

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 2, 2020

REFUNDING

S&P GLOBAL RATINGS: "A" STABLE OUTLOOK

SERIAL BONDS

See "BOND RATING" herein

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

The Bonds will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$1,110,000*
VILLAGE OF FRANKFORT
HERKIMER COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE: 352370

\$1,110,000* Public Improvement Refunding (Serial) Bonds, 2020
 (referred to herein as the "Bonds")

Dated: Date of Delivery

Due: July 1, 2021-2031

MATURITIES*

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CSP</u>
2021	\$ 120,000	%	%		2025	\$ 90,000	%	%		2029	\$ 100,000**	%	%	
2022	125,000				2026	95,000				2030	105,000**			
2023	120,000				2027	95,000				2031	55,000**			
2024	110,000				2028	95,000								

** The Bonds maturing in the years 2029-2031 are subject to redemption prior to maturity as described herein under the heading "THE BONDS - Optional Redemption."

The Bonds are general obligations of the Village of Frankfort, Herkimer County, New York (the "Village"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

Interest on the Bonds will be payable on January 1, 2021 and semi-annually thereafter on July 1 and January 1. Principal and interest will be paid by the Village to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the receipt of the approving legal opinion as to the validity of the Bonds by Orrick, Herrington, and Sutcliffe, LLP, Bond Counsel, New York, New York. Certain legal matters will be passed on for the Underwriter by its counsel, Trespasz & Marquardt, LLP, Syracuse, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, on or about September 30, 2020.

This Preliminary Official Statement is in a form "deemed final" by the Village for the purpose of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). For a description of the Village's agreement to provide continuing disclosure as described in the Rule, see "APPENDIX – C, CONTINUING DISCLOSURE UNDERTAKING" herein.

BAIRD

September __, 2020

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

VILLAGE OF FRANKFORT HERKIMER COUNTY, NEW YORK

VILLAGE OFFICIALS

RICHARD D. ADAMS, JR.

Mayor

COLLEEN M. BENTLEY-CICCONE

Deputy Mayor

TRUSTEES

MICHAEL J. ENTWISTLE

JAMES CAIOLA

PEGGY HUSNAY-MANEEN

* * * * *

KARLEE TAMBURRO

Village Clerk

DOREEN FIORENTINO

Village Treasurer/Deputy Clerk

CORY ZENAMO, ESQ.

Village Attorney



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor



ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
VILLAGE OF FRANKFORT
HERKIMER COUNTY, NEW YORK

Relating to
\$1,110,000* Public Improvement Refunding (Serial) Bonds, 2020

This Official Statement, which includes the cover page and appendices, has been prepared by the Village of Frankfort, Herkimer County, New York (the "Village," "County," and "State," respectively), in connection with the sale by the Village of its aggregate principal amount of \$1,110,000* Public Improvement Refunding (Serial) Bonds, 2020 (referred to herein as the "Bonds").

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Village's overall economic situation and outlook (and all of the specific Village-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See "MARKET AND RISK FACTORS - COVID-19" herein.

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

THE BONDS

Description of the Bonds

The Bonds are general obligations of the Village and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds 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 Village is subject to the levy of ad valorem taxes to pay principal of and interest on the Bonds, subject to certain statutory limitations. See "TAX LEVY LIMITATION LAW," herein.

The Bonds will be dated the date of delivery and will mature in the principal amounts as set forth on the cover page of this Official Statement. The "Record Date" of the Bonds will be the fifteenth calendar day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on January 1, 2021 and semi-annually thereafter on July 1 and January 1 in each year until maturity. Principal and interest will be paid by the Village to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein.

Optional Redemption

The Bonds maturing on or before July 1, 2028 shall not be subject to redemption prior to maturity. The Bonds maturing on or after July 1, 2029 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the Village on July 1, 2028 or on any date thereafter at par (100.0%), plus accrued interest to the date of redemption.

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

* Preliminary, subject to change.

Nature of the Obligation

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

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

The Bonds will be general obligations of the Village and will contain a pledge of the faith and credit of the Village 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 Village has power and statutory authorization to levy ad valorem taxes on all real property within the Village subject to such taxation by the Village, subject to certain 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). Chapter 97 of the New York Laws of 2011, as amended (the “Tax Levy Limitation Law” or “Chapter 97”) 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 Village is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Village’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, subject to certain statutory limitations, 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.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

THE VILLAGE 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 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE VILLAGE 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.

