

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Roemer Wallens Gold & Mineaux LLP, Bond Counsel, under existing laws, regulations, rulings and court decisions, and assuming continuing compliance by the City with certain covenants and the accuracy of certain representations, (i) 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 and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York. The Notes may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax, on a portion of that interest. See "TAX MATTERS" herein for a discussion of certain Federal taxes applicable to corporate owners of the Notes.

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

\$6,719,000
CITY of ALBANY
ALBANY COUNTY, NEW YORK
\$6,719,000 Bond Anticipation Notes, 2024
CUSIP BASE #012429

Dated: July 25, 2024

Due: March 21, 2025

(the "Notes")

The Notes are general obligations of the City of Albany, Albany 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 interest thereon, subject to applicable statutory limitations. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

At the option of the Purchaser(s), the Notes will be issued as registered notes registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of \$5,000 or multiples thereof, except for a necessary odd denomination, as may be determined by such successful bidder(s). Paying agent fees, if any, will be paid by the successful bidder(s).

Alternatively, if the Notes are issued in book-entry-only form, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the Purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination, as may be determined by such successful bidder(s). If the Notes are issued in book-entry-only form, 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 registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the City, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

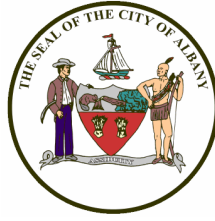
The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective approving legal opinion as to the validity of the Notes of Roemer Wallens Gold & Mineaux LLP, Bond Counsel, of Albany, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC, Jersey City, New Jersey on or about July 25, 2024.

July 2, 2024

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on July 10, 2024 until 11:00 A.M., Eastern Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the City, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

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 THE 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 BIDDER(S), 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 MATERIAL EVENTS WITH REGARD TO THE NOTES AS DEFINED IN THE RULE. SEE "APPENDIX C - MATERIAL EVENT NOTICES" HEREIN.

CITY OF ALBANY ALBANY COUNTY, NEW YORK



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Commissioner of Administrative Services

SHANIQUA JACKSON
City Clerk

MARISA FRANCHINI, ESQ.
Corporation Counsel



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

Roemer Wallens
Gold & Mineaux^{LLP}
Counsellors at Law

ROEMER WALLENS GOLD & MINEAUX LLP

No person has been authorized by the City 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.

TABLE OF CONTENTS

| | <u>Page</u> | | <u>Page</u> |
|---|-------------|---|-------------|
| NATURE OF OBLIGATION | 1 | STATUS OF INDEBTEDNESS | 26 |
| THE NOTES | 2 | Constitutional Requirements | 26 |
| Description of the Notes | 2 | Statutory Procedure | 26 |
| NO OPTIONAL REDEMPTION | 3 | Debt Outstanding End of Fiscal Year | 27 |
| BOOK-ENTRY-ONLY SYSTEM | 3 | Details of Outstanding Indebtedness | 27 |
| CERTIFICATED NOTES | 4 | Debt Statement Summary | 27 |
| PURPOSE OF ISSUE | 4 | Estimate of Obligations to be Issued | 27 |
| SOURCES OF PAYMENT OF THE NOTES | 5 | Revenue and Tax Anticipation Notes | 28 |
| THE CITY | 5 | Bonded Debt Service | 28 |
| General Information | 5 | Authority Indebtedness | 28 |
| City Services | 7 | Estimated Overlapping Indebtedness | 28 |
| Solid Waste | 7 | Debt Ratios | 29 |
| Selected Wealth and Income Indicators | 7 | SPECIAL PROVISIONS AFFECTING | |
| Population Trends | 8 | REMEDIES UPON DEFAULT | 29 |
| Employment | 8 | MARKET AND RISK FACTORS | 29 |
| Building Permit | 9 | CONTINUING DISCLOSURE | 30 |
| Ten Largest Employers in the City | 9 | Historical Compliance | 30 |
| Unemployment Rates | 10 | TAX MATTERS | 30 |
| Employees | 10 | DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES . | 31 |
| Government Organization | 11 | Legal Matters | 31 |
| DISCUSSION OF FINANCIAL OPERATIONS | 12 | ABSENCE OF LITIGATION | 31 |
| Budgetary Procedure | 12 | RATING | 32 |
| 2024 Budget Summary | 12 | MUNICIPAL ADVISOR | 32 |
| Five-Year Capital Plan | 13 | CUSIP IDENTIFICATION NUMBERS | 32 |
| Financial Control Procedures | 14 | MISCELLANEOUS | 32 |
| Accounting Practice and Independent Audits | 14 | APPENDIX - A | |
| FINANCIAL HISTORY OF THE CITY | 14 | GENERAL FUND - Balance Sheets | |
| General Fund | 14 | APPENDIX - A1 | |
| Albany Municipal Water Finance Authority and Albany Water Board | 14 | GENERAL FUND – Revenues, Expenditures and | |
| Revenues | 15 | Changes in Fund Balance | |
| Real Property Tax Base | 15 | APPENDIX - A2 | |
| Real Estate Property Tax | 15 | GENERAL FUND – Revenues, Expenditures and | |
| Expenses | 18 | Changes in Fund Balance - Budget | |
| Other Information | 22 | APPENDIX - B | |
| New York State Comptroller Report of Examination | 22 | BONDED DEBT SERVICE | |
| The State Comptroller’s Fiscal Stress Monitoring System | 23 | APPENDIX - C | |
| TAX INFORMATION | 23 | MATERIAL EVENT NOTICES | |
| Valuations | 23 | APPENDIX - D | |
| Tax Rate Per \$1,000 (Assessed) | 23 | AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY | |
| Tax Collection Record | 23 | SCHEDULES DECEMBER 31, 2022 | |
| Tax Collection Procedure | 24 | | |
| Largest Taxpayers - (2024 Tax Roll) | 24 | | |
| Payments in Lieu of Taxes | 24 | | |
| Constitutional Tax Margin | 25 | | |
| Additional Tax Information | 25 | | |
| TAX LEVY LIMITATION LAW | 25 | | |

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OFFICIAL STATEMENT
of the
CITY of ALBANY

ALBANY COUNTY, NEW YORK

Relating to

\$6,719,000 Bond Anticipation Notes, 2024

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Albany, Albany County, State of New York (the "City," "County," and "State," respectively), in connection with the sale by the City of its aggregate principal amount of \$6,719,000 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 Note 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 by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy 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 surmount that limitation. See "TAX LEVY LIMITATION LAW" herein.

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

"A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the city's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean...So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to

levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted. While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (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.

THE NOTES

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. See “TAX LEVY LIMITATION LAW” herein.

The Notes are dated July 25, 2024 and will mature, without option of prior redemption, on March 21, 2025. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. The Notes will be issued in either (i) registered certificated, and, if so issued, registered in the name of the purchaser(s) in denominations of \$5,000 each or multiples thereof, except for one necessary odd denomination, as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds; or (ii) as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See “BOOK-ENTRY-ONLY SYSTEM” herein.

NO OPTIONAL REDEMPTION

The Notes shall not be 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 selected by the purchaser(s). As such, the Notes 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 note certificate will be issued for the Notes bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

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

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

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

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

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 in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Principal of and interest on the Notes will be payable at the office of the City Treasurer, Albany, New York. The Notes will remain not subject to redemption prior to their stated final maturity date.

PURPOSE OF ISSUE

The Notes are being issued pursuant to the Constitution and Laws of the State, including the Local Finance Law, constituting Chapter 33-A of the Consolidated Laws of New York (the "Law") and various bond ordinances duly adopted by the Common Council, authorizing the issuance of serial bonds for the following projects.

| PROJECT NAME | AUTHORIZED AMOUNT | REMAINING AUTHORIZATION PRIOR TO ISSUANCE | PROCEEDS OF THE NOTES |
|-------------------------------------|----------------------|--|--------------------------|
| Settlement - Jones v City | \$ 4,300,000 | \$ 4,300,000 | \$ 4,300,000 |
| DGS Equipment & Fixtures | 539,000 | 539,000 | 205,000 |
| Central Ave Rehab | 2,000,000 | 2,000,000 | 775,000 |
| Sidewalk Reconstruction | 600,000 | 600,000 | 400,000 |
| Mobile Command Unit | 600,000 | 600,000 | 539,000 |
| Fire Apparatus | 1,500,000 | 1,500,000 | 200,000 |
| <u>South End Connector Phase II</u> | <u>2,000,000</u> | <u>1,000,000</u> | <u>300,000</u> |
| TOTAL | | | \$ 6,719,000 |

The proceeds of the Notes provides new money for the aforementioned authorizations.

SOURCES OF PAYMENT OF THE NOTES

Each Note when duly issued and paid for will constitute a contract between the City and the holders thereof.

The Notes will be general obligations of the City and will contain a pledge of the full 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 the power and statutory authorization to levy ad valorem taxes on all taxable real property within the City subject to applicable statutory limitations. Under the Constitution of the State, the City is required to pledge its full faith and credit for the payment of the principal of and interest on the Notes and the State is specifically precluded from restricting the power of the City to levy taxes on real property therefore.

THE CITY

General Information

There follows in this Continuing Disclosure Statement a general description of the City, together with certain information concerning its location, economy, governmental organization, indebtedness, current major revenue sources, and general and specific funds.

The City of Albany is the capital of the State of New York and the County Seat of Albany County. The City is located on the west bank of the Hudson River, approximately 140 miles north of New York City. The City is a center for higher education and is home to not only the State University at Albany but also SUNY Poly, The Sage College at Albany, Maria College, Albany Law School, Albany College of Pharmacy, and Albany Medical College. Located nearby are Siena College in the Town of Colonie, Union College in Schenectady, and Rensselaer Polytechnic Institute and Russell Sage College in Troy. While the College of Saint Rose has closed, effective June, 2024, SUNY Albany, Maria College and Sage College have quickly moved to re-enroll Saint Rose students into their institutions, and ramping up their programming to serve them, thus minimizing the impact of potential student and service loss from Saint Rose.

Taking advantage of Albany's location at the crossroads of transportation, the Port of Albany (operated by the Albany Port District Commission) receives cargo originating in and being shipped to foreign countries and other cities in the United States. As an economic engine that generates over \$800 million in economic impact to the State, the Port is undergoing a major expansion and transformation to become the first off-shore wind tower assembly site in America. The project, which has received State and Federal funding, represents a \$600+ million investment that is expected to create approximately 500 construction and 550 full-time jobs when completed. This new development solidifies Albany's position as a global leader in the new energy solutions industry and is anticipated to signal a significant diversification of the regional economy as Albany and surrounding areas host new industry, professional services and events attracted by the off-shore wind hub. In addition, the Port of Albany has made over \$50 million in investments its maritime operations in recent years, including, \$15 million in dock improvements, \$4 million for terminal improvements and \$18 million in transit and terminal improvements. These improvements provide the Port with the ability to handle larger vessels and cargo, and to continue to maximize year-round access while enhancing its competitive advantage for attracting commerce. These improvements build on the major private and public investments that have occurred at the Port over the past decade, totaling over \$100 million. These investments are realizing returns as well. Important examples are two new or renewed major tenant commitments and year over year increases in varied economic indicators, not to mention the off-shore wind investments that are coming. An example is Longshore hours worked increased by 63% in 2018 when compared to 2009.

The City has also been proactive in spurring economic development through strategy-driven neighborhood revitalization coupled with a long-standing real property tax program that is designed to attract new investment and project activity. With assistance from Capitalize Albany Corporation, the City of Albany Industrial Development Agency and the Capital Resource Corporation, along with similar incentives for homeowners, more than \$2 billion in new investment citywide has occurred through business, real estate and strategic development. Currently there is approximately \$384 million in new investment under construction with approximately \$217 million in the pipeline. These investments have yielded more than 2,400 multi-family units citywide and has helped repurpose nearly 20% of the underutilized commercial space citywide over the past ten years.

