust and Agency Fund.

### *Basis of Accounting*

The City maintains its records and reports on the modified accrual basis of accounting for recording transactions in its Governmental Funds. Under this method, (1) revenues are recorded when received in cash except for revenues which are material and susceptible to accrual (measurable and available to finance the year’s operations) which are recorded when earned, and (2) expenditures, other than retirement plan contributions, vacation and sick pay and accrued interest on bond anticipation notes and general long-term debt, are recorded at the time liabilities are incurred.

**Revenues**

The City receives most of its revenues from real property taxes and assessments. A summary of such revenues and other financings sources for the fiscal years December 31, 2017 through December 31, 2022 may be found under the Statement of Revenues, Expenditures and Changes in Fund Balance in Appendices A1-A2 hereto.

*Real Property Taxes*

See “TAX INFORMATION”, herein.

*Non-Property Taxes*

The following table illustrates the percentage of total revenues of the City for each of the last five completed fiscal years, unaudited estimates for the 2023 fiscal year and budgeted figures for the 2024 fiscal year comprised of Non-Property Taxes.

<u>Fiscal Year</u>	Total <u>Non-Property Taxes</u>	Total <u>Revenues</u>	Percentage of General Fund Revenues Consisting of <u>Non-Property Tax</u>
2017	\$ 14,633,519	\$ 82,024,184	17.84%
2018	14,687,730	84,874,527	17.31
2019	15,066,811	84,871,058	17.75
2020	14,915,589	80,856,232	18.44
2021	17,007,561	94,085,386	18.07
2022	19,935,184	99,127,841	19.10
2023 (Unaudited)	20,401,901	102,549,604	19.89
2024 (Budgeted)	18,900,100	109,753,562	17.22

Source: 2017-2022 audited financial statements, 2023 unaudited estimates and 2024 adopted budget of the City. Table itself not audited.

*State Aid*

The following table illustrates the percentage of total revenues of the City for each of the last five completed fiscal years, the unaudited estimated figures for the 2023 fiscal year and the budgeted figures for the 2024 fiscal year comprised of Revenues from State sources.

<u>Fiscal Year</u>	Total Revenues <u>From</u> <u>State Sources</u>	Total <u>Revenues</u>	Percentage of General Fund Revenues Consisting of Revenues <u>from State Sources</u>
2017	14,239,846	82,024,184	17.36
2018	14,689,814	84,874,527	17.31
2019	15,229,977	84,871,058	17.94
2020	12,926,097	80,856,232	15.98
2021	16,291,441	94,085,386	15.98
2022	16,295,237	99,127,841	16.44
2023 (Unaudited)	16,457,906	102,549,604	16.05
2024 (Budgeted)	16,547,557	109,753,562	15.07

Source: 2017-2022 audited financial statements, 2023 unaudited estimates and 2024 adopted budget of the City. Table itself not audited.



The State's 2020-2021 Adopted Budget authorized the State's Budget Director to make periodic adjustments to nearly all State spending, including State aid to municipalities and school districts, in the event that actual State revenues came in below 99% percent of estimates or if actual disbursements exceeded 101% of estimates. Specifically, the legislation provided that the State Budget Director would determine whether the State's 2020-2021 budget was balanced during three measurement periods : April 1 to April 30, May 1 to June 30, and July 1 to December 31. According to the legislation, if a General Fund imbalance occurred during any Measurement Period, the State's Budget Director was empowered to adjust or reduce any general fund and/or State special revenue fund appropriation and related cash disbursement by any amount needed to maintain a balanced budget, and such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed. The legislation further provided that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature had 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature failed to approve its own plan, the Budget Director's reductions would take effect automatically. On August 13, 2020, the New York State Division of the Budget ("DOB") released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update (the "First Quarterly Update"), which projected a \$14.5 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projected a total revenue loss of \$62 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State announced that in the absence of Federal funding to offset this revenue loss, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back aid payments to local governments and school districts. However, the State returned to full State funding and made local governments and school district whole for all withheld payments. . (See "MARKET AND RISK FACTORS -COVID-19" herein).

## **Expenditures**

The major categories of expenditure for the City are General Government Support, Public Safety, Transportation, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the seven most recently completed fiscal years and the estimated expenditures for the current fiscal year may be found in Appendix A - Financial Statements.

## **Finances**

### 2019 Fiscal Year

The 2019 budget was adopted by the City Council on October 26, 2018. The adopted budget of \$86,735,149 included a tax rate decrease of 1.29% with a tax levy decrease of .57% and a percentage of Constitutional Tax Limit used of 62.88%. The 2019 budget estimates \$2.63 million in revenue from the Casino and \$1.6 million in revenues from the sale of City owned properties. The 2019 budget does not include any sale of tax liens.