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Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Village and discharging its responsibilities with respect thereto under applicable law, or the Village may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the Village upon termination of the book-entry-only system. Interest on the Bonds will continue to be payable on January 1, 2021 and semi-annually thereafter on July 1 and January 1 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the fifteenth calendar day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificate of Determination of the Village Treasurer authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

AUTHORIZATION AND PLAN OF REFUNDING

Authorization and Purposes

The Bonds are being issued pursuant to the Constitution and statutes of the State, including particularly section 90.00 of the Local Finance Law, a refunding bond resolution adopted by the Board of Trustees of the Village on August 25, 2020 (the "Refunding Bond Resolution") and other proceedings and determinations related thereto. The Refunding Bond Resolution authorizes the refunding of all or a portion of the outstanding bonds of the Village's Public Improvement (Serial) Bonds, 2008 originally issued by the Village in the aggregate principal amount of \$285,000 (the "2008 Bonds"), the Village's Public Improvement Refunding (Serial) Bonds, 2010 originally issued by the Village in the aggregate principal amount of \$2,215,000 (the "2010 Refunding Bonds"), and the Village's Public Improvement (Serial) Bonds, 2010 originally issued by the Village in the aggregate principal amount of \$270,000 (the "2010 Improvement Bonds") (collectively, "The Refunded Bonds"), and authorizes issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

The Refunded Bonds were issued pursuant to the Constitution and statutes of the State, including among others, the Village Law and the Local Finance Law, and a bond resolution for the following purpose and amount:

\$285,000 Public Improvement (Serial) Bonds, 2008 – July 1, 2008

<u>Purpose</u>	<u>Amount Originally Issued</u>
Village Park/Purchase of Police Car/Purchase of Dump Truck	\$ 285,000
Total:	\$ 285,000

\$270,000 Public Improvement (Serial) Bonds, 2010 – September 9, 2010

<u>Purpose</u>	<u>Amount Originally Issued</u>
Department of Public Works Equipment	\$ 270,000
Total:	\$ 270,000

\$2,215,000 Public Improvement Refunding (Serial) Bonds, 2010 – December 7, 2010

<u>Purpose</u>	<u>Amount Originally Issued</u>
Refunding of 1997 and 1999 (Serial) Bonds	\$ 2,215,000
Total:	\$ 2,215,000

The proceeds of the Bonds are intended to be used to purchase a portfolio of non-callable direct obligations of the United States of America (the "Government Obligations") and pay certain costs of issuance related to the Bonds. The principal of and investment income on the portfolio of Government Obligations, together with other available cash on deposit in the Escrow Deposit Fund (as hereinafter defined), are expected to be sufficient to pay the maturing principal of and interest on the Refunded Bonds. In the event of the economic unavailability of Government Obligations on the date of pricing, the funds in the Escrow Deposit Fund may be held in cash.

All proceeds of the Refunded Bonds have been heretofore expended.

The Refunding Financial Plan

The Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the Village's refunding financial plan (the "Refunding Financial Plan"). The Refunding Financial Plan provides that the proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance related to the Bonds) are to be applied to the purchase of direct obligations of the United States of America (the "Government Obligations") or held in cash. The Government Obligations (and/or cash) are to be placed in an irrevocable escrow fund (the "Escrow Deposit Fund") with Wilmington Trust, N.A., an affiliate of M&T Bank Corporation (the "Escrow Holder"), pursuant to the terms of an escrow contract (the "Escrow Contract") by and between the Village and the Escrow Holder. The Refunding Financial Plan further provides that the Government Obligations, if any, so deposited will mature in amounts and bear interest sufficient, together with any uninvested cash deposited into the Escrow Deposit Fund from proceeds of the Bonds, to meet principal and interest payments with respect to the Refunded Bonds on the dates such payments are due or, in the case of Refunded Bonds subject to redemption prior to maturity, upon their earliest redemption date (the "Payment Date"). The Refunding Financial Plan calls for the Escrow Holder, pursuant to the refunding bond resolution and the Escrow Contract, to call for redemption all the then outstanding Refunded Bonds on their first permitted redemption date. The owners of the Refunded Bonds will have a first lien on all of the cash and Government Obligations necessary for the refunding in the Escrow Deposit Fund into which are required to be deposited all investment income on and maturing principal of the Government Obligations, together with the uninvested cash deposit, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

The Village is expected to realize, as a result of the issuance of the Bonds, and in accordance with the Refunding Financial Plan, cumulative dollar and present value debt service savings.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the Village and will continue to be payable from Village sources legally available therefore. However, inasmuch as the Government Obligations and/or cash held in the Escrow Deposit Fund will have been verified to be sufficient to meet all required payments of principal and interest on the Refunded Bonds, it is not anticipated that such Village sources of payment will be used.