Within the downtown alone, there has been a massive shift over the past 5 years to create Albany's newest neighborhood, countering the effects of suburbanization of the past 7 decades, as well as incorrect perceptions of the vibrancy of downtown. Nearly \$1 billion was invested overall in the past two decades, of which over \$490 million has been invested in residential living in the past five years alone, yielding 2,095 new units of market rate housing, with an additional \$228 million in the pipeline yielding an additional 8000 units of both market rate and affordable housing. Anecdotally, residential leasing downtown has remained strong with low vacancies and based on recent market studies, the City of Albany can continue to absorb around 500 units of market rate housing per year for the next five years. Major recent investments in Downtown Albany include the Albany Capital Center, a \$78 million convention center developed by the Albany Convention Center Authority, located adjacent to the MVP Arena (formerly the Times Union Center) and the Empire State Plaza. In addition to exceeding its initial booking projections prior to COVID-19, the convention center has generated over \$62 million in total new visitor spending since opening in 2017. Strengthening its ability to better compete for national and regional, sporting and entertainment events, Albany County has completed a transformational \$19.6 million renovation of MVP Arena, home to the Albany Firewolves, a National Lacrosse League team and the Albany Empire, an Arena Football League team. As a result of these improvements, MVP Arena was selected to host first- and second-round games of the NCAA Division I men's basketball tournament in 2023 and the Division I women's basketball East Regional semifinals and final in 2024. While there were fewer events in recent years due to COVID-19, concerts, live entertainment and collegiate sports games have resumed with a robust booking schedule ahead for the Arena (as well as the Palace Theater, Empire Live, The Egg and Capitol Reparatory Theater). It is important to note that the City has no obligation to finance the construction or operation of either project.

Other major investments downtown include the \$600 million Livingston Avenue Railroad Bridge replacement expected to break ground in 2024, the \$13 million Skyway, a half-mile long linear park along a repurposed highway off-ramp that connects Downtown directly to the Hudson River and the Corning Preserve that opened in 2022, the \$68 million redevelopment of Wellington Row, located adjacent to the Albany Capital Center which includes a 200-room Renaissance by Marriott, office space, retail space and market-rate apartments and the \$80 million investment to convert long-vacant historic buildings along North Pearl Street into commercial space and market-rate apartments. In addition, the City of Albany received a \$10 million grant from the State of New York's Downtown Revitalization Initiative to assist transformative projects and encourage additional investment in the already growing Clinton Square area of Downtown. These projects include affordable housing, public art, improvements to city streetscape and other public spaces, a new linear park connecting to the riverfront and an outdoor market venue. These new investments have all aided in dramatically reducing local commercial vacancy rates by attracting new commercial tenants and converting obsolete space into vibrant new uses. Last, efforts have been underway Downtown to redevelop approximately 8 acres of property in the Liberty Park area into a \$130+ million mixed use development. The site control efforts are complete enabling the bidding process to initiate in the near term.

The City is also home to several major hospitals and healthcare facilities including Albany Medical Center, St. Peter's Hospital, Albany Memorial Hospital, and the Veterans Administration (VA) Hospital. These hospitals are also major economic engines in the City, providing significant job opportunities and investment. Albany Medical Center and the VA have been partners in neighborhood revitalization efforts in the Park South Neighborhood. New Scotland Avenue along with the rest of the Park South Neighborhood has seen \$680 million of investment, creating over 1,000 jobs, over the past decade including the construction of: a three story mixed-use building; a five-story fully leased commercial office building; a 1,250 space parking garage; and the expansion of Albany Medical Center's patient tower. The area continues to see new investment within the Park South neighborhood as a result of these strategic revitalization efforts with an additional \$40 million of new development yielding 233 new residential units further supporting the existing retail space.

The universities and colleges within the City also provide significant job opportunities and investment. Investment continues to flow into the campus of SUNY Poly, as it plans to grow its educational offerings as well as foster public/private partnerships with industry leaders. The Albany NanoTech Complex is the most advanced university research facility of its kind with 1.65 million square feet in the City of Albany, boasting billions of dollars in high-tech investments and hundreds of corporate partners since its inception, with thousands of research and development jobs on site. Corporate partners include IBM, Global Foundries, Samsung, Applied Materials, Micron, Tokyo Electron among others. Governor Hochul recently announced that the site will receive a \$10 billion national semi-conductor research center within the campus. In addition, a \$750 million investment proposed by the Governor in the New York State Budget for a new world-class public health laboratory and research facility at the nearby Harriman campus is close to breaking ground. These investments are attracting companies such as Plug Power, to continue to invest in the area, as evidenced by their recent opening of a 350,000 fuel cell assembly plant in Slingerlands, employing over 700 people.

Albany also has a rich arts and culture scene. It is home to the New York State Museum and the Albany Institute of History and Art. Live performing arts venues include the Palace Theatre, Capital Repertory Theatre, Empire Live and the Egg. Even the City's cultural sector is seeing large swaths of reinvestment. Although live entertainment venues nationwide were among the hardest hit during the COVID-19 pandemic, new spaces have continued to open in the City such as the new \$14 million home of the Capital Repertory Theatre which seats 300 in the main theater and 70 in the black box theater as well as Empire Live which has a capacity of 1,000 people. With seating capacity of between 6,000 and 17,500, the MVP Arena hosts concerts and professional and college sports teams as well as other events. Many smaller venues also host events, concerts and other performances in neighborhoods throughout the City, and larger venues in Saratoga, Schenectady and Troy are also vital components of this regional scene.

In addition to the historic investments occurring in Albany, the City continues developing and implementing key programs and initiatives, including the Park South Plan, the Midtown Plan, the Arbor Hill Neighborhood Plan, the West Albany Plan, and the Capital South Plan. In the South End, plans continue to evolve for the demolition of the Lincoln Square towers and re-use of the land that will tie together the community and enhance its vibrancy. This level of community participation and public-private partnerships is resulting in an unprecedented amount of new investment. The Albany Housing Authority, together with not-for-profit and higher education partners, received a \$5 million HUD grant in 2011 for the Albany Capital South Campus Center, an education and training center that has been serving residents of the South End, Arbor Hill and beyond since 2014.

The Arbor Hill Neighborhood Plan has resulted in millions of dollars of new investment, including the Swan Street Lofts, which houses artist studios and lofts for resident artists in a converted vacant 40,000 square foot building through a public/private partnership. Adjacent Sheridan Hollow also underwent a massive redevelopment, with a \$17 million project providing 100 units of affordable rental and homeownership opportunities, as well as office and commercial space, within easy walking distance to the downtown core. A large-scale rehab project for affordable housing is well underway in Arbor Hill, restoring over 70 structures with over 210 units of housing in one of Albany's more challenging neighborhoods. A second phase of this redevelopment broke ground in 2023, paving the way for an investment of \$31 million that will provide 61 affordable housing units scattered over six development sites and bringing approximately 12,000 square feet of community-oriented commercial space including an incubator for MWBE start-ups online. Additionally, two affordable housing developments are currently underway in additional City neighborhoods. These investments, totaling more than \$120 million, are anticipated to bring over 300 additional units online in the next two years.

City Services

The principal services provided by the City include public safety (including police and fire protection), culture and recreation, solid waste collection and disposal, maintenance and cleaning of City streets (including snow removal) and general government. The Police Department includes a Patrol Division, an Administrative Division, Investigation and Detective Services, Special Services and the Office of Professional Standards. The Fire Department consists of several fire companies stationed in eight firehouses as well as fire investigation and emergency life support units. Water services and sewer services are provided by the Albany Municipal Water Finance Authority and the Albany Water Board. Maintenance of streets and roads and solid waste collection within the City is performed by the City's Department of General Services. Lighting of public streets, roadways, and parks is furnished by the City under contract with the National Grid Companies.

The City provides a variety of other services to City residents through several of its departments. The Department of Recreation administers over 80 recreation areas including 13 community parks and 11 major parks, which contain 29 playgrounds, 21 basketball courts, 22 tennis courts, 16 athletic fields, nine spray grounds, three pools, two community centers, and a nationally-recognized boxing gym. In addition, the City owns and maintains an 18-hole municipal golf course. This Department also administers and supports more than 20 youth programs and activities, including youth centers. The City also provides a substantial number of community service programs. The City encourages cultural events such as music concerts and outdoor theater, as well as numerous festivals. The City provides funding to certain arts organizations and other cultural programs.

Solid Waste

The City operates a landfill that generates revenue for the City's general fund. As lead agency of the multi-municipality Waste Consortium, the City has contracts with several municipalities to accept solid waste. The City owned and operated regional landfill received approximately \$10.7 million in revenue in 2013, \$11.8 million in 2014, \$12.5 million in 2015, \$11 million in 2016, \$7.9 million in 2017, \$6.6 million in 2018, \$7.4 million in 2019, \$5.6 million in 2020, \$3.2 million in 2021, and \$2.9 million in 2022. The City has been reducing the amount of commercial waste that it accepts at the landfill in order to strategically extend the life of the landfill as it plans for the landfill's closure. Upon closure, the City will have to pay for disposal of its municipal solid waste. Under the current plan, the landfill is expected to close in 2028. The City has retained an outside consultant to assist with identifying the most cost-effective alternatives for solid waste management disposal.

Under the terms and conditions of the existing landfill permits issued by the New York State Department of Environmental Conservation, the City has been and remains obligated to identify a permanent, long term solution to deal with its solid waste. The City, together with the municipalities, recently completed a draft Solid Waste Management Plan and will act as lead agent in developing a long-term solid waste plan for the region.

Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State. Listed below are select figures from the 2006-2010, 2016-2020, and 2018-2022 American Community Survey 5 Year Estimates.

| | <u>Per Capita Income</u> | | | <u>Median Family Income</u> | | |
|------------|--------------------------|------------------|------------------|-----------------------------|------------------|------------------|
| | <u>2006-2010</u> | <u>2016-2020</u> | <u>2018-2022</u> | <u>2006-2010</u> | <u>2016-2020</u> | <u>2018-2022</u> |
| City of: | | | | | | |
| Albany | \$ 23,341 | \$ 29,664 | \$ 34,195 | \$ 52,215 | \$ 66,070 | \$ 78,841 |
| County of: | | | | | | |
| Albany | 30,863 | 38,592 | 44,101 | 76,159 | 95,923 | 110,201 |
| State of: | | | | | | |
| New York | 30,948 | 40,898 | 47,173 | 67,405 | 87,270 | 100,846 |

Source: U.S. Census Bureau, 2006-2010, 2016-2020, and 2018-2022 American Community Survey data.

Population Trends

According to U.S. Census data, the City had a 2020 population of 99,224. The following table presents population trends of the City, the Albany Metropolitan Statistical Area (the “MSA” consists of the six counties of Albany, Greene, Montgomery, Rensselaer, Saratoga and Schenectady), the State and the United States since 1950:

| | Population ⁽¹⁾ | | | |
|------|----------------------------------|------------------------|-----------------------|----------------------|
| | City of Albany | Albany MSA | New York State | United States |
| 1950 | 134,995 | 677,707 | 14,830,200 | 151,326,000 |
| 1960 | 129,726 | 746,115 | 16,782,300 | 179,323,000 |
| 1970 | 115,781 | 811,080 | 18,241,400 | 203,235,000 |
| 1980 | 101,727 | 835,800 | 17,558,000 | 226,504,825 |
| 1990 | 100,031 | 861,623 | 17,990,455 | 248,709,873 |
| 2000 | 94,301 | 892,604 | 18,976,457 | 281,421,906 |
| 2010 | 97,856 | 870,716 | 19,378,102 | 308,745,538 |
| 2018 | 97,279 | 883,169 | 19,542,209 | 327,167,434 |
| 2019 | 96,460 | 880,736 | 19,453,561 | 328,239,523 |
| 2020 | 99,224 | 880,776 | 20,201,249 | 331,449,281 |
| 2021 | 98,617 | 898,265 | 19,857,492 | 332,031,554 |
| 2022 | 100,826 | 901,729 | 19,673,200 | 333,271,411 |
| 2023 | 101,228 | 901,729 ⁽²⁾ | 19,571,216 | 334,914,895 |

(1) Data compiled by the U.S. Department of Commerce, Bureau of the Census and Center for Economic Growth.