The audited results for the 2019 fiscal year include General Fund revenues of \$84.87 million with General Fund expenditures of \$85.78 million. This resulted in a deficit of \$916,750. The deficit is primarily due to settlement of the police union contract that required retro payments for 2018 and 2019 in the amount of \$1.01 million.

The City's Water and Sewer funds both ended the year with surpluses \$90,300 and \$536,837 respectively. The City's Golf/recreation fund had a slight deficit of \$37,270 which is primarily due to the appropriation of Golf Type Capital Reserves of \$92,000 instead of borrowing.

### 2020 Fiscal Year

The 2020 budget was adopted by the City Council on October 28, 2019. The adopted budget of \$89,459,143 included a tax rate decrease of 1.6% with tax levy decrease of 1.1% and a Constitutional Tax Limit used of 60.17%. The 2020 budget estimates \$2.925 million in revenue from the Casino, New Agreement for the operation of City's Solid Waste Transfer Station. The 2020 budget did not include the sale of tax liens.

2020 audited results: The City's Golf/Recreation Fund finished the year with a \$148,000 surplus. The City's Water Fund finished the year with a \$890,000 surplus. The City's Sewer Fund finished the year with a slight deficit of \$168,000 (due to use of type capital reserves during the year).

The City's General Fund finished the year with a deficit of \$3,688,309 (far less than the revised budgeted use of Fund Balance of \$5,058,955). During the COVID-19 pandemic, the Finance Commissioner and the Mayor cut the overtime and non personnel budget lines by 20%, a no hiring directive was issued and all purchase orders required the approval of the Mayor and Commissioner of Finance. These directives helped to keep the deficit manageable. Driving factors contributing to this deficit were the financial downturn in the economy due to the COVID-19 pandemic (decrease in Casino revenues, NYS AIM payments, Prior Year tax lien collection and various departmental income streams). The City's cash flow remained healthy throughout 2020; the City issued a \$7.0 million TAN in September of 2020 to cover any potential cash flow issues. The City repaid the TAN in full at maturity in 2021.

2021 Results: The audited 2021 Expenditures of \$88.5 million were less than revenues of \$94.1 million resulting in a surplus of \$5.5 million. Expenditures were under budget in 2021 by \$4.2 million and only public safety departments were over budget by \$232,830. The overage was due to overtime for both Police and Fire to cover COVID-19 related absences. Highlights of the 2021 year are below.

- During 2021 the city settled 5 union contracts including Fire fighters resulting in increasing 2021 budget by \$1.69 million by appropriating fund balance.
- The audited 2021 total revenues of \$94.1 million exceeded the budgeted amount by \$5.36 million.
- Prior year tax liens exceeded budgeted amount by \$975,000
- Casino revenue- Exceeded expectations by \$841,600
- Sales tax revenue- Exceeded expectations by \$1.96 million
- Property Sales –Exceeded expectations by \$478,000
- In 2021 New York State AIM restored the 2020 revenue short fall of \$560,299
- Insurance recoveries (stop loss, Ins Rebates) were over by \$1.18 million
- City booked \$786,349 from ARPA federal aid in 2021

The ending fund balance on December 31, 2021 for general fund was \$16.3 million, \$6 million of restricted funds, \$3.8million of assigned funds and \$6.5 million of unassigned funds. Total fund balance increased by 52.26% when compared to last fiscal year.

Fiscal 2022 The 2022 expenditures of \$96.38 million were exceeded by revenues of \$98.28 million resulting in a surplus of \$2.64 million. Highlights of the 2022 results are below:

- Expenditures were under budget by \$1.2 million and all departments were under budget, however certain areas experienced stress. Transportation/Garage experienced inflationary pressures in the fuel and vehicle repair lines (over by \$296,000 and 313,000 respectably). workers comp was over by \$260,000
- Total revenues exceeded the 2022 budgeted amount by \$4.8 million.
- Sales tax revenue exceed the budgeted amount of \$15 million by \$2.3 million
- Prior year Tax liens collection exceeded expectations by \$3.1 million
- Casino revenue was over its budget by \$811,000
- Mortgage tax revenues were over budget by \$560,000
- Property sales revenue was underbudget by \$1.1 million
- Insurance recoveries were over by \$930,000
- The city booked \$2.3 million from ARPA federal aid in 2022. (Budgeted amount was \$4.9 million).
- Ending fund balance at December 31, 2022 is \$18.9 million - \$6.4 million of restricted funds, \$4.1 million of assigned funds, and \$8.3 million of unassigned funds. Total fund balance increased by 16.21% when compared to last year.