The list of Refunded Bond maturities set forth below and on the following page may be changed by the Village in its sole discretion due to market or other factors considered relevant by the Village at the time of pricing of the Bonds and no assurance can be given that any particular series of bonds listed or any particular maturity thereof will be refunded.

CUSIP BASE # 352370

\$285,000 Public Improvement (Serial) Bonds, 2008 – July 1, 2008

<u>Due July 1st</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CSP</u>
2021	\$ 15,000	5.000%	11/2/2020	100.00%	HU7
2022	15,000	5.000	11/2/2020	100.00	HV5
2023	<u>15,000</u>	5.000	11/2/2020	100.00	HW3
	<u>\$ 45,000</u>				

\$270,000 Public Improvement (Serial) Bonds, 2010 – September 9, 2010

<u>Due September 1st</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CSP</u>
2021	\$ 20,000	4.000%	11/2/2020	100.00%	JH4
2022	25,000	4.000	11/2/2020	100.00	JJ0
2022	25,000	4.000	11/2/2020	100.00	JK7
2037	<u>25,000</u>	4.000	11/2/2020	100.00	JL5
	<u>\$ 95,000</u>				

\$2,215,000 Public Improvement Refunding (Serial) Bonds, 2010 – December 7, 2010

<u>Due July 1st</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CSP</u>
2021	\$ 70,000	4.000%	11/2/2020	100.00%	JY7
2022	75,000	4.125	11/2/2020	100.00	JZ4
2023	75,000	4.250	11/2/2020	100.00	KA7
2024	80,000	4.375	11/2/2020	100.00	KB5
2025	85,000	4.500	11/2/2020	100.00	KC3
2026	90,000	4.625	11/2/2020	100.00	KD1
2027	95,000	4.750	11/2/2020	100.00	KE9
2028	95,000	4.875	11/2/2020	100.00	FF6
2029	100,000	5.000	11/2/2020	100.00	KG4
2030	110,000	5.000	11/2/2020	100.00	KH2
2031	<u>65,000</u>	5.000	11/2/2020	100.00	KJ8
	<u>\$ 940,000</u>				

The New York Local Finance Law provides that upon placement in escrow of proceeds of refunding bonds sufficient to provide for the payment of the principal of and interest on the bonds to be refunded by such refunding Bonds, such bonds are no longer counted in computing the Village’s debt for statutory debt limitation purposes.

Verification of Mathematical Computations

Causey Demgen & Moore P.C., a firm of independent public accountants, will deliver to the Village, on or before the settlement date of the Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Village and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations listed in the underwriter’s schedules, used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the maturing principal of and interest on the Refunded Bonds.

The verification performed by Causey Demgen & Moore P.C. will be solely based upon data, information and documents provided to Causey Demgen & Moore P.C. by the Village and its representatives. The Causey Demgen & Moore P.C. verification report will state Causey Demgen & Moore P.C. has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	Par Amount of the Bonds	
	Original Issue Premium	
		Total
Uses:	Deposit to Escrow Deposit Fund	
	Underwriter's Discount	
	Costs of Issuance and Contingency	
		Total

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THE VILLAGE

General Information

The Village of Frankfort is situated in central New York State, in the southern sector of Herkimer County. The City of Utica is located approximately 5 miles to the west and the City of Little Falls is approximately 11 miles to the east. Major highways serving the Village include Interstate 90 and New York State Route 5.

The Village encompasses approximately 1.0 square miles and has an estimated population of 2,471. The character of the Village is primarily residential with the majority of homes being single family. Commercial activity in the Village is centered in and around Main Street.

Transportation is provided to and from the Village by New York State Route 5 and Interstate 90. Major airline service is provided at the Syracuse Hancock International Airport, which is located about 55 miles to the west of the Village, as well as the Oneida County Airport, which is located approximately 15 miles to the west.

Electricity is supplied throughout the Village by the Village's municipal power facility. The Village maintains its own water supply and distribution system, primarily supported from user charges. Sanitary sewage collection and treatment facilities have been constructed within the Village. Police protection is provided by the New York State Police, the Town of Frankfort Police Department and the Village Police. The Frankfort Volunteer Fire Department and other various local fire units provide fire protection.

M&T Bank has an office within the Village. Other financial institutions may be found in the greater Utica metropolitan area.