(2) Data for 2023 is not available as of the date of this Official Statement. Figure represents the 2022 American Community Survey 5-year estimate.

Employment

A major portion of non-agricultural workers have historically been employed by federal, state, or local governments. This sector comprises approximately 25% of the non-agricultural workforce in the Albany MSA. The following table provides a historical comparison among employment sectors for the Albany MSA.

Non-Agricultural Employment by Industry Groups, Albany MSA

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | (thousands) | | | | | | | | | |
| Mining & Construction | 19.7 | 19.3 | 19.6 | 19.8 | 20.2 | 19.4 | 19.9 | 20.2 | 20.2 | 20.8 |
| Manufacturing | 25.4 | 26.3 | 26.6 | 26.9 | 26.2 | 25.5 | 25.9 | 26.8 | 27.7 | 27.7 |
| Trade, Transportation & Public Utilities | 74.7 | 75.5 | 74.6 | 74.5 | 74.4 | 69.8 | 73.0 | 75.4 | 76.4 | 75.8 |
| Wholesale and Retail Trade | 61.5 | 61.9 | 60.8 | 60.4 | 60.1 | 55.9 | 57.7 | 58.1 | 59.1 | 59.4 |
| Financial Services | 25.9 | 26.2 | 26.2 | 26.6 | 27.0 | 26.2 | 26.1 | 25.6 | 24.6 | 24.6 |
| Education & Health Services | 90.4 | 92.3 | 94.7 | 96.4 | 96.5 | 90.7 | 89.4 | 91.1 | 92.2 | 94.8 |
| Government | 100.6 | 101.1 | 101.6 | 101.6 | 102.8 | 99.3 | 96.5 | 98.6 | 100.6 | 103.8 |
| Total | 398.2 | 402.6 | 404.1 | 406.2 | 406.8 | 386.8 | 388.5 | 395.8 | 400.8 | 406.9 |

Source: New York State Department of Labor, Division of Employment, Employment by Industry.

Building Permit

| Year | Residential | Apartments | Commercial and Industrial | Other | Total Dollar Value | Total Building Permits |
|---------------------|-------------|------------|---------------------------|------------|--------------------|------------------------|
| 2012 | 13,858,918 | 599,200 | 98,789,544 | 62,710 | 113,310,372 | 2,273 |
| 2013 | 13,573,622 | 46,602 | 72,567,794 | 148,880 | 86,336,898 | 2,030 |
| 2014 | 39,297,874 | - | 117,888,114 | 16,000 | 157,201,988 | 2,047 |
| 2015 | 17,622,250 | 12,125 | 104,293,597 | 32,800 | 121,960,772 | 2,059 |
| 2016 | 30,975,920 | 12,169,502 | 108,297,413 | 6,624,108 | 158,066,943 | 2,215 |
| 2017 | 13,576,138 | 30,125 | 103,097,950 | 2,399,045 | 119,103,258 | 1,739 |
| 2018 | 20,121,274 | 17,521,293 | 102,139,365 | 12,992,729 | 152,774,661 | 4,176 |
| 2019 | 19,958,241 | 18,530,684 | 150,429,334 | 10,135,488 | 199,053,747 | 4,751 |
| 2020 | 15,678,216 | 24,326,587 | 73,816,234 | 1,139,010 | 114,960,047 | 2,596 |
| 2021 | 23,736,440 | 48,169,247 | 143,870,172 | 1,387,739 | 217,163,598 | 4,575 |
| 2022 | 24,201,104 | 91,819,235 | 218,219,338 | 6,826,011 | 341,065,688 | 4,132 |
| 2023 | 33,291,965 | 6,965,297 | 103,290,251 | 350,083 | 143,897,596 | 4,526 |
| 2024 ⁽¹⁾ | 12,216,806 | 243,000 | 69,508,850 | 530,000 | 82,570,656 | 2,145 |

⁽¹⁾ As of May 31, 2024.

Source: City Officials.

Ten Largest Employers in the City

| Name | Type | Number of Employees |
|-----------------------------|-------------|---------------------|
| State of New York | Government | 49,314 |
| Albany Medical Center | Hospital | 16,000 |
| St. Peter's Health Partners | Hospital | 5,800 |
| University at Albany | Education | 5,000 |
| Verizon Communications | Utility | 3,000 |
| United States | Government | 2,799 |
| Center for Disabled | Health Care | 2,100 |
| Empire Blue Cross | Insurance | 1,700 |
| Albany County | Government | 1,600 |
| City of Albany | Government | 1,380 |

Source: Employers as listed above (2024).

Unemployment Rates

The industrial diversity and high proportion of government employees have afforded the City a higher employment level than the rest of the country. The following table gives historic levels of unemployment for the City, the Albany MSA, the State and the United States:

Unemployment Rates ⁽¹⁾

| | Error! Bookma | City of Albany⁽²⁾ | Albany MSA | New York State | United States |
|------|--------------------------|---|-----------------------|---------------------------|--------------------------|
| 2009 | | 8.1% | 7.0% | 8.4% | 9.3% |
| 2010 | | 8.4% | 7.4% | 8.7% | 9.6% |
| 2011 | | 8.2% | 7.2% | 8.3% | 8.9% |
| 2012 | | 8.5% | 7.4% | 8.6% | 8.1% |
| 2013 | | 7.3% | 6.5% | 7.8% | 7.4% |
| 2014 | | 5.9% | 5.1% | 6.3% | 6.2% |
| 2015 | | 5.2% | 4.5% | 5.2% | 5.3% |
| 2016 | | 4.9% | 4.2% | 4.9% | 4.9% |
| 2017 | | 5.0% | 4.3% | 4.6% | 4.9% |
| 2018 | | 4.4% | 3.7% | 4.1% | 3.9% |
| 2019 | | 4.2% | 3.5% | 3.9% | 3.7% |
| 2020 | | 9.0% | 6.9% | 9.8% | 8.1% |
| 2021 | | 5.7% | 4.4% | 7.0% | 5.4% |
| 2022 | | 3.8% | 3.0% | 4.3% | 3.6% |
| 2023 | | 4.1% | 3.2% | 4.2% | 3.6% |

⁽¹⁾ These are annual averages of actual labor force and employment estimates.

⁽²⁾ City unemployment rates are estimated by the New York State Department of Labor based on the relationship between City and County labor force statistics.

Source: New York State Department of Labor, Bureau of Labor Market Information.

Employees

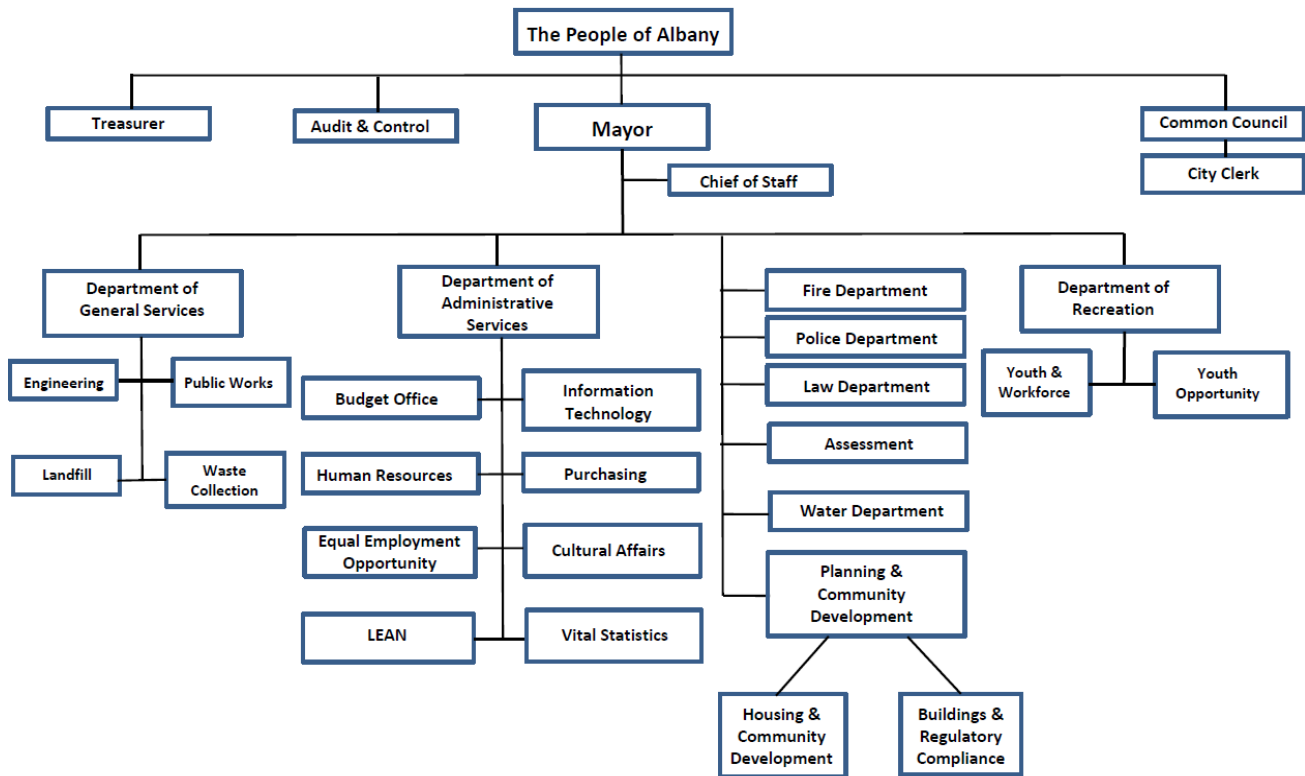
The City provides services through approximately 1,380 regular employees. The following information is for the 926 unionized employees:

| <u>Bargaining Unit</u> | <u>Approximate Number of Employees</u> | <u>Contract Expiration Date</u> |
|--|--|----------------------------------|
| Albany Police Benevolent Association | 219 | December 31, 2026 |
| Albany Police Supervisors Association | 43 | December 31, 2026 |
| Albany Permanent Professional Firefighters Association | 253 | December 31, 2026 |
| Albany Police Non-Sworn, Council 82 | 36 | December 31, 2023 ⁽¹⁾ |
| Council 66-AFSCME-Local 1961 | 246 | December 31, 2024 |
| Communications Unit, Council 82 | 28 | December 31, 2023 ⁽¹⁾ |
| International Union of Operating Engineers | 8 | December 31, 2025 |
| Teamsters Local 294 | 7 | December 31, 2025 |
| Albany DGS Supervisors, CSEA, AFSCME Local 1000 | 28 | December 31, 2027 |
| School Crossing Officers, SEIU | 43 | December 31, 2027 |
| Buildings and Regulatory Compliance, CSEA | 15 | December 31, 2024 |

(1) Currently in negotiations.

Government Organization

The City is governed largely by the provisions of its Charter and functions under provisions of the State Constitution and various statutes. The following is an organizational chart of the City.