2023 Budget The 2023 budget was passed on October 30, 2022. The adopted budget of \$103,950,721 is 5.93% larger than the 2022 budget and does have a tax rate decrease of .09%.The City anticipates taxes to be flat by utilizing the following 2023 adopted budget revenues; \$1,300,000 of debt reserve funds, \$3,470,676 of its Fund Balance, \$2,406,250 in Federal Covid Assistance Aid, \$2,750,000 in sales of City owned property, and \$5,882,282in ARPA lost revenue funding. We anticipate lowering expenditure due to efficient internal controls and tactical management budgetary decisions. By effectively monitoring the City’s revenues and expenses we maintain consistent stability.

2024 Budget The 2024 budget was adopted by the City Council on December 21, 2023. The General Fund 2024 adopted budget is 4.5% larger than the 2023 adopted budget by \$4,753,562 and includes the following:

- Tax rate decrease
- Federal COVID Assistance (ARPA)
- Increase in commercial wast fee in City from \$3.45 to \$5.17
- Decrease of 7 positions from the 2023 adopted budget

**TAX INFORMATION**

**Taxable Valuations <sup>(1)</sup>**

<u>Years Ending December 31:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed Valuation	\$ 2,368,396,811	\$ 2,397,323,987	\$ 2,438,097,929	\$ 2,436,627,661	\$2,471,017,164
New York State Equalization Rate	105.00%	100.00%	90.70%	82.00%	79%
Full Valuation	\$ 2,255,616,010	\$ 2,397,323,987	\$ 2,688,090,330	\$ 2,971,497,148	\$3,127,869,828

<sup>(1)</sup> The valuations shown are the original valuations on which the fiscal years tax bills were based. Any changes that occurred after the roll was finalized, such as resulting from tax certiorari proceedings, would change the amounts shown above.

**Tax Rate per \$1,000 (Assessed)**

<u>Years Ending December 31:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
	\$12.78	\$12.96	12.99	12.98	12.97

**Tax Levy and Tax Collection Record**

<u>Year Ending December 31:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Tax Levy <sup>(1)</sup>	\$ 30,269,673	\$ 31,083,411	\$31,609,000	\$31,629,000	32,060,000
Uncollected Dec. 31	1,525,601 <sup>(2)</sup>	\$1,404,575 <sup>(2)</sup>	\$1,490,134 <sup>(2)</sup>	1,372,779 <sup>(3)</sup>	N/A
N/A% Uncollected Dec. 31	5.04% <sup>(2)</sup>	4.52% <sup>(2)</sup>	4.71% <sup>(2)</sup>	4.34% <sup>(3)</sup>	N/A

- <sup>(1)</sup> Budgeted amount reflected.
- <sup>(2)</sup> Reflects audited amounts.
- <sup>(3)</sup> Reflects unaudited amounts for 2023 as of March 28, 2024.

**Tax Collection Procedure**

The City collects its own current taxes and delinquent taxes. Until the City Council passed Local Law 2011-02 in July 2011, which removed the City’s obligation to make the County whole for unpaid County taxes owed by City property owners, the City paid to the County the full amount of taxes levied on real property within the City by the County. This change was effective January 1, 2012. This determination was challenged by the County and in February 2014, the City and the County entered into an agreement wherein the City would make the County whole for uncollected County taxes owed by City property owners for the 2012 and 2013 tax years, with the 2012 amount payable in 2014 and the 2013 amount payable over a multi-year period through 2016. Thereafter, the City will pay to the County only the taxes actually collected on its behalf and the County is responsible for the collection of uncollected taxes levied on real property within the City by the County.

Prior to 2007, the City acted as a Tax Collecting Agent of School District taxes in order to avoid expenses of duplicate tax collection agencies. The City also pays the School District the full amount of taxes levied on real property within the City by the School District. In 2007, the School District started collecting its own taxes. However, the City is still obligated to make the School District whole. Making the School District “whole” in uncollected taxes has a negative financial impact on the City due to the inability to collect unpaid taxes.

City, School District and County taxes and sewer and water rents are payable in quarterly installments due January 1, April 1, July 1 and October 1, with each installment becoming delinquent fifteen days after the respective due date. Penalties are 1.75% per month during the period of delinquency. All taxes must be paid by December 28<sup>th</sup> to avoid additional penalties and avoid a tax sale. The liens are charged 21% interest.