Source: Village officials.

Population Trends

<u>Year</u>	<u>Village of Frankfort</u>	<u>Herkimer County</u>	<u>New York State</u>
1970	3,305	67,407	18,236,882
1980	2,995	66,714	17,558,072
1990	2,693	65,797	17,990,455
2000	2,537	64,427	18,976,457
2010	2,598	64,519	19,378,102
2017 (Estimated)	2,471	62,240	19,849,399
2018 (Estimated)	2,450	61,833	19,542,209
2019 (Estimated)	N/A	61,319	19,453,561

Source: U.S. Census Bureau.

Selected Wealth and Income Indicators

Per capita income statistics are available for the Village, County and State. Listed below are select figures from the 2000 and 2006-2010 Census reports and the 2014-2018 available Census data.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>
Village of:						
Frankfort	\$ 14,381	\$ 19,425	\$ 25,234	\$ 35,938	\$ 48,208	\$ 67,500
County of:						
Herkimer	16,141	21,908	26,151	40,570	53,288	65,612
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

Note: 2014-2018 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2014-2018 American Community Survey data.

Major Employers

The larger employers listed below are all within close proximity to the Village and many residents find employment opportunities at these various businesses:

<u>Name</u>	<u>Business</u>	<u>Approximate Number of Employees</u>
Oneida Indian Nation Enterprises	Resort and casino	4,650
Mohawk Valley Health System	Medical facilities	4,274
Upstate Cerebral Palsy	Human services/educational	2,000
Resource Center for Independent Living	Human services	1,935
Metlife Inc.	Insurance/Finance	1,368
Utica City School District	Education	1,245
Air Force Research Lab	Research & Development	1,204
Utica National Insurance Group	Insurance/Finance	1,073
Wal-Mart	Distribution Center	1,011
Defense Finance and Accounting Service	Back office accounting	950
Remington Arms	Manufacturing	923
The Masonic Care Community of NY	Healthcare	900
Rome City School District	Education	849
BNY Mellon	Insurance/Finance	835
ConMed Corporation	Medical Equipment Manufacturer	800
ARC Oneida-Lewis Chapter	Insurance/Finance	750
Rome Memorial Hospital, Inc.	Healthcare	711
Hamilton College	Education	688
The Hartford	Insurance/Finance	642
Bank of America	Insurance/Finance	600
Indium Corporation	Manufacturing	547
Charles T. Sitrin Health Care Center	Healthcare	480
Human Technologies Corp.	Social Services	430
Utica College	Education	428
Mohawk Valley Community College	Education	423
Giotto Enterprises	Manufacturing	420
PAR Technology Corp.	Manufacturing	400
Family Dollar	Warehousing/Transportation	372
Excellus BCBS	Insurance/Finance	370
Herkimer ARC	Social Services	350
Special Metals Corp	Manufacturing	326
Presbyterian Home	Healthcare	316
Revere Copper	Manufacturing	315
SUNY Polytechnic Institute	Education	310
Lutheran Care Ministries	Healthcare	281
Northern Safety	Manufacturing	236

In addition to the above, the Federal, State and County governments and school districts in the Utica-Rome MSA employ approximately 22,700 people.

Note: The above figures represent employment before the COVID-19 pandemic. Employment numbers may vary due to the COVID-19 pandemic.

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Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the County of Herkimer. The information set forth below with respect to the County and the State of New York is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County or State, are necessarily representative of the District, or vice versa.

	<u>Annual Average</u>						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Herkimer County	7.8%	6.8%	6.3%	5.5%	5.8%	4.9%	4.9%
New York State	7.7%	6.3%	5.3%	4.8%	4.7%	4.1%	4.0%

	<u>2020 Monthly Figures</u>							
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>
Herkimer County	6.1%	5.8%	5.9%	14.9%	10.2%	9.9%	11.1%	N/A
New York State	4.1%	3.9%	4.2%	15.1%	14.2%	15.6%	16.0%	N/A

Note: Unemployment rates for August of 2020 are unavailable as of the date of this Official Statement. Unemployment rates have increased drastically since March of 2020 due to the COVID-19 Pandemic.

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

Form of Village Government

As prescribed by the Village Law, the chief executive officer of the Village is the Mayor who is elected for a term of four years and is eligible to succeed himself. He is also a member of the Board of Trustees. In addition to the Mayor, there are four Trustees who are elected for four-year terms. The terms are staggered so that the Mayor and two Trustees run for election in one year (even numbered year) and two Trustees run two years after (next even numbered year).