The Common Council is the legislative body of the City. The President of the Common Council is elected in the general election to a four-year term. Council members are elected from each of the 15 wards within the City every four years or by special election in the event of a vacancy. The Common Council has the power to establish rules and procedures for itself, adopt local laws, set taxes and other revenue measures, adopt budgets, and approve all matters relevant to the administration of City government. Meetings of the Common Council are open to the public and are held twice a month.

The Mayor is the highest elected official and serves as chief executive officer of the City; she is elected in the general election to a four-year term without restriction as to number of terms. She is charged with the supervision of City government, subject to the provisions of the Charter. The Mayor reports annually to the Common Council on the state of the City, recommends an annual budget, appoints the head of every department and administrative unit of City government, except for the publicly elected Treasurer and Chief City Auditor, and executes contracts. There are twelve major City staff units in addition to the separately elected Treasurer and Chief City Auditor as shown above in the City of Albany Organizational Chart. Two elected officials, the Chief City Auditor and the Treasurer, and the appointed Budget Director, under the Commissioner of Administrative Services, administer the financial affairs of the City. The Treasurer is the chief fiscal officer of the City and is responsible for the fiscal integrity of the City including cash management, claims processing, administering bank accounts and debt issuance. The Treasurer is responsible for the collection, custody, and deposit of all taxes and other funds due the City and processing payroll. The Budget Director's responsibilities include the preparation and administration of the City's operating and capital budgets and establishment and management of fiscal control systems and management studies. The Budget Director works closely with all departments to develop the annual budget and five-year capital plan.

DISCUSSION OF FINANCIAL OPERATIONS

Budgetary Procedure

The budget process begins in mid-February when the Mayor issues a policy statement regarding the upcoming budget. In late April, the Budget Director distributes budget instructions to each department along with requests for the City's five-year capital plan.

During the year, the Budget Director develops the necessary economic and statistical data required for budget forecasting, which include changes in the financial indexes and revenue trends. The City's Assessor submits tentative assessment rolls. The Treasurer along with the Budget Director estimates revenues with each department administrator. The Treasurer submits estimated debt service needs, and the Assessor submits final assessment figures and realty tax data to the Mayor's Office.

On or before October 1, the Mayor submits the proposed budget for the ensuing fiscal year and an accompanying budget message to the Common Council. On or before October 31, the President of the Common Council calls for a public hearing on the budget after having given two weeks' notice to the public. After the public hearing, the Common Council may adopt the budget with or without amendment. The Common Council adopts the budget on or before November 30. No later than December 10, the Mayor shall act on the budget as amended and passed by the Common Council. On or before December 20, the Common Council may override a veto of one or more of its proposed amendments with a two-thirds vote of the full Common Council members.

The City's 2021 budget includes a 1.8% increase in the property tax levy, which was below the City's tax levy limit of 2.0%.

The City's 2022 budget includes a 0% increase in the property tax levy, which was below the City's tax levy limit of 2.0%.

The City's 2023 budget includes a 1.7% increase in the property tax levy, which was below the City's tax levy limit of 2.0%.

The City's 2024 budget includes a 1.6% increase in the property tax levy, which was below the City's tax levy limit of 2.0%.

2024 Budget Summary

A summary of the 2024 Budget is outlined below:

| | <u>Budget 2024</u> |
|----------------------------|------------------------------|
| <u>REVENUES</u> | |
| Real Property Taxes | \$ 61,497,000 |
| Sales and Use Tax | 48,629,000 |
| Intergovernmental Revenues | 2,983,238 |
| State Aid | 32,480,268 |
| Charges for Services | 21,097,700 |
| Other Revenues | 59,323,705 |
| Appropriated Fund Balance | <u>0</u> |
| Total Revenues | <u>\$ 226,010,911</u> |
| <u>EXPENDITURES</u> | |
| Personal Services | \$ 96,808,273 |
| Equipment | 1,925,041 |
| Contractual Expenses | 48,162,078 |
| Employee Benefits | 61,805,395 |
| Debt Service | 15,540,124 |
| Interfund Transfer | <u>1,770,000</u> |
| Total Expenditures | <u>\$ 226,010,911</u> |

For additional detail of revenue and expenditures, the City's 2024 budget is available on the City website (albanyny.org).

Five-Year Capital Plan

As part of its budgeting process, the City prepares, on an annual basis, a five-year capital plan. The following table contains a summary of the City's five-year capital plan included in its 2024 budget.

| | Financial Method | Fiscal Year | | | | | Total |
|--|------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2024 | 2025 | 2026 | 2027 | 2028 | |
| Corporation Counsel | | | | | | | |
| Legal Settlement | Debt | \$ 937,500 | \$ 937,500 | \$ - | \$ - | \$ - | \$ 1,875,000 |
| Engineering | | | | | | | |
| Brevator Complete Streets | State | \$ 6,500,000 | | | | | \$ 6,500,000 |
| Electric Vehicle Chargers | Cash / State | \$ 550,000 | \$ 275,000 | \$ 275,000 | \$ 275,000 | \$ 275,000 | \$ 1,650,000 |
| Electric Vehicle Infrastructure | Debt | \$ 500,000 | \$ 1,000,000 | \$ 4,250,000 | \$ 4,250,000 | | \$ 10,000,000 |
| Renovations to City Buildings | Debt | \$ 2,000,000 | \$ 2,000,000 | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 | \$ 13,000,000 |
| Streetlights Capital Improvements | Debt | \$ 700,000 | \$ 725,000 | \$ 750,000 | \$ 775,000 | \$ 800,000 | \$ 3,750,000 |
| Traffic Engineering: Roadway Striping | Debt | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 2,500,000 |
| Traffic Engineering: Signal Improvements | Debt | \$ 1,800,000 | \$ 1,650,000 | \$ 1,650,000 | \$ 1,650,000 | \$ 1,650,000 | \$ 8,400,000 |
| City Hall Restoration | State / Federal | \$ 2,250,000 | \$ - | \$ - | \$ - | \$ - | \$ 2,250,000 |
| Traffic Engineering: Studies | Debt | \$ 250,000 | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 850,000 |
| Traffic Engineering: Traffic Safety Cameras | Debt | \$ 450,000 | | | | | \$ 450,000 |
| Traffic Engineering: Maintenance Equipment | Debt | \$ 330,000 | \$ 230,000 | \$ 175,000 | \$ 270,000 | \$ 175,000 | \$ 1,180,000 |
| Traffic Engineering: Speed Reduction | Debt | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 5,000,000 |
| Fire & Emergency Services | | | | | | | |
| Fire Apparatus | Debt | \$ 1,500,000 | \$ 1,750,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 2,500,000 | \$ 7,750,000 |
| Fire Station Infrastructure Improvements | Debt | \$ 250,000 | \$ 275,000 | \$ 300,000 | \$ 325,000 | \$ 350,000 | \$ 1,500,000 |
| Fire & EMS Protective Equipment | Cash | \$ 250,000 | \$ 275,000 | \$ 300,000 | \$ 325,000 | \$ 350,000 | \$ 1,500,000 |
| General Services | | | | | | | |
| ADA Compliance | Debt | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 5,000,000 |
| Capital Hills Rehabilitations & Improvements | Debt | \$ 200,000 | \$ 450,000 | \$ 2,500,000 | \$ 250,000 | \$ - | \$ 3,400,000 |
| Equipment & Fixtures | Debt | \$ 539,000 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 90,000 | \$ 899,000 |
| Fuel Storage & Distribution System | Debt | \$ 600,000 | | | | | \$ 600,000 |
| Landfill Closure | Debt | \$ - | \$ - | \$ - | \$ 7,085,000 | \$ 3,915,000 | \$ 11,000,000 |
| Maintenance Equipment | Debt | \$ 4,039,000 | \$ 2,837,000 | \$ 2,500,000 | \$ 1,426,000 | \$ 3,869,000 | \$ 14,671,000 |
| Security Fence Installation | Debt | \$ 700,000 | \$ 400,000 | \$ 400,000 | \$ 400,000 | \$ 400,000 | \$ 2,300,000 |
| Sidewalk Reconstruction | Debt | \$ 600,000 | \$ 700,000 | \$ 700,000 | \$ 800,000 | \$ 1,000,000 | \$ 3,800,000 |
| Solid Waste Vehicles | Debt | \$ 1,984,000 | \$ 1,647,000 | \$ 290,000 | \$ 1,043,000 | \$ 837,000 | \$ 5,801,000 |
| Street Reconstruction | Debt / State | \$ 9,825,000 | \$ 14,325,000 | \$ 14,325,000 | \$ 15,325,000 | \$ 15,325,000 | \$ 69,125,000 |
| Vehicles | Debt / Cash | \$ 536,000 | \$ - | \$ - | \$ 135,000 | \$ 110,000 | \$ 781,000 |
| Waste Management Plan | Debt | \$ 1,000,000 | \$ 3,366,000 | \$ 2,146,000 | \$ 2,933,000 | \$ - | \$ 9,445,000 |
| Police | | | | | | | |
| Police Station Infrastructure Improvements | Debt | \$ 1,300,000 | \$ 1,000,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 3,800,000 |
| Public Safety I. I. Systems | Debt | \$ 1,000,000 | | | | | \$ 1,000,000 |
| Vehicles & Equipment Replacement | Cash | \$ 750,000 | \$ 675,000 | \$ 700,000 | \$ 725,000 | \$ 750,000 | \$ 3,600,000 |
| Mobile Command Unit | Debt | \$ 600,000 | | | | | \$ 600,000 |
| Recreation | | | | | | | |
| Court Resurfacing | Cash | \$ 100,000 | \$ 100,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 350,000 |
| Hoffman Recreation Center | Debt / Federal | \$ 5,400,000 | | | | | \$ 5,400,000 |
| Lincoln Park Pool | Debt | \$ 15,000,000 | | | | | \$ 15,000,000 |
| Maintenance Equipment | Debt | \$ 300,000 | | | | | \$ 300,000 |
| Playgrounds | Debt / State | \$ 588,000 | \$ 330,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 1,668,000 |
| Spray Pads | Debt | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ 1,000,000 |
| Vehicles | Cash | \$ 200,000 | | | | | \$ 200,000 |
| West Hill Community Center | Debt | \$ 10,000,000 | \$ 2,000,000 | | | | \$ 12,000,000 |
| Madison Park Reimagining | Debt | \$ 100,000 | \$ 900,000 | | | | \$ 1,000,000 |
| Tricentennial Park Improvements | Debt | \$ 1,000,000 | | | | | \$ 1,000,000 |
| Neighborhood & Community Svcs | | | | | | | |
| Climate Action Plan | Cash / State | \$ 200,000 | \$ - | \$ - | \$ - | \$ - | \$ 200,000 |
| Hudson River Gateways | Debt | \$ 300,000 | | | | | \$ 300,000 |
| Tivoli Park Improvements | Debt / State | \$ 1,567,000 | | | | | \$ 1,567,000 |

Financial Control Procedures

The Treasurer, the City Auditor and the Budget Director are responsible for controlling municipal expenditures to ensure that budget appropriations for the City are not exceeded and for reviewing all revenues received by the City. The Auditor’s Office audits payment requests to ensure budget appropriation, departmental authorization, and compliance with applicable contracts and the City Charter, City ordinances, and State laws.

The Treasurer is empowered by the Common Council to borrow moneys as needed for the uninterrupted operations of the City, subject to the applicable provisions of the Local Finance Law and the General Municipal Law.