Unpaid taxes levied against real property situated in the City and taxes paid by the City to the School District may be redeemed by payment of the amount due the City plus 21% interest per annum until an "in rem" foreclosure action is commenced. Amounts paid by the City to the School District for uncollected taxes due, if any, are included in the annual budget as uncollected taxes and constitute a lien held by the City.

In the fall, the first foreclosure notices are sent to delinquent property owners. In the beginning of the following year, the City initiates a foreclosure proceeding by filing a list of delinquent taxes with the County Clerk, sending out letters to all necessary parties and publishing names of delinquent property owners in the local newspaper. Until the redemption date (the last day for a delinquent property owner to pay the delinquent taxes before foreclosure - typically in/near midyear) an additional foreclosure fee is added to the final payment for those owners who come to clear their tax lien. The foreclosure file is prepared and sent to a judge and the judge executes the order granting foreclosure. Additionally, the City may elect to do a second foreclosure during the year. From 2004 through 2011, the City sold its tax liens to American Tax Funding and, accordingly, during that period the City did not commence any in rem foreclosure proceedings. In 2012, the City stopped selling its tax liens to American Tax Funding and resumed foreclosing on tax delinquent parcels, with both 2008 and 2009 tax liens being foreclosed upon. The City took ownership of many of the unredeemed 2008 and 2009 tax lien parcels in October of 2012. Beginning in 2013, the City began annual foreclosures adhering to the timeline above. Due to the pandemic the City did not foreclose on any unpaid tax liens in 2020 or 2021. The City restarted foreclosures in 2022.

In 2023, 2022, 2021 and 2020, the City collected 68.56%, 61.39%, 50.12% and 46.30%, respectively, of the outstanding tax liens.

**Larger Taxpayers 2023 Assessment Roll for 2024 Tax Roll**

<u>Name</u>	<u>Type</u>	<u>City Taxable Assessed Value</u>
Niagara Mohawk dba National Grid	Utility	\$107,470,778
Maxon Alco Holdings LLC <sup>(1)</sup>	Casino	86,140,000
New York Central Lines (CSX)	Railroad	11,713,197
Kingsway Arms Nursing Center	Aged Home	10,542,100
Maxon Alco Holdings LLC <sup>(1)</sup>	Hotel	10,000,000
National Affordable Housing	Apartments	9,650,000
40 Love Associates	Real Estate	9,070,000
Home Depot	Retail	9,000,000
Niagara Mohawk dba National Grid	Utility	7,716,603
McPartlon Partners LLC	Ages Home	7,285,600

<sup>(1)</sup> Maxon Alco Holdings LLC and Mohawk Property Company LLC v. Assessor of the City of Schenectady, et al. (Index 2020-960)

The tax certiorari challenges are for assessments covering years 2020 through 2022 of 1 Rush Street, a property identified as SBL 39.49-2-1.71. The property is the site of Rivers Casino. The property does not include the hotel that is attached to the casino. The property is assessed at \$86,140,000 for each year. The property owner seeks a reduction of assessments to \$57,600,000, \$51,648,000, and \$7,562,880 for 2020, 2021 and 2022, respectively, based upon a full market value of \$64,000,000 and an equalization rate of 90% for 2020, 80.7% for 2021, and 72% for 2022 (note: the equalization rates for 2020 through 2022 were 100%, 90.7%, and 82%, respectively). This property is unique in that there are no other similar casinos in the area. The City intends to vigorously defend the current assessed value, which will require hiring an appraiser with the ability to provide a valuation of a casino. No trial date has been scheduled on these matters.

The ten largest taxpayers listed above have a total taxable assessed valuation of \$268,588,278, which represents 10.87% of the 2023 tax base of the City.

Source: City tax rolls.

**Constitutional Tax Margin**

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2021-2024:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Five Year Average Full Valuation	\$ 2,124,134,770	\$ 2,291,008,793	\$2,488,627,610	2,687,798,930
Tax Limit - 2% of 5 yr. average	42,482,695	45,820,176	49,772,552	53,775,979
Total Levy	31,129,510	31,655,099	31,629,000	32,105,710
Less: Exclusions from Tax Limit	6,492,528	6,295,122	7,677,534	7,883,463
Tax Levy Subject to Tax Limit	24,636,982	25,359,977	23,951,466	24,222,247
Tax Margin	17,845,713	20,460,199	25,821,086	29,533,732

For 2024, the City is at 45.06% of its Constitutional Tax Limit.

Source: Constitutional Tax Limit filings submitted to the Office of the State Comptroller.