The Mayor appoints all Department Heads and non-elected officials with Board Approval.

Financial Organization

The Village Treasurer is the chief fiscal officer and the accounting officer. It is the Village Treasurer's duty to receive, disburse and account for all financial transactions.

Budgetary Procedure

The Budget Officer prepares the proposed budget each year, pursuant to the Laws of the State of New York, and a public hearing is held thereon. Subsequent to the public hearing revisions, if any, are made and the budget is then adopted by the Village Board of Trustees as its final budget for the coming fiscal year. The budget is not subject to referendum.

Investment Policy

Pursuant to the statutes of the State of New York, the Village is permitted to invest only in the following investments: (1) special time deposits in, or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the Village; (6) obligations of a New York public benefit corporations which are made lawful investments in which the Village may invest pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of Village moneys held in certain reserve funds established pursuant to law, obligations issued by the Village. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either, a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the Village's current policy to invest only in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the Village may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

State Aid

The Village receives financial assistance from the State. In its budget for the 2020-2021 fiscal year, approximately 4.07% of the revenues of the Village are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in any year, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid.

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

Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including municipalities and school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, including the Village. (See “MARKET AND RISK FACTORS – COVID-19” herein).

Employees

The Village provides services through approximately 45 employees. Some of the employees are represented by various unions as follows:

<u>Union</u>	<u>Approximate Number of Employees</u>	<u>Contract Expiration Date</u>
I.B.E.W. Local 43	5	December 31, 2021
I.B.E.W. Local 1249	4	December 31, 2020
Frankfort P.B.A.	4	May 31, 2021

Source: Village officials.

Pension Payments

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System (“ERS”) or the New York State and Local Police and Fire Retirement System (“PFRS”; with ERS, the “Retirement Systems”). The ERS is generally also known as the “Common Retirement Fund”. The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the “Retirement System Law”). The Retirement Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems.

The ERS is non- contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non- contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

- 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 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 & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% base on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

The Village’s payments to ERS and PFRS since the 2014-2015 fiscal year have been as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>PFRS</u>
2015-2016	\$ 75,398	\$ 43,321
2016-2017	87,503	60,408
2017-2018	92,727	63,530
2018-2019	92,999	64,693
2019-2020	92,999	64,693
2020-2021 (Budgeted)	105,600	70,000

Source: Village officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The Village does not have any early retirement incentives outstanding.

Historical Trends and Contribution Rates: 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 is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2017	15.5%	24.3%
2018	15.3	24.4
2019	14.9	23.5
2020	14.6	23.5
2021	14.6	24.4

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

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.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the Village, 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 pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The Village is not amortizing or smoothing any pension payments nor does it intend to do so in the foreseeable future.

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

Other Post-Employment Benefits

Healthcare Benefits. School districts and boards of cooperative educational services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

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

GASB 75. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending May 31, 2019. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The Village is required to adopt the provisions of Statement No. 75 for the year ending May 31, 2018.

GASB 45. Prior to GASB 75, GASB Statement No. 45 ("GASB 45"), required municipalities and school districts to account for OPEB liabilities much like they already accounted for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covered accounting for pensions, GASB 45 did not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") was determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

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

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 were no restrictions on the amount a government can deposit into the trust. The proposal for an optional investment pool for OPEB liability was not adopted in the last State legislative session. It is not known if the legislation will be reintroduced and enacted if introduced.

The Village has not contracted with a firm to complete its actuarial valuation of its OPEB liability in accordance with GASB 45 or GASB 75.

Other Information

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes is the Village Law and the Local Finance Law.

No principal or interest upon any obligation of the Village is past due.

The fiscal year of the Village is June 1st to May 31st.

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

Financial Statements

The Village does not retain an independent certified public accountant firm. The financial affairs of the Village are subject to annual audits by the State Comptroller. The Village's unaudited Annual Financial Report Update Document for the fiscal year ending May 31, 2020 is available through access to the Electronic Municipal Market Access ("EMMA") website or upon request by contacting the office of Fiscal Advisors & Marketing, Inc. at (315) 752-0051. Certain unaudited financial information of the Village is included in the Appendices to this Official Statement.

The Village complies with the Uniform System of Accounts as prescribed for towns in New York State by the State Comptroller. This System differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending December 31, 2003, the Village is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The Village is currently in compliance with GASB 34.