Accounting Practice and Independent Audits

Under State law, a uniform system of accounting and reporting is prescribed by the State Comptroller for all municipalities. An annual financial report for every municipality must be filed with the State Comptroller within 120 days after the close of the fiscal year. This report is categorized by fund and shows as of the end of the fiscal year (1) a balance sheet, (2) a statement of revenues, (3) a statement of expenditures, (4) an analysis of fund balances, (5) cash reconciliation, (6) a statement of indebtedness, and (7) any other particular fund data which are required.

The City retains independent certified public accountants to conduct annual audits of its financial statements. The State Comptroller's office also conducts periodic audits of the City to determine compliance with the State Uniform System of Accounts for Cities and submits its report to the Common Council and the Mayor.

Throughout this Official Statement, the financial information for 2017 through 2022 is derived from the City’s audited financial statements. The City’s 2022 audited financial statement is attached to this Official Statement as APPENDIX – D.

The City’s 2023 unaudited annual financial report has been completed and is available on the MSRB Electronic Municipal Market Access (EMMA) website. The City’s 2023 audited financial statement is expected to be completed by September 30, 2024.

Since 2004 the City's audited financial statements have been in compliance with Government Accounting Standards Board (GASB) Statement 34.

Unaudited Results for Fiscal Year Ending December 31, 2023

As of the date of this Official Statement unaudited results for the fiscal year ending December 31, 2023 are not available.

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FINANCIAL HISTORY OF THE CITY

General Fund

The City prepares and adopts a budget for each year pursuant to Article 6 of the New York Second Class Cities Law and the City of Albany Charter. The City's General Fund budget is prepared on a budgetary legal basis. Such basis is not in accordance with generally accepted accounting principles ("GAAP") in certain respects, principally adjustments for encumbrances. Budgetary accounting treats encumbrances as a charge against current year budgetary appropriations and unreserved fund balance is reduced. Under GAAP, encumbrances are recognized only as a reservation of fund balance.

Albany Municipal Water Finance Authority and Albany Water Board

Pursuant to Chapters 868 and 869 of the Laws of 1986, as amended, the State Legislature, at the request of the City, created the Albany Water Board (the "Water Board") and the Albany Municipal Water Finance Authority (the "Water Authority"). In 1988, the Authority issued \$46,700,000 of its special obligation revenue bonds to finance the acquisition of the City's water and sewer system (the "System") and the construction of certain improvements to the System. A portion of the purchase price for the System was used to defease outstanding general obligation debt issued by the City to finance improvements to the System.

Since 1988, the Authority has issued additional special obligation revenue bonds, both to refund outstanding obligations and to finance new projects undertaken by the Water Board. Most recently, the authority issued \$33,310,000 in Revenue Bonds to refund the Series 2011 A Bonds and to provide \$25,000,000 in new money to fund ongoing capital projects. The Water Authority has numerous capital projects underway, funded through NYS EFC's short and long term funding pools.

Bonds issued by the Water Authority are special obligations of the Water Authority and do not bear the full faith and credit of the City. The bonds issued by the Water Authority are payable solely from and secured by a pledge of the gross revenues of the System, which are collected by the Water Board. The Water Board is empowered to raise water and sewer rates in order to ensure sufficient revenues are available to the Authority to pay debt service on the bonds issued by the Authority.

Following the sale of the System to the Water Board, the City eliminated the Special Revenue Sewer Fund and the Water Fund. The proceeds of the sale of the System were used to retire existing indebtedness of the City and to reimburse the City for monies advanced to the water and sewer funds.

Under the City's operating agreement with the Water Board, expenses of operating the water system are paid by the City and reimbursed by the Water Board as funds from rate payers becomes available.

Revenues

The City has a relatively diversified revenue base, deriving 27% of General Fund revenues budgeted for fiscal 2024 from real estate taxes, 22% from State Aid and charges for services (including the landfill), 22% from sales and use taxes and 29% from miscellaneous other sources.

Real Property Tax Base

Approximately 63% of the City's property is tax-exempt, which decreases the City's real property tax base without a proportionate decrease in the need for many City services. While some of this property is owned by charitable institutions such as universities and hospitals, the major owner of tax-exempt property in the City is the State (60% of the tax-exempt property). The City continues to seek additional special compensation from the State to offset this impairment of its real property tax base. State legislation enacted in 2000 and amended in 2005, 2006, 2012, 2013 and 2016 provides payments under Section 19-a of the Public Lands Law for the Empire State Plaza government complex. The statute provided for annual payments to the City of \$22,850,000 through 2010 and then \$15 million annually from 2011 through 2033. The 2012 amendment provided for a payment of \$22,850,000 in 2012 and \$7,150,000 in 2033. The 2013 amendment provided for a payment of \$22,850,000 in 2013 and \$7,150,000 in 2032. The 2016 amendment provided for a payment of \$27,500,000 in 2016 and \$1,800,000 in 2032.

The City also received Capital City Funding of \$12,500,000 in 2017 without any reduction in future PILOT payments. The City received \$12,000,000 from the State in 2018 and 2019, a reduced amount of \$10,800,000 from the State in 2020 due to revenue shortfalls created by the pandemic, \$13,200,000 in 2021, \$15,000,000 in 2022.

The City received the amount of \$15,000,000 from the State in 2023.

The City has budgeted \$15,000,000 in similar assistance for 2024.

See “State Aid” and “Real Estate Property Tax” herein for further details. The City also receives PILOT payments from the State for properties occupied by the Dormitory Authority of the State of New York, the State Comptroller’s Office and the New York State Department of Environmental Conservation.

Real Estate Property Tax

City tax collection procedures are such that the City bears none of the burden of uncollected or delinquent real estate taxes. One tax bill is presented to City residents for all City and County real estate taxes. The City then collects real estate taxes for both the City and the County, retains a portion of the taxes collected equal to its final tax levy, and remits the remaining portion to the County. Delinquent taxes are accordingly turned over to the County for collection and are retained by the County as a portion of its tax levy. Although the City bears none of the burden of uncollected or delinquent taxes, a reduction in the assessed valuation of real property within the City after establishment of the annual budgeted tax levy would cause the amount of taxes collected to be less than the budgeted amount. Reductions in the assessed valuation of real property within the City are generally a result of certiorari proceedings. The tax levy for fiscal year 2013 was \$55,148,000 which was the same as 2012’s tax levy. The tax levy for fiscal year 2014 increased to \$56,048,000 which was an increase of \$900,000 or almost 2%. The tax levy for fiscal year 2015 increased to \$56,827,890 which was an increase of \$779,890 or 1.40%. The tax levy for fiscal year 2016 remained at \$56,827,890. The tax levy for fiscal year 2017 increased to \$58,000,000. The tax levy for fiscal year 2018 increased to \$58,550,000. The tax levy for fiscal year 2019 remained at \$58,550,000. The tax levy for fiscal year 2020 increased to \$58,850,000. The tax levy for fiscal year 2021 increased to \$59,850,000. The tax levy for the 2022 year remained constant at \$59,850,000. The tax levy for the 2023 year increased at \$60,747,750. The tax levy for the 2024 year increased at \$61,497,000.

The City also receives Payment in Lieu of Taxes (PILOT) payments from certain commercial properties and State owned properties in the City. The City received PILOT payments of \$27,191,038, \$26,440,452, \$19,475,487 and \$20,769,510 in 2012, 2013, 2014 and 2015 respectively. The PILOT payments in 2016 totaled \$32,435,189. The reduction in 2014 resulted from a scheduled reduction of \$7,850,000 in the State’s 19-a payments for the Empire State Plaza complex, which is the source of the largest PILOT payment received by the City. The increase in PILOT payments for 2016 was the result of a one-time increase of \$12,500,000 in 19-a payments to the City which brought the total Empire State Plaza payment to \$27,500,000.

The 2020 budget anticipates \$20,003,760 in PILOT payments.

The 2020 audited PILOT payments totaled \$19,273,374.

The 2021 unaudited PILOT payments totaled \$19,131,495.

The 2022 unaudited PILOT payments totaled \$19,290,418.

The 2023 budget anticipates \$19,673,827 in PILOT payments.

The 2023 unaudited PILOT payments totaled \$19,208,618.

The 2024 budget anticipates \$19,496,000 in PILOT payments.

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Under Section 19-a of the Public Lands Law, the State makes annual payments to the City with respect to the Empire State Plaza Complex in accordance with the following schedule:

| <u>FISCAL YEAR</u> | <u>PREVIOUS AMOUNT</u> ⁽¹⁾ | <u>NEW AMOUNT</u> ⁽¹⁾ |
|--------------------|---------------------------------------|----------------------------------|
| 2007 | \$ 16,130,000 | \$ 22,850,000 ⁽²⁾ |
| 2008 | 15,410,000 | 22,850,000 ⁽²⁾ |
| 2009 | 14,690,000 | 22,850,000 ⁽²⁾ |
| 2010 | 13,970,000 | 22,850,000 ⁽²⁾ |
| 2011 | 13,250,000 | 15,000,000 ⁽²⁾ |
| 2012 | 12,530,000 | 22,850,000 ⁽²⁾ |
| 2013 | 11,810,000 | 22,850,000 ⁽²⁾ |
| 2014 | 11,090,000 | 15,000,000 ⁽²⁾ |
| 2015 | 10,370,000 | 15,000,000 |
| 2016 | 9,650,000 | 27,500,000 |
| 2017 | 8,930,000 | 15,000,000 |
| 2018 | 8,210,000 | 15,000,000 |
| 2019 | 7,490,000 | 15,000,000 |
| 2020 | 6,770,000 | 15,000,000 |
| 2021 | 6,050,000 | 15,000,000 |
| 2022 | 5,330,000 | 15,000,000 |
| 2023 | 4,610,000 | 15,000,000 |
| 2024 | 3,890,000 | 15,000,000 |
| 2025 | 3,170,000 | 15,000,000 |
| 2026 | 2,450,000 | 15,000,000 |
| 2027 | 1,730,000 | 15,000,000 |
| 2028 | 1,010,000 | 15,000,000 |
| 2029 | 310,000 | 15,000,000 |
| 2030 | 0 | 15,000,000 |
| 2031 | 0 | 15,000,000 |
| 2032 | 0 | 1,800,000 |
| 2033 | 0 | 0 |

⁽¹⁾ For description of the difference between the “PREVIOUS AMOUNT” and the “NEW AMOUNT” please see “Real Property Tax Base”, herein.

⁽²⁾ The City has received the payments as shown

Sales Tax

The City’s sales and other non-property tax revenues are comprised of the State sales tax, utilities gross receipts tax, franchise tax, and privilege taxes on coin-operated machines. The sales tax is assessed, collected and monitored by the State. Of the current 8% sales tax collected in the County, the State keeps 4% and pays 4% to the County on a monthly basis. Through a 1986 act of the Albany County Legislature, the County shares 40% of its collected sales tax with the municipalities within its borders. The distribution percentages are based upon the municipalities’ share of the County population at the last Federal census. Of the 40% shared with municipalities, the City receives 32.17% of the total. Although the County Legislature can decide to change the allocation of sales tax to its municipalities, the allocation has not been changed since it was first enacted in 1986. Prior to 1992, the sales tax was 7% and the County’s share was 3%. Beginning in September 1992, the County Legislature requested the State Legislature to temporarily add 1% to the County’s share of the tax, making the County’s share 4%. Both the County and State Legislatures have extended the temporary increase every two years. The latest temporary increase expires on November 30, 2025.