**The Constitutional Tax Limit**

Although the State Constitution requires the City to pledge its power to tax real property to pay principal and interest on the Notes, which is unlimited by the Constitution for that purpose, and the State is specifically precluded from limiting that power, the power to tax real property for all other purposes is constitutionally limited to two percent of the five-year average assessed full valuation of taxable real property in the City.

From 2007 until 2021, the City reduced the percentage of the Constitutional Tax Limit used by 26.40% overall. The statistics for each of the years from 2007 through 2024 are shown below:

<u>Fiscal Year</u>	<u>Amount Subject to Tax Limit</u>	<u>Percentage of Constitutional Tax Limit</u>
2007	\$ 23,738,905	74.52%
2008	23,530,546	67.48
2009	23,945,376	62.98
2010	24,752,383	59.91
2011	25,302,237	57.33
2012	25,381,036	55.04
2013	25,800,814	55.38
2014	26,064,582	56.48
2015	26,258,484	59.83
2016	23,243,135	62.84
2017	24,743,471	62.44
2018	25,248,703	65.23
2019	24,397,848	62.88
2020	24,321,428	60.17
2021	24,636,982	57.99
2022	25,359,977	55.35
2023	23,951,466	48.12
2024	24,222,247	45.04

**Additional Tax Information**

The 2023 assessment roll of the City consists of the following approximate parcel counts: 86% residential, 14% commercial, approximately <1% industrial and other properties and the total 2023-2024 property tax bill (based off the 2023 Assessment Roll) of a typical residence with an assessed value of \$100,000 is estimated to be \$4,080.92 including City, County and School District taxes.

There were several additions to the 2023 tax roll:

Several new low to mid-income apartment buildings and new residential construction was added to the roll. The City continues to have increases in National Grid and railroad infrastructure.

Certain exemptions such as, but not limited to, veterans' and senior citizens' exemptions are administered to those who apply and qualify.

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## **Tax Levy Limitation Law**

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo, the latter four of which are indirectly affected by applicability to their respective City). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. The State's adopted 2019-20 budget included a permanent extension of the Tax levy Limitation Law. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. 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 municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions 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, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer'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 municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

## **CITY INDEBTEDNESS**

### **Constitutional Requirements**

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

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

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

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

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

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

## **Statutory Procedure**

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

Pursuant to the Local Finance Law and its Charter, the City authorizes the issuance of bonds by the adoption of a bond ordinance approved by at least two-thirds of the members of the City Council, the finance board of the City. Customarily, the City Council delegated to the Commissioner of Finance and Administration, as chief fiscal officer of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

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

- (1) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations

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

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

Except on rare occasions the City complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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

In general, the Local Finance Law contains provisions providing the City with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget and capital notes.

**Debt Outstanding End of Fiscal Year**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$106,591,055	\$102,555,000	\$115,345,010	\$ 114,227,551	\$ 142,973,417
EFC Short-Term Financing	11,673,924	21,033,855	25,276,725	27,692,740	0
Tax Anticipation Notes	0	7,000,000	0	0	0
Bond Anticipation Notes	<u>19,125,010</u>	<u>18,615,010</u>	<u>7,447,551</u>	<u>6,985,778</u>	<u>12,639,842</u>
Total Debt Outstanding	<u>\$137,389,989</u>	<u>\$149,203,865</u>	<u>\$148,069,286</u>	<u>\$ 148,906,069</u>	<u>\$ 155,613,259</u>

**Details of Outstanding Indebtedness**

The following table sets forth the indebtedness of the City as evidenced by bonds and notes as of April 12, 2024:

<u>Description</u>	<u>Due</u>	<u>Amount Outstanding</u>
<u>Bonds</u>	2023-2043	\$ 142,973,417
<u>Bond Anticipation Notes</u>		
Various Projects	May 3, 2024	<u>\$ 12,639,842</u> <sup>(1)</sup>
	<b>Total Indebtedness</b>	<b><u>\$ 155,613,259</u></b>

<sup>(1)</sup> To be repaid at maturity with a portion of the proceeds of the Notes.