New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the Village has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office released an audit report of the Village on June 27, 2014. The purpose of the audit was to examine whether Village officials ensured that water, sewer and electric user charges were properly billed, collected, recorded and deposited for the period June 1, 2012 through January 30, 2014.

Key Findings:

- Village officials have not adequately segregated the duties of billing, collecting and recording or provided oversight over the two account clerks, running the risk that billings could be inaccurate because of improper adjustments and discrepancies could go undetected.
- Village officials did not designate someone to approve adjustments and did not ensure that an audit log of the adjustments was maintained.

Key Recommendations:

- Segregate the water, sewer and electric duties of billing, collecting and recording to the extent practical and provide oversight and an independent review of work when adequate segregation is not practical.
- Require a designated official's prior approval for all billing adjustments and written documentation of the reasons for such adjustments, their amounts and the dates approved.

The Village provided a complete response to the State Comptroller's office on June 16, 2014. 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 other State Comptroller's audits of the Village 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 three fiscal years of the Village are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2019	No Designation	0.0%
2018	No Designation	0.0%
2017	No Designation	0.0%

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

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

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending May 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Valuation	\$ 55,967,566	\$ 56,021,454	\$ 56,505,318	\$ 56,408,686	\$ 57,967,496
New York State Equalization Rate	70.10%	71.50%	72.00%	68.00%	64.50%
Total Taxable Full Valuation	\$ 79,839,609	\$ 78,351,684	\$ 78,479,608	\$ 82,953,950	\$ 89,872,087

Tax Rates Per \$1,000 (Assessed)

<u>Fiscal Year Ending May 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	\$ 17.03	\$ 17.71	\$ 18.06	\$ 18.34	\$ 18.61

Tax Collection Procedure

Tax payments are due on June 1 to and including June 30 in each year without penalty. Taxes paid from July 1 to July 31 are subject to a 5% penalty and an additional 1% for each month or fraction thereof thereafter. Taxes remaining unpaid on November 1 are sold to the County. The Village receives the amount of uncollected taxes from the County by the following April, thereby assuring 100% collection annually.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending May 31:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Tax Levy	\$ 953,127	\$ 992,140	\$ 1,020,723	\$ 1,034,264	\$ 1,078,786
Amount Uncollected ⁽¹⁾	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	N/A

⁽¹⁾ See “Tax Collection Procedure” for County payment to Village of unpaid taxes. The Village is made whole by the County for all unpaid taxes.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending May 31, 2021 back through and including 2019:

<u>Fiscal Year Ending December 31:</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Five Year Average Full Valuation.....	\$ 80,500,211	\$ 79,960,274	\$ 79,843,228
Tax Limit - (1.5%).....	<u>1,610,004</u>	<u>1,599,205</u>	<u>1,596,865</u>
Total Levy	1,078,787	1,034,264	1,020,723
Less: Exclusions From Limit.....	<u>300,732</u>	<u>273,010</u>	<u>324,412</u>
Net Tax Margin.....	\$ 778,055	\$ 761,254	\$ 696,311
Tax Margin.....	<u>831,949</u>	<u>837,951</u>	<u>900,554</u>
% Tax Power Exhausted.....	<u>48.33%</u>	<u>47.60%</u>	<u>43.60%</u>

Source: Village officials.

Ten Larger Taxpayers 2020-2021 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Promised Land Dev LLC	Manufacturing	\$ 1,500,000
National Grid	Utility	926,590
Polus Holding LLC	Manufacturer/Residential	570,100
Precision Polish LLC	Manufacturing	564,100
Streamside Associates	Government Sub Low Income Housing	525,000
Walgreen Eastern Co Inc	Commercial/Pharmacy	406,300
Harbor Point Energy Products	Utility/Energy Products	401,800
Grandview Associates	Government Sub Low Income Housing	393,750
Brown’s Feed	Feed Sales	366,900
Murdock Channing	Commercial Warehouse	347,800

The ten larger taxpayers, listed above, have a total taxable assessed valuation of \$6,002,340 that represents 6.68% of the tax base of the Village.

As of the date of this Official Statement, the Village currently does not have any pending or outstanding tax certioraris that are known to have a material impact on the Village.

Source: Village tax rolls.

Assessment Information

Real property in the Village is assessed by the Town.

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

The assessment roll of the Village is constituted approximately as follows: 65% Residential and 35% Commercial.

The total property tax bill of a typical residence with a market value of \$50,000 is estimated to be \$3,000 including County, Village (\$885) and School District taxes.

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).

In addition, the Court of Appeals in the 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 municipalities.