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The following table shows the City's sales tax receipts for the five years ended December 31, 2018 to 2022, 2023 unaudited figures and the amount budgeted for 2024.

| <u>Sales Tax Receipts</u> <u>For Fiscal Year Ending December 31</u> | |
|--|---------------|
| <u>Year</u> | <u>Amount</u> |
| 2018 | \$35,424,547 |
| 2019 | 36,636,778 |
| 2020 | 34,098,653 |
| 2021 | 40,514,371 |
| 2022 | 44,862,476 |
| 2023 (Unaudited) | 45,455,843 |
| 2024 (Budget) | 48,629,000 |

The following table shows the City's utilities gross receipts tax revenues for the five years ended December 31, 2018 to 2022, unaudited amounts for 2023 and the amount budgeted for 2024. This tax is levied on commercial and industrial concerns, which produce a utility product and sell the oversupply, and owners or lessees of business buildings who purchase a utility service and resell all or a part of the quantity purchased.

| <u>Utilities Gross Receipts Tax Revenues</u> <u>For Fiscal Year Ending December 31</u> | |
|---|---------------|
| <u>Year</u> | <u>Amount</u> |
| 2018 | \$ 1,393,886 |
| 2019 | 1,203,048 |
| 2020 | 1,278,706 |
| 2021 | 1,704,099 |
| 2022 | 1,589,587 |
| 2023 (Unaudited) | 2,139,801 |
| 2024 (Budgeted) | 1,700,000 |

Intergovernmental Charges

The following table shows the City's receipts for intergovernmental charges for the five years ended December 31, 2018 to 2022, unaudited figures for 2023 and budgeted amount for 2024. The main component of intergovernmental charges includes tipping fees from municipalities served by the Albany landfill. It also includes municipal contracts with the Albany Police Department Computer aided dispatch system.

| <u>Intergovernmental Charges</u> <u>For Fiscal Year Ending December 31</u> | |
|---|---------------|
| <u>Year</u> | <u>Amount</u> |
| 2018 | \$1,277,932 |
| 2019 | 1,706,163 |
| 2020 | 1,256,809 |
| 2021 | 919,304 |
| 2022 | 1,817,557 |
| 2023 (Unaudited) | 3,358,428 |
| 2024 (Budgeted) | 2,983,238 |

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State Aid

From 2016 to 2022, State aid (excluding 19-a PILOT payments) constituted between 9.6% and 17.1% of the City’s General Fund revenues. State aid includes direct aid and grants and payments for certain services. In its General Fund for the 2022 fiscal year, the audited total \$31,348,732 or 15.7% and for the 2023 fiscal year budgeted \$31,117,657, or 14.3% of General Fund and for the 2024 fiscal year budgeted \$32,480,268 or 14.4% of revenue in State Aid. In 2017, the City received the first Capital City Funding payment of \$12,500,000.

In 2020 the City received a reduced payment of \$10,800,000 in revenue due to the economic impact of the pandemic. \$12,500,000 in revenue is included in the budget for 2021.

In 2021 the City received a payment of \$ 13,200,000 in revenue. \$15,000,000 in revenue is included in the budget for 2022.

In 2022 the City received a payment of \$15,000,000 in revenue. \$15,000,000 in revenue is included in the budget for 2023.

In 2023 the City received a payment of \$15,000,000 in revenue. \$15,000,000 in revenue is included in the budget for 2024.

The following table sets forth the percentage of General Fund revenues of the City comprised of State Aid for each of the fiscal years 2016-2022 and budgeted amounts for 2023 and 2024:

State Aid Payments
Fiscal Year Ending December 31

| <u>Fiscal Year</u> | <u>General Fund</u> <u>Revenues</u> | <u>State</u> <u>Aid</u> ⁽¹⁾ | <u>State Aid as a</u> <u>Percentage of</u> <u>General Fund Revenue</u> |
|--------------------|--|---|--|
| 2016 | \$ 173,612,620 | \$ 16,677,313 | 9.6% |
| 2017 | 172,670,162 | 29,601,181 ⁽¹⁾ | 17.1% |
| 2018 | 178,760,621 | 28,537,434 ⁽²⁾ | 16.2% |
| 2019 | 178,589,333 | 28,932,931 | 16.2% |
| 2020 | 169,755,280 | 26,512,679 | 15.6% |
| 2021 | 198,495,734 | 33,897,662 ⁽³⁾ | 17.1% |
| 2022 | 199,826,274 | 31,348,732 ⁽³⁾ | 15.7% |
| 2023 (Unaudited) | 218,972,781 | 32,608,135 ⁽³⁾ | 14.9% |
| 2024 (Budgeted) | 226,010,911 | 32,480,268 ⁽³⁾ | 14.4% |

⁽¹⁾ 2017 includes the first \$12,500,000 payment from the State for Capital City Funding

⁽²⁾ 2018 includes a second year payment of \$12,000,000 from the State for Capital City Funding.

⁽³⁾ Includes a \$15,000,000 budgeted payment from the State for Capital City Funding.

Source: City of Albany Treasurer’s Office.

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Appropriated Fund Balance

The City has used appropriated fund balance to help in balancing its budget for the past several years. The following table sets forth the amount of fund balance the City has appropriated to assist with balancing its budget for each of the fiscal years 2010-2023 as well as the amount actually applied for 2010-2015. In 2023, the City ended the year with an unaudited surplus of \$1,455,750.

| <u>Fiscal Year</u> | <u>Fund Balance Appropriated in Budget</u> | <u>Actual Fund Bal. (Used) / Surplus</u> | <u>Year End Total Fund Balance</u> |
|--------------------|--|--|--|
| 2010 | \$ (5,261,000) | \$ 907,452 | 17,032,434 |
| 2011 | (6,134,000) | 2,841,141 | 19,873,575 |
| 2012 | (5,635,000) | 947,242 | 20,820,817 |
| 2013 | (4,269,789) | (801,077) | 19,990,783 |
| 2014 | (9,801,000) | (9,651,855) | 9,874,239 |
| 2015 | (2,000,000) | (4,745,437) | 4,988,388 |
| 2016 | 0 | 8,138,157 | 13,126,545 |
| 2017 | 0 | (2,184,190) | 10,942,355 |
| 2018 | 0 | 6,695,324 ⁽¹⁾ | 17,637,679 |
| 2019 | 0 | 4,149,186 | 23,460,664 |
| 2020 | 0 | (6,687,079) | 16,773,585 |
| 2021 | 0 | 454,583 | 17,228,168 ⁽¹⁾ |
| 2022 | 0 | (562,466) | 16,665,702 |
| 2023 | (145,000) | 1,455,750 | 18,121,452 |
| 2024 | 0 | NA | N/A |

⁽¹⁾ 2021 Fund Balance includes prior period audit adjustments which increased the year-end balance.

If fund balance is not available in future fiscal years, the City will need to increase other revenues or cut expenses to achieve balanced budgets.

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Expenses

In 2021, General Fund expenditures were budgeted at \$181,730,957 compared to actual expenditures of \$193,366,852. Of this amount, public safety constituted 59%, general government expenses constituted 15%, debt service constituted 8%, employee benefits constituted 9%, culture and recreation constituted 2%, transportation constituted 3%, and community service constituted 4%.

In 2022, General Fund Expenditures were budgeted at \$190,656,275 compared to actual expenditures of \$192,209,453.

In 2023, General Fund expenditures were budgeted at \$217,717,711, compared to unaudited expenditures of \$220,180,158.

Debt Service

The General Fund debt service expenditures for the past six years, unaudited figures for 2023, as well as budgeted amounts for 2024 are as follows:

| <u>Year</u> | <u>Debt Service</u> | |
|------------------|---|---------------|
| | <u>For Fiscal Year Ending December 31</u> | |
| | | <u>Amount</u> |
| 2017 | | \$ 20,818,791 |
| 2018 | | 21,179,422 |
| 2019 | | 18,802,000 |
| 2020 | | 18,232,257 |
| 2021 | | 14,917,315 |
| 2022 | | 18,311,862 |
| 2023 (Unaudited) | | 19,594,076 |
| 2024 (Budgeted) | | 15,540,124 |

These amounts include principal and interest payments on long-term bonds as well as interest and any required pay down amounts on bond anticipation notes.

Pension Payments

All full-time employees of the City are members of the New York State Employees' Retirement System ("ERS") or the New York State Policemen's and Firemen's Retirement System ("PFRS" and collectively with ERS, the "State Systems"). Based on earnings data for each member of the State Systems which the City supplies to the State Systems, the State Systems bill the City annually. The State administers the program and distributes all benefits.

On December 10, 2009, then Governor Paterson signed into law pension reform legislation that will provide (according to a Division of the Budget analysis) more than \$35 billion in long-term savings to State taxpayers over the next thirty years. The legislation created a new Tier V pension level.

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

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 (the "State Rate Pension Contribution Option"). For 2014 and 2015 the rate is 12.0% for ERS and 20% for PFRS; the rates applicable to 2016 and thereafter are subject to adjustment. 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 is not participating in the Stable Rate Pension Contribution Option and does not intend to do so in the foreseeable future.

The following table shows the total actual payments made by the City to the State Systems in the years 2011-2022, unaudited estimates for the 2023 fiscal year and budgeted payments in 2024:

City Payments
Fiscal Year Ending December 31:

| <u>Year</u> | <u>Amount</u> |
|------------------|------------------------------|
| 2011 | \$ 11,771,725 ⁽¹⁾ |
| 2012 | 12,763,522 ⁽²⁾ |
| 2013 | 14,331,795 ⁽³⁾ |
| 2014 | 14,898,915 ⁽⁴⁾ |
| 2015 | 14,532,547 ⁽⁵⁾ |
| 2016 | 15,827,925 ⁽⁶⁾ |
| 2017 | 15,733,125 ⁽⁷⁾ |
| 2018 | 16,086,716 ⁽⁸⁾ |
| 2019 | 16,407,545 ⁽⁹⁾ |
| 2020 | 16,981,302 ⁽¹⁰⁾ |
| 2021 | 17,644,395 ⁽¹¹⁾ |
| 2022 | 20,588,424 ⁽¹²⁾ |
| 2023 (Unaudited) | 19,875,551 ⁽¹³⁾ |
| 2024 (Budgeted) | 21,486,822 |

- ⁽¹⁾ In 2011 the City under the Chapter 57, Laws of 2010 amortized \$1,699,524 of the total \$13,471,249 retirement contribution.
- ⁽²⁾ In 2012 the City under the Chapter 57, Laws of 2010 amortized \$3,935,771 of the total \$16,699,293 retirement contribution.
- ⁽³⁾ In 2013 the City under the Chapter 57, Laws of 2012 amortized \$6,005,734 of the total \$20,337,529 retirement contribution.
- ⁽⁴⁾ In 2014 the City under the Chapter 57, Laws of 2012 amortized \$3,564,870 of the total \$18,463,785 retirement contribution.
- ⁽⁵⁾ In 2015 the City under the Chapter 57, Laws of 2012 amortized \$879,798 of the total \$15,412,345 retirement contribution.
- ⁽⁶⁾ In 2016 the City under the Chapter 57, Laws of 2012 amortized \$1,198,171 of the total \$17,026,096 retirement contribution.
- ⁽⁷⁾ In 2017 the City under the Chapter 57, Laws of 2012 amortized \$1,245,976 of the total \$16,979,101 retirement contribution.
- ⁽⁸⁾ In 2018 the City under the Chapter 57, Laws of 2012 amortized \$807,437 of the total \$16,894,153 retirement contribution.
- ⁽⁹⁾ In 2019 the City under the Chapter 57, Laws of 2012 amortized \$464,492 of the total \$16,872,037 retirement contribution
- ⁽¹⁰⁾ In 2020 the City under the Chapter 57, Laws of 2012 amortized \$651,220 of the total \$17,632,522 retirement contribution
- ⁽¹¹⁾ In 2021 the City under the Chapter 57, Laws of 2012 amortized \$2,322,529 of the total \$19,966,924 retirement contribution
- ⁽¹²⁾ In 2022 the City under the Chapter 57, Laws of 2012 amortized \$1,730,005 of the total \$22,318,429 retirement contribution
- ⁽¹³⁾ In 2023 the City under the Chapter 57, Laws of 2012 amortized \$1,718,707 of the total \$21,594,258 retirement contribution

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 System 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 employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and PFRS rates (2021 to 2025) is shown below:

| <u>Year</u> | <u>ERS</u> | <u>PFRS</u> |
|-------------|------------|-------------|
| 2021 | 14.6% | 24.4% |
| 2022 | 16.2 | 28.3 |
| 2023 | 11.6 | 27.0 |
| 2024 | 13.1 | 27.8 |
| 2025 | 15.2 | 31.2 |

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use. The City amortized a portion of its pension costs as described above.