**Debt Statement Summary**

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of April 12, 2024:

Five-Year Average Full Valuation of Taxable Real Property .....	\$ 2,688,079,461
Debt Limit - 7% thereof.....	188,165,562

Inclusions:

Bonds .....	\$ 142,973,417
Bond Anticipation Notes .....	<u>12,639,842</u>
Total Inclusions.....	<u>\$ 155,613,259</u>

Exclusions:

Appropriations .....	\$ 7,477,420
Sewer - Bonds <sup>(1)</sup> .....	19,743,466
Water – Bonds <sup>(3)</sup> .....	<u>11,364,108</u>
Total Exclusions.....	<u>\$ 38,584,994</u>

Total Net Indebtedness .....	<u>\$ 117,028,265</u>
Net Debt-Contracting Margin.....	<u>\$ 71,137,297</u>

The percent of debt contracting power exhausted is ..... 62.19%

<sup>(1)</sup> Excluded pursuant to Section 124.10 of the Local Finance Law. The City was granted sewer exclusion by the New York State Office of the State Comptroller. The City is currently in the process of applying for an additional sewer exclusion, which, if approved by the Office of the State Comptroller, will reduce the City’s total net indebtedness subject to the debt limit to \$78,801,938.

<sup>(2)</sup> Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Note: Does not include lease purchase obligations, tax anticipation notes, HUD obligations and pension amortizations. See “Amortization of Certain Pension Payments” and “Other Obligations” herein.

The issuance of the Notes will increase the City’s net indebtedness will be increased by \$10,356,760.



## Bonded Debt Service

A schedule of Bonded Debt Service, including the principal of the Bonds, may be found in “APPENDIX-B” to this Official Statement.

## Cash Flow Borrowing

The City historically does not issue cash flow borrowings. However, due to the COVID-19 pandemic, the City issued \$7,000,000 tax anticipation notes on September 30, 2020, in anticipation of the collection of taxes levied or to be levied for the fiscal year beginning January 1, 2020. The City repaid the outstanding tax anticipation notes in full at maturity on September 30, 2021. There are no current cash flow borrowings outstanding at this time.

## Authorized But Unissued Debt

Historically, the City issues bond anticipation notes and/or serial bonds annually for capital projects.

Ordinance 2021-16 for \$7,775,470 to finance the construction of three (3) water wells. The City plans to use State grants and Federal Infrastructure Grants to help offset the cost. The City is expected to issue not to exceed \$7,775,470 of obligations to finance this project. The City has not issued any debt for this currently.

## Other Obligations

The City has a \$3 million line of credit through a US Department of Housing and Urban Development contract for loan guarantee assistance under section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. 5308. The first draw of \$40,000 was for the acquisition of real property and clearance, demolition and the removal of buildings and improvements on real property. During 2015, when the line of credit was permanently converted to a fixed rate product, the City received all the funds.

The City entered into an agreement with National Grid for a pilot smart city project covering the installation of Network Lighting Controls (NLC), NLC network, smart city sensors, controls and related items. The outstanding amount due to National Grid at December 31, 2022 is \$1,864,350: which is payable in yearly installments between 2022 through 2028.

During the 2021 fiscal year, the City entered a new installment purchase (lease) agreement for two new Fire Pumper Trucks and one new Fire Aerial Truck with a total principal amount of \$2,662,258. Due to supply chain disruptions, the two pumpers were placed into service in May 2023 and the Aerial Truck in August 2023. During 2023 the City entered into an operational lease for electric golf carts. The lease is a five-year agreement and payment amounts are \$96,078 per year.

Future principal debt payments due under the lease and installment purchase agreements as of December 31, 2023 are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 1,161,270
2025	1,886,902
2026	740,082
2027	735,121
2028-2032	1,824,265
2033-2034	364,530

**Estimated Overlapping Indebtedness**

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. The estimated net outstanding indebtedness of such political subdivisions is as follows:

<u>Unit</u>	<u>Outstanding Indebtedness</u>	<u>Exclusions</u> <sup>(1)</sup>	<u>Net Indebtedness</u>	<u>% Within City</u>	<u>Applicable Net Indebtedness</u>
County of Schenectady	\$ 88,560,000	\$ 0 <sup>(2)</sup>	\$ 88,560,000	21.33%	\$ 18,889,848
Schenectady City					
School District	163,237,081	159,972,339 <sup>(3)</sup>	3,264,742	97.50%	<u>3,183,123</u>
					<u>\$ 22,072,971</u>

- (1) Bonds and bond anticipation notes not adjusted to include subsequent bond or note sales, if any.
- (2) Sewer and water debt.
- (3) Estimated State Building aid.

Source: State Comptroller’s reports for fiscal year ending 2021 for the County and fiscal year ending 2022 for the School District.

**Debt Ratios**

The following table sets forth certain ratios relating to the City's net indebtedness as of April 12, 2024:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$117,028,265	\$ 1,700.77	3.74%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	139,101,236	2,021.56	4.45

- (a) The current 2022 estimated population of the City is 68,809. (See “THE CITY – Population Trends” herein.)
- (b) The City’s full value of taxable real estate for the 2024 fiscal year is \$3,127,869,828. (See “TAX INFORMATION – Taxable Valuations” herein.)
- (c) See "Debt Statement Summary” for the calculation of Net Direct Indebtedness, herein.
- (d) Estimated net overlapping indebtedness is \$22,072,971. (See "Estimated Overlapping Indebtedness" herein.)