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.

Real Property Tax Rebate. Chapter 59 of the Laws of 2014 ("Chapter 59"), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the City are uncertain at this time.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the Village (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 Village and the Bonds include the following:

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was issued, 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 or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; unless substantially level or declining annual debt service is authorized and utilized, no installment may be more than fifty per centum in excess of the smallest prior installment. The Village 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 notes and such required annual installments on its bonds.

Debt Limit. The Village has the power to contract indebtedness for any Village 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 Village 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 Village 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, by the enactment of the Local Finance Law, authorized the powers and procedure for the Village to borrow and incur indebtedness, subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the Village Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Village authorizes the issuance of bonds by the adoption of a bond resolution, approved by at least two-thirds of the members of the Board of Trustees of the Village, the finance board of the Village. Customarily, the Board of Trustees of the Village has delegated to the Village Treasurer, as chief fiscal officer of the Village, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

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

- (1) Such obligations are authorized for a purpose for which the Village is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within 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 Village 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 resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law) restrictions relating to the period of probable usefulness with respect thereto.

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 first of such notes and provided, generally, that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the Village with the power to issue certain other short-term general obligations indebtedness, including revenue and tax anticipation notes and budget and capital notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending May 31st:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$ 1,952,600	\$ 1,774,000	\$ 1,590,400	\$ 1,401,800	\$ 1,213,200
Bond Anticipation Notes	500,000	700,000	477,823	382,258	128,630
EFC Financing ⁽¹⁾	0	0	3,912,488	3,907,887	3,777,617
Other Debt ⁽²⁾	<u>0</u>	<u>334,849</u>	<u>276,014</u>	<u>476,850</u>	<u>356,821</u>
Totals	<u>\$ 2,452,000</u>	<u>\$ 2,808,849</u>	<u>\$ 6,256,725</u>	<u>\$ 6,168,795</u>	<u>\$ 5,476,268</u>

⁽¹⁾ Represents financing through the Environmental Facilities Corporation ("EFC") for the Sewer Project. See "Capital Project Plans" herein.

⁽²⁾ Represents installment purchase debt.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Village evidenced by bonds and notes as of September 2, 2020:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount Outstanding</u>
<u>Bond</u> ⁽¹⁾	2021-2032	\$ 1,094,600
<u>EFC Financing</u>	2021-2049	\$ 3,777,617
<u>Bond Anticipation Notes</u>		
Hilltop Stabilization	December 18, 2020	<u>128,630</u>
	Total Indebtedness	<u>\$ 5,000,847</u>

⁽¹⁾ The bonds listed above include \$1,080,000 outstanding serial bonds expected to be refunded by the proceeds of the Bonds.

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of September 2, 2020:

Five-Year Average Full Valuation	\$ 81,899,388
Debt Limit - 7% thereof	5,732,957

Inclusions:

Bonds.....	\$ 1,094,600	(1)
EFC Long Term Financing.....	\$ 3,777,617	
Bond Anticipation Notes	<u>128,630</u>	
Total Inclusions		\$ <u>5,000,847</u>

Exclusions:

Water Indebtedness Bonds (2)	940,000
Sewer Indebtedness EFC (3).....	3,777,617
Appropriations (4)	<u>0</u>
Total Exclusions	\$ <u>4,717,617</u>

Total Net Indebtedness

	\$ <u>283,230</u>
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Net Debt-Contracting Margin

	\$ <u>5,449,727</u>
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The percent of debt contracting power exhausted is

	5.93%
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- (1) The bonds listed above include \$1,080,000 outstanding serial bonds expected to be refunded by the proceeds of the Bonds.
- (2) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.
- (3) Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law. The Village was granted a sewer debt exclusion by the New York State Office of the State Comptroller on May 1, 2017.
- (4) Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

Note: The Village may, at any future date, apply for an exclusion for self-liquidating debt issued for the electric system under Section 123.00 of the Local Finance Law or sewer debt under Section 124.10 of the Local Finance Law.

Bonded Debt Service

A schedule of Bonded Debt Service may be found in "APPENDIX – B" to this Official Statement Statement.

Capital Project Plans

The Village recently completed a Sewer Project funded through the Environmental Facilities Corporation ("EFC") financing with grant monies and a zero-interest loan. The Village will be undergoing a bridge improvement project for the West Main St. Bridge. The project will begin in the spring of 2021. The anticipated cost of the project is \$4,942,185. Funding will be achieved through the Bridge New York program. The Bridge New York program is a reimbursement program whereby the Village pays for the project and is then reimbursed by the Bridge New York program. In order to provide sufficient cash flow for the project the Village may issue bond anticipation notes for expenses related to this project and redeem such bond anticipation notes upon receipt of reimbursements from the Bridge New York program.