The investment of monies and assumptions underlying 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 State 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. Concerned investors should contact the State Systems administrative staff for further information on the latest actuarial valuations of the State Systems.

Other Post-Employment Benefits

OPEB. 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 1999, 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.

The City provides post-retirement healthcare benefits to various categories of former employees. Although the City has taken steps to reduce the cost of these benefits, healthcare costs continue to rise and could rise substantially in the future. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB") requires municipalities to account for post-retirement healthcare benefits as it accounts for vested pension benefits.

In June 2015, the GASB issued GASB Statement 75 ("GASB 75") which supersedes GASB 45. GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. GASB 75 was implemented by the City for the fiscal year ending December 31, 2018. Actuarial valuation will be required every two years for GASB 75.

Summary of Changes from the Last Valuation.

The City contracted with Aquarius, actuarial firm, to calculate its OPEB liability in accordance with GASB 75. The following outlines the changes to the Total OPEB Liability during the 2021 and 2022 fiscal years, by source.

| | <u>2022</u> | <u>2023</u> |
|--|-----------------------|-----------------------|
| Balance at Beginning of Fiscal Year: | \$ 501,361,106 | \$ 308,372,694 |
| <u>Changes for the Year:</u> | | |
| Service cost | \$ 2,569,300 | \$ 2,873,548 |
| Interest | 20,645,280 | 11,661,399 |
| Changes of Benefit Terms | 0 | 0 |
| Differences between expected and actual experience | 0 | 0 |
| Changes in assumptions or other inputs | (201,293,228) | 13,885,655 |
| Benefit payments | <u>(14,909,764)</u> | <u>(15,642,337)</u> |
| Net Changes | <u>(192,988,412)</u> | <u>12,778,265</u> |
| Balance at End of Fiscal Year: | <u>\$ 308,372,694</u> | <u>\$ 321,150,959</u> |

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

Additional information regarding this information may be obtained from the City Treasurer's Office upon request. The City's audited financial statements are in full compliance with GASB 75.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in past legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced.

Other Information

No principal or interest upon any obligation of the City is past due. On January 3, 2017, the City had an interest payment due in the amount of \$595,106.25, however, due to a clerical oversight, the payment amount sent was \$30,000 less than the expected amount. On January 5, 2017, the City was notified of the payment discrepancy, and once the discrepancy was confirmed and verified by the City, the funds were wired on January 10, 2017. A material event notice was filed on January 25, 2017. The City has no reason to believe there will be any delinquent payments in the future.

The fiscal year of the City ends December 31.

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the City.

New York State Comptroller Report of Examination

The NYS Comptroller's office released an audit report of the City on September 16, 2015. The purpose of the audit was to review the City's payroll operations for the period January 1, 2013 through September 30, 2014.

Key Findings:

- Seven employees were paid for unused vacation time without adequate leave records to support the payroll calculations.
- The City's payroll recordkeeping processes are not consistent in all departments.
- Employees in the Department of General Services (DGS) were not working their scheduled time by leaving before the end of their work day.

Key Recommendations:

- Ensure that all requests for payment for unused vacation time have adequate supporting documentation for the accrued and unused leave.
- Develop standardized payroll and timekeeping systems across City departments.
- Ensure that DGS employees work their required weekly hours in accordance with their collective bargaining agreement.

The City provided a complete response to the NYS Comptroller's office on August 17, 2015. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

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

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

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 six years for the City are as follows:

| <u>Fiscal Year Ending In</u> | <u>Stress Designation</u> | <u>Fiscal Score</u> |
|------------------------------|---------------------------|---------------------|
| 2022 | Susceptible Fiscal Stress | 47.9 |
| 2021 | Susceptible Fiscal Stress | 47.9 |
| 2020 | No Designation | 52.9 |
| 2019 | Susceptible Fiscal Stress | 43.8 |
| 2018 | Moderate Fiscal Stress | 53.3 |
| 2017 | Significant Fiscal Stress | 59.6 |

Source: Website of the Office of the New York State Comptroller. 2023 information is not available as of the date of this Official Statement.

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

TAX INFORMATION

Valuations

| <u>Years Ending December 31:</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|----------------------------------|------------------|------------------|------------------|------------------|-----------------|
| Assessed Valuation | \$ 4,848,616,640 | \$ 4,885,008,235 | \$ 4,874,280,500 | \$ 4,842,987,570 | \$4,882,376,508 |
| State Equalization Rate | 97.00% | 93.40% | 89.50% | 79.72% | 70.83% |
| Full Valuation | \$ 4,998,573,856 | \$ 5,230,201,536 | \$ 5,446,123,464 | \$ 6,074,996,952 | \$6,893,091,216 |

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> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Homestead Rate | \$ 10.81 | \$ 11.02 | \$ 10.97 | \$ 11.15 | \$ 11.71 |
| Non-Homestead Rate | 14.22 | 14.22 | 14.46 | 14.81 | 14.14 |

Tax Collection Record

| <u>Years Ending December 31:</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| City Tax Levy | \$ 58,560,079 | \$ 58,865,619 | \$ 59,850,000 | \$ 59,725,997 | \$ 60,847,750 |
| County Tax & Relevies | <u>24,398,148</u> | <u>24,120,115</u> | <u>23,142,077</u> | <u>20,799,111</u> | <u>19,641,227</u> |
| Total Tax Levy | <u>\$ 82,958,227</u> | <u>\$ 82,985,734</u> | <u>\$ 82,992,077</u> | <u>\$ 80,525,108</u> | <u>\$ 80,488,977</u> |
| City Tax Uncollected End of Year | \$ 1,813,657 | \$ 1,926,027 | \$ 1,702,039 | \$ 1,667,956 | \$ 1,877,264 |
| County Tax & Relevies | | | | | |
| Uncollected End of Year | <u>3,098,159</u> | <u>2,761,992</u> | <u>3,028,501</u> | <u>2,609,388</u> | <u>3,384,775</u> |
| Total Tax Levy Uncollected | \$ 4,911,816 | \$ 4,688,019 | \$ 4,730,540 | \$ 4,377,344 | \$ 5,262,039 |
| Uncollected End of Year ⁽¹⁾ | 5.92% | 6.00% | 5.70% | 5.31% | 6.54% |

The City Tax Levy for the Fiscal Year Ending December 31, 2024 is \$61,497,000.

⁽¹⁾ The City receives 100% of the Tax Levy (less any reductions in assessments), and uncollected amounts become the responsibility of the County.

Tax Collection Procedure

Tax payments are levied on January 1 of each year and are due and payable by January 31. A penalty of 4% is added for late payments made in February, and for payments made on or after March 1 an additional penalty is included at the rate of 1% per month. After December 31, payments must be made to the County Comptroller.

City and County tax collection procedures are such that the City bears none of the burden of uncollected or delinquent real estate taxes. One tax bill is presented to City residents for all City and County real estate taxes. The City then collects real estate taxes for both the City and the County, retains a portion of the taxes collected equal to its final tax levy, and remits the remaining portion to the County. Delinquent taxes are accordingly turned over to the County Comptroller for collection and are retained by the County as a portion of its tax levy. The City is not responsible for the collection of taxes of any other governmental unit.

Although the City bears none of the burden of uncollected or delinquent taxes, a reduction in the assessed valuation of real property within the City after establishment of the annual budgeted tax levy would cause the amount of taxes collected to be less than the budgeted amount. Reductions in the assessed valuation of real property within the City are generally a result of certiorari proceedings.

Largest Taxpayers - (2023 Tax Roll)

The updated information below is based on highest taxpaying parcels not the highest taxpaying taxpayer.

| <u>Name</u> | <u>Type</u> | <u>Taxable Assessed Valuation</u> |
|-----------------------------|-----------------------|-----------------------------------|
| National Grid 555.-7 | Utility | \$ 155,812,882 |
| National Grid 601.1 | Utility | 40,627,251 |
| 99 Washington Avenue | Office Building | 38,750,000 |
| Alexander at Patroon | Apartment Building | 34,000,000 |
| Washington Commons | Commercial | 22,866,700 |
| Wal-Mart Stores | Commercial | 20,000,000 |
| Shelbourne Albany, LLC | Office Building | 17,900,000 |
| HTA-1223 Washington., LLC | Office Building | 16,591,400 |
| Albany Medical Center | Multi-use | 15,500,000 |
| Levine Investments LP | Office Building | 13,601,200 |
| Albany 1367 Fee APL RKC LLC | Professional Building | 10,407,900 |

The largest taxpayers listed above have a total estimated assessed valuation of \$386,057,333 which represents approximately 7.97% of the tax base of the City.

There are no outstanding tax certiorari that are anticipated to have a material impact on the finances of the City. Kenwood Commons LLC, a previously listed larger taxpayer has not paid property taxes. However, the County has reimbursed the City for unpaid taxes.

Note: The City receives payments in lieu of taxes from various tax-exempt entities, including the State. Due to the reassessment the largest taxpayers for the 2024 tax roll are not available as of the date of this Official Statement.

Payments In Lieu of Taxes

The following are the payments in lieu of taxes received in 2018-2022, unaudited figures for 2023 and budgeted payments for 2023:

| <u>Payments In Lieu of Taxes</u> | |
|---|---------------|
| <u>For Fiscal Year Ending December 31</u> | |
| <u>Year</u> | <u>Amount</u> |
| 2018 | 20,108,047 |
| 2019 | 20,708,235 |
| 2020 | 19,273,374 |
| 2021 | 19,131,495 |
| 2022 | 19,279,890 |
| 2023 (Unaudited) | 19,239,150 |
| 2024 (Budgeted) | 19,496,000 |

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2020 through 2024:

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Five-Year Average Full Valuation | \$ 4,803,367,648 | \$ 4,931,886,605 | \$5,068,370,198 | \$5,321,970,972 | \$5,728,597,405 |
| Tax Limit - 2% of Five-Year Average | 96,067,353 | 98,637,732 | 101,367,404 | 106,439,419 | 114,571,948 |
| Add: Exclusions From Tax Limit | <u>21,752,416</u> | <u>17,152,531</u> | <u>16,504,803</u> | <u>17,494,022</u> | <u>13,022,085</u> |
| Total Taxing Power | 117,819,769 | 115,790,263 | 117,872,207 | <u>123,933,441</u> | <u>127,594,033</u> |
| Less Total Levy | <u>58,850,000</u> | <u>59,550,000</u> | <u>61,327,697</u> | <u>62,138,470</u> | <u>63,277,653</u> |
| Tax Margin | <u>\$ 58,969,769</u> | <u>\$ 56,240,263</u> | <u>\$ 56,544,510</u> | <u>\$ 61,794,971</u> | <u>\$ 64,316,380</u> |

Additional Tax Information

Real property located in the City is assessed by the City.

Veterans and senior citizens' exemptions are offered to those who qualify.

The estimated total annual property tax bill of a \$200,000 market value residential property located in the City is approximately \$7,884 including County, City, Library and School District taxes.