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## **SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT**

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City.

The Federal Bankruptcy Code allows public bodies recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any city, county, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

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

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

Noteholders would have additional statutory protections. The General Municipal Law of the State provides that it is the duty of a governing board to assess, levy and cause to be collected a sum of money sufficient to pay a final judgment for a sum of money or judgment directing the payment of money which has been recovered against a governmental unit and remains unpaid. The General Municipal Law further provides that the rate of interest to be paid by a municipal corporation upon any judgment against a municipal corporation shall not exceed the rate of nine per centum per annum. This provision might be construed to have application to the holders of the Notes. Execution or attachment of governmental property cannot be obtained to satisfy a judgment by holders of the Notes.

The Federal Bankruptcy Code allows public bodies recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State, including the City, to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. As of the date hereof, the City does not reasonably anticipate the filing of such a petition in the foreseeable future.

## **HISTORICAL CONTINUING DISCLOSURE COMPLIANCE**

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the City will enter into a Material Event Notices Certificate, a summary of which is attached hereto as "APPENDIX – E."

Except as noted on the following page, the City is in compliance, in all material respects, with all prior undertakings pursuant to the Rule for the past five years.

The City failed to provide notice of lease purchase agreements entered into in the 2020 and 2021 fiscal year for the purchase of fire safety vehicles. On January 7, 2022, the City filed a material event notice disclosing the lease purchase agreements and the City's failure to provide notice of such events as required pursuant to the City's outstanding continuing disclosure agreements.

On March 5, 2024 S&P Global Ratings ("S&P") upgraded the long term rating of the City's outstanding general obligation debt and issuer credit rating to 'A+' from 'A'. The City provided notice of the upgrade and failure to provide notice of such event on April 4, 2024.

In addition, on occasion, the City has failed to provide material event notices relating to changes to the ratings of municipal bond insurers that have rated certain series of the City's serial bonds.

## **MARKET AND RISK FACTORS**

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

The City is dependent in significant part on financial assistance from the State. In several recent years, the City has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE CITY - State Aid" herein).

### COVID -19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the City's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid, as well as resulting in a delay or reduction of sales tax receipts or other revenues of the City. COVID-19, a respiratory disease caused by a new strain of coronavirus, spread globally, including to the United States, and was declared a pandemic by the World Health Organization. The outbreak of the disease affected travel, commerce and financial markets globally. The outbreak had caused the Federal and State government to declare a national state of emergency. The State also took steps designed to mitigate the spread and impacts of COVID-19, including temporarily closing schools and non-essential businesses for several months. It is not possible to predict the long term impact of the COVID-19 pandemic on the State's and City's economy and financial condition.

Many of the City's largest employers were deemed essential and remained open and fully staffed during the period that the State ordered all non-essential businesses to close. Price Chopper Supermarkets is headquartered in the City and it has experienced a growth in sales and employment since the beginning of the pandemic.

Ellis Hospital – one of the City's largest employers also played a key role during the pandemic treating patients from the New York City area during the peak of the virus. Ellis Medicine commenced an affiliation with Roswell Park, a well known cancer hospital based in Western New York in the summer of 2021.

SUNY Schenectady also stayed open and enrollment is increasing as more students choose to study closer to home. There have not been any layoffs at this college.

MVP Insurance, various state agencies located in Schenectady and Fluor, a major defense contractor with operations downtown, all maintained employment during the pandemic.

The City adjoins the Town of Glenville and the Town of Rotterdam home to major business parks that provide many good paying jobs to City residents. The nearby business parks contain more than 6 million square feet of industrial and warehouse space.

During the pandemic, construction of new facilities continued including almost 500,000 square feet of space for national tenants, such as Home Depot, BelGioioso Cheese and Polar Beverages creating hundreds of new jobs.

#### Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

### **TAX MATTERS**

In the opinion of Barclay Damon LLP, Bond Counsel to the City, under existing law, and assuming compliance with the certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the City, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is further of the opinion that interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, interest on the Notes that is included in the “adjusted financial statement income” of certain corporations is not excluded from the corporate alternative minimum tax under the Code. Bond Counsel also is of the opinion that, under existing law, interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences with respect to the Notes. The opinion of Bond Counsel will speak as of its date of issue and will not contain or provide any opinion or assurance regarding the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the “IRS”). In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the Notes from gross income for federal income tax purposes.

#### *General*

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Included among these requirements are restrictions on the investment and use of proceeds of the Notes and the rebate of certain earnings in respect of such investments to the United States. The City and others have made certain representations, certifications of fact, and statements of reasonable expectations and the City has given certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy and completeness of such representations, certifications of fact, and statements of reasonable expectations.

In the event of the inaccuracy or incompleteness of any such representations, certifications or statements of reasonable expectation, or of the failure by the City to comply with any such covenant, the interest on the Notes could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the Notes, regardless of the date on which the event causing such inclusion occurs. Further, although the interest on the Notes is excluded from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a Beneficial Owner of the Notes. The tax effect of receipt or accrual of the interest will depend upon the tax status of a Beneficial Owner of the Notes Bond and such Beneficial Owner’s other items of income, deduction or credit. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition, or the accrual or receipt of interest on, the Notes.

## *Certain Collateral Federal Income Tax Consequences*

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of the Notes may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their own tax advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

### *Backup Withholding and Information Reporting*

Interest paid on tax-exempt obligations is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Notes and would be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Notes, if other than the registered owner).

### *Legislation*

Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Notes for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Notes. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Beneficial Owners of the Notes may occur. Prospective purchasers of the Notes should consult their own advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future 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 authority and represents the judgment of Bond Counsel as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts.

The Notes will NOT be designated or deemed designated by the City as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

## **LEGAL MATTERS**

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Barclay Damon LLP, Bond Counsel, Albany, New York to the effect that the Notes are valid and legally binding obligations of the City, that all the taxable real property therein will be subject to the levy of ad valorem taxes to pay the Notes and the interest thereon without limitation as to rate or amount, subject to applicable statutory limits imposed by Chapter 97, that interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the alternative minimum tax under Section 55 of the Code, and that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City will covenant to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. Such opinion also will state that: (a) the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity; (b) Bond Counsel expresses no opinion as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes; and (c) such opinion is given as of its dated date and that Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may thereafter come to their attention or any changes in law that may occur thereafter

## **ABSENCE OF LITIGATION**

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

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

## **RATINGS**

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale pending the approval of the City and at the expense of the purchaser(s), including any fees to be incurred by the City, as such rating action will result in a material event notification to be posted to EMMA which is required by the City's Continuing Disclosure Undertakings. (See "APPENDIX-D and APPENDIX-E" herein.)

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC assigned their rating of "A+" with a stable outlook to the City's outstanding bonds.

A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such ratings should be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the ratings of the City's outstanding bonds may have an adverse effect on the market price of the Notes.

## **MUNICIPAL ADVISOR**

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a municipal advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the City on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the City to the Municipal Advisor may be partially contingent on the successful closing of the Notes.

## **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the City provided, however; the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## MISCELLANEOUS

So far as 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 that may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

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 City management’s beliefs as well as assumptions made by, and information currently available to, the City’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 repositories. When used in City documents or oral presentation, 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.

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

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

Concurrently with the delivery of the Notes, the City 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 City, as to which no representation can be made.

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

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at [www.fiscaladvisors.com](http://www.fiscaladvisors.com). 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. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the City nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the City disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the City also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The City will act as Paying Agent for the Notes.

The City contact information is as follows: Mr. Anthony R. Ferrari, Commissioner of Finance and Administration, City Hall, Room 103, 105 Jay Street, Schenectady, New York 12305, Phone: (518) 382-5011, Fax: (518) 382-5030, Email: [AFerrari@schenectadyny.gov](mailto:AFerrari@schenectadyny.gov).

This Official Statement has been duly executed and delivered by the Commissioner of Finance and Administration of the City of Schenectady.

**CITY OF SCHENECTADY**

Dated: April \_\_\_\_, 2024

/s/ \_\_\_\_\_  
**Commissioner of Finance and Administration**



**CITY OF SCHENECTADY**  
**SCHENECTADY COUNTY, NEW YORK**

**AUDITED FINANCIAL REPORT**

**For the Year Ended December 31, 2022**

**Such Audited Financial Statement and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.**

### CONTINUING DISCLOSURE UNDERTAKING WITH RESEPECT TO THE NOTES

In accordance with the provisions of the "Rule", promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the City has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the EMMA system of the MSRB or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the City
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a financial obligation (as defined in the Rule) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Note holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

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

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

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

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

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

An "Undertaking to Provide Notice of Events" to this effect shall be provided to the purchaser(s) at closing.