The District currently has \$128,630 bond anticipation notes outstanding for the Lehman Park Stabilization project. The Village expects to redeem the outstanding bond anticipation notes at the December 18, 2020 maturity with FEMA reimbursement.

Due to a flooding event in the Village on October 31, 2019 the Village is in the process of completing several recovery projects with the Federal Emergency Management Agency ("FEMA"). The total estimated cost of the recovery projects is \$1,622,259. The Village anticipates receiving \$1,212,944 in Federal grants to finance the recovery projects. Dependent on the cash flow needs of the Village, the Village may issue bonds or bond anticipation notes for the costs of the project above the Federal grants received.

The Village Board has approved a water project with an estimated cost of \$8.5 million with construction anticipated to commence in the spring of 2021. The Village anticipates funding the project through short and/or long-term financing through EFC.

There are presently no other capital projects authorized and unissued by the Village nor are any contemplated as of the date of this Official Statement.

Cash Flow Borrowings

The Village found it necessary to issue a \$250,000 revenue anticipation note in anticipation of the collection of revenues from Power & Light Department Operations. The notes were issued February 28, 2014 and matured April 28, 2014.

The Village has not issued revenue or tax anticipation notes since 2014 and has no future plans to issue revenue anticipation notes in the foreseeable future.

Estimated Overlapping Indebtedness

In addition to the Village, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the Village. Estimated bonds and bond anticipation notes are listed as of the respective municipalities.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>Village Share</u>	<u>Applicable Indebtedness</u>
County of:						
Herkimer	12/31/2018	\$ 24,349,224	\$ - ⁽²⁾	\$ 24,349,224	1.68%	\$ 409,067
Town of:						
Frankfort	12/31/2018	3,795,800	64,000 ⁽²⁾	3,731,800	20.92%	780,693
School District:						
Frankfort-Schuyler	6/30/2019	7,010,000	6,028,600 ⁽³⁾	981,400	22.85%	224,250
					Total:	<u>\$ 1,414,009</u>

- (1) Bonds and bond anticipation notes. Not adjusted to include subsequent bond sales, if any.
- (2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.
- (3) Estimated state building aid.

Source: Comptroller’s Special Report on Municipal Affairs for Local Finance Years Ended in 2018 and 2019.

Note: The 2019 Comptroller’s Special Report for the County and Town is currently unavailable as of the date of this Official Statement.

Debt Ratios

The following table sets forth certain ratios relating to the Village’s net indebtedness as of September 2, 2020:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 283,230	\$ 115.60	0.32%
Net Plus Net Overlapping Indebtedness ^(d)	1,697,239	692.75	1.89

- (a) The current population of the Village is 2,450. See “THE VILLAGE - Population Trends” herein.
- (b) The Village’s full value of taxable real estate for 2021 is \$89,872,087. See “TAX INFORMATION – Taxable Assessed Valuations” herein.
- (c) See "Debt Statement Summary” herein.
- (d) Estimated net overlapping indebtedness is \$1,414,009. See “Estimated Overlapping Indebtedness” herein.

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SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Note when duly issued and paid for will constitute a contract between the Village and the holder thereof. Under current law, provision is made for contract creditors of the Village to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Village upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

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

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

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

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

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

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

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

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

As a result of the Court of Appeals decision in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law described below 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 Village.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an “emergency financial control board” for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law (“Title 6-A”) effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such “additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder.” Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a “material change in circumstances” the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the *Flushing National Bank* case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

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Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict , subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

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

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

Several municipalities in the State are presently working with the FRB. The Village has not requested FRB assistance nor does it reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, 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.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

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

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

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Bonds. The following is a discussion of certain events that could affect the risk of investing in the Bonds. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential investment risk.

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

The Village is dependent in part on financial assistance from the State. However, if the State should experience 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 Village, in any year, the Village may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Village. In some years, the Village has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid".)

There are a number of general factors which could have a detrimental effect on the ability of the Village to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the Village. Unforeseen developments could also result in substantial increases in Village expenditures, thus placing strain on the Village's financial condition. These factors may have an effect on the market price of the Bonds.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

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

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

COVID-19: An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Village's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the City's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the Village. The Village is monitoring the situation and intends to take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" herein).

TAX MATTERS