The City assessment roll, based on the number of parcels, is as follows: 82% residential and 18% commercial.

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. 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.

STATUS OF 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 Notes include the following:

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 and utilized, 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 the City 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 Common Council, subject to the approval of the Board of Estimate and Apportionment, the finance board of the City. Customarily, the Common Council has delegated to the City Treasurer, 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 Notes 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

| Fiscal Years Ending December 31: | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|----------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Bonds | \$ 86,660,000 | \$ 69,655,000 | \$ 58,250,000 | \$ 99,945,000 | \$ 87,365,000 |
| Bond Anticipation Notes | <u>29,799,600</u> | <u>44,672,719</u> | <u>59,304,275</u> | <u>16,840,944</u> | <u>13,660,944</u> |
| Totals | <u>\$ 94,434,517</u> | <u>\$ 116,459,600</u> | <u>\$ 117,554,275</u> | <u>\$ 116,785,944</u> | <u>\$ 101,025,944</u> |

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by serial bonds and bond anticipation notes as of July 2, 2024:

| <u>Type of Indebtedness</u> | <u>Maturity</u> | <u>Amount</u> |
|------------------------------|--------------------|-----------------------|
| Bonds | 2024-2034 | \$ 76,900,000 |
| Bond Anticipation Notes | | |
| Various Capital Improvements | March 21, 2025 | <u>\$ 43,103,372</u> |
| | Total Indebtedness | <u>\$ 120,003,372</u> |

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of July 2, 2024:

| | |
|--|-----------------------|
| Five-Year Average Full Valuation of Taxable Real Property..... | \$ 5,728,597,404 |
| Debt Limit - 7% thereof | 401,001,818 |
| <u>Inclusions:</u> | |
| Bonds | \$ 76,900,000 |
| Bond Anticipation Notes | <u>43,103,372</u> |
| Total Inclusions | <u>\$ 120,003,372</u> |
| <u>Exclusions:</u> | |
| Appropriations - Bonds | \$ 215,000 |
| Appropriations – Notes..... | <u>0</u> |
| Total Exclusions..... | <u>\$ 215,000</u> |
| Total Net Indebtedness Subject to Debt Limit..... | <u>\$ 119,788,372</u> |
| Net Debt-Contracting Margin | <u>\$ 281,213,446</u> |
| Percent of Debt Contracting Power Exhausted..... | 29.87% |

Note: The proceeds of the Notes will increase the net indebtedness of the City by \$6,719,000.

Estimate of Obligations to be Issued

The City expects to have recurring financing needs for capital improvements. It can be anticipated that, depending on market conditions, the City may from time to time issue bond anticipation notes and bonds to finance its capital improvements.

Revenue and Tax Anticipation Notes

The City has not needed to borrow for cash flow purposes since Fiscal Year 2016 due to strengthening financial position. The City does not currently expect to issue revenue anticipation notes in Fiscal Year 2024.

Bonded Debt Service

A schedule of bonded debt service may be found in “APPENDIX – B” to this Official Statement.

Authority Indebtedness

In accordance with GAAP, the financial statements of the City treat the Albany Municipal Water Finance Authority and the Albany Parking Authority as a part of the reporting entity due to the fact that the City exercises oversight responsibility for those entities. The City has entered into a Lease Agreement with the Parking Authority whereby the City leases parking spaces in a parking garage owned by the Authority. The Lease Agreement is the primary credit support for the Authority's \$2,631,974 Parking Revenue Refunding Bonds, Series 1991A, issued in November 1991. However, the City is not liable for the indebtedness of either the Water Authority or the Parking Authority. Accordingly, the debt of these entities has not been included in the calculations of the City's constitutional debt limit.

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. Bonded indebtedness, including bond anticipation notes, is estimated of the respective municipalities and is not adjusted to include subsequent bond issues, if any.

| <u>Municipality</u> | <u>Status of Debt as of</u> | <u>Gross Indebtedness</u> ⁽¹⁾ | <u>Estimated Exclusions</u> ⁽²⁾ | <u>Net Indebtedness</u> | <u>City Share</u> | <u>Applicable Indebtedness</u> |
|---------------------|-----------------------------|--|--|-------------------------|-------------------|--------------------------------|
| County of: | | | | | | |
| Albany | 12/31/2023 | \$ 265,995,000 ⁽³⁾ | \$ 2,920,000 ⁽³⁾ | \$ 263,075,000 | 18.82% | \$ 49,510,715 |
| School District: | | | | | | |
| Albany | 6/7/2024 | 271,173,657 ⁽³⁾ | 238,632,818 ⁽⁴⁾ | 32,540,839 | 100.00% | <u>32,540,839</u> |
| | | | | | Total: | <u>\$ 82,051,554</u> |

Notes:

⁽¹⁾ Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.

⁽²⁾ Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

⁽³⁾ Gross Indebtedness, Exclusions, and Net Indebtedness sourced from annual financial information & operating data filings and/or official statements of the respective municipality.

⁽⁴⁾ Estimated State building aid based on current aid ratio.

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Debt Ratios

The following table sets forth certain ratios relating to the City's indebtedness.

| | Amount Indebtedness | Per Capita ^(a) | Percentage of Full Valuation ^(b) |
|---|------------------------|------------------------------|---|
| Net Indebtedness | \$ 119,788,372 | \$1,183.35 | 1.74% |
| Net Indebtedness Plus Net Overlapping Indebtedness ^(c) | 201,839,926 | 1,993.91 | 2.93 |

^(a) The 2023 Census population of the City is 101,228.

^(b) The City's 2024 full value of taxable real estate is \$6,893,091,216.

^(c) Estimated net overlapping indebtedness is \$82,051,554.

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. 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 county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the 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 tax anticipation notes, revenue anticipation notes or bond anticipation notes.

MARKET AND RISK FACTORS

The financial and economic 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 and in other jurisdictions in 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 another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of other jurisdictions in the country to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

In addition, if the State should opt to borrow and experiences difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the City, in any year, the City may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the City. In recent years, the City has received delayed payments of State aid which resulted either from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts or delays in State payments until certain State revenues are realized. (See also "State Aid").

Cybersecurity. The City, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the City invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage City digital networks and systems and the costs of remedying any such damage could be substantial. The City was victim to a ransomware attack in March of 2019. Ransom was not paid and the City was primarily back online within 2 days. A few of the City's systems had to be rebuilt due to the ransomware attack.

CONTINUING DISCLOSURE

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 Continuing Disclosure Undertaking with respect to the Bonds and an Undertaking to provide Material Event Notices with respect to the Notes, the descriptions of which are attached hereto as "APPENDIX – C & D", respectively.

Historical Compliance

Except as noted below, the City is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

The City did not file its audited financial statements for the fiscal year end 2020 as required by the end of the subsequent fiscal year. The audited financial statements for the 2020 fiscal year were dated as of December 15, 2021 and were filled to EMMA on March 2, 2022. A failure to file and failure to provide notice of such material event was filed on March 2, 2022. The City did not file its audited financial statements for the fiscal year end 2021 as required by the end of the subsequent fiscal year. The audited financial statements for the 2021 fiscal year were dated as of September 29, 2022 and were filled to EMMA on February 22, 2023. A failure to file and failure to provide notice of such material event was filed on February 22, 2023.

TAX MATTERS

In the opinion of Roemer Wallens Gold & Mineaux LLP, Bond Counsel, under existing law, regulations, administrative rulings and judicial decisions, (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations although Section 56 of the Code provides that for purposes of calculating the alternative minimum tax on corporations as defined for federal income tax purposes, interest on the Bonds is taken into account in determining adjusted current earnings, and (ii) interest on the Bonds and Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds and Notes. Bond Counsel is of the further opinion that interest on the bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes but Bond Counsel notes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds and Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the City may cause the interest on the Bonds and Notes to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to the date of issuance of the Bonds and Notes. The City has covenanted to take the actions required of it for the interest on the Bonds and Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

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

Future legislations, interpretations or rulings relating to the Code or judicial decisions may cause interest on the Bonds and Notes to be subject directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds and Notes. Any such legislation, interpretations or rulings relating to the Code or judicial decisions may also affect the market price for, or marketability of, the Bonds and Notes. Prospective purchasers of the Bonds and Notes should consult their own tax 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.

ALL PROSPECTIVE PURCHASERS OF THE BONDS AND NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO OTHER FEDERAL AND STATE TAX CONSEQUENCES, AS WELL AS ANY LOCAL TAX CONSEQUENCES, OF PURCHASING OR HOLDING THE BONDS AND NOTES.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Legal Matters

Legal matters incident to the authorization, issuance, and sale of the Notes will be subject to the final approving opinion of Roemer Wallens Gold & Mineaux LLP, Albany, New York, Bond Counsel to the City. Such opinion will be available at the time of delivery of and payment for the Notes and will be to the effect that the Notes are valid and legally binding general obligations of the City, for the payment of which the City has validly pledged its full faith and credit, and all the real property within the City subject to taxation by the City is subject to the levy by the City of ad valorem taxes, subject to statutory limitation (see "Tax Levy Limitation Law", herein) for payment of the principal of and interest on the Notes.

Said opinion will also contain further statements to the effect that assuming continuing compliance with certain covenants and the accuracy of certain representations of the City contained in the records of proceedings relating to the authorization and issuance of the Notes, (a) 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 imposed on individuals and corporations pursuant to Section 56 of the Code for purposes of calculating the alternative minimum tax on corporations as defined for federal income tax purposes, interest on the Notes is taken into account in determining adjusted current earnings; and (b) interest on the Notes is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York. The interest on the Notes may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. Said opinion will also state that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York). No opinion will be rendered by Bond Counsel regarding Federal tax consequences with respect to the Notes. The enforceability of the Notes is subject to bankruptcy laws and other laws affecting creditors' rights and the exercise of judicial discretion.

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.

Upon delivery of the Notes, the City shall furnish a certificate of the City Corporation Counsel, dated the date of delivery and payment for the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to her knowledge to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the City wherein an adverse judgment or ruling could adversely affect the power of the City to levy, collect and enforce the collection of taxes or other revenues for the payment of its Notes, which has not been disclosed in this Official Statement.

RATING

The Notes are not rated. Subject to the approval of the City, the purchaser(s) of the Notes may choose to have a rating completed after the sale 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&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned their underlying rating of "A+" with a stable outlook to the City's outstanding serial 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 rating 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 rating of the outstanding bonds may have an adverse effect on the market price of the Bonds and 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 Fiscal Advisors are 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 this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, 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 City's files with the repositories. When used in City documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Roemer Wallens Gold & Mineaux LLP, Albany, New York, Bond Counsel to the City, expressed no opinion 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, the financial or statistical information in this Official Statement.

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

Concurrently with the delivery of the Notes, the 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 a limitation as to information in the Official Statement obtained from sources other than the City.

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. 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's contact information is as follows: Mr. Kenneth L. Bennett, Deputy Treasurer, City of Albany, 24 Eagle Street, Albany, New York 12207, Phone: (518) 434-5028, Telefax: (518) 434-5098, Email: kbennett@albanyny.gov.

This Official Statement has been duly executed and delivered by the City Treasurer of the City of Albany.

CITY OF ALBANY

Dated: July 2, 2024

Honorable Darius Shahinfar
City Treasurer
and Chief Fiscal Officer

MATERIAL EVENT NOTICES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") 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 Note is outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, 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 Notes, 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.

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

of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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 material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Note within the meaning of the Rule. The Issuer 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 Note to recover monetary damages.

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

CITY OF ALBANY
ALBANY COUNTY, NEW YORK

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES**

DECEMBER 31, 2022

Such Financial Report and opinions 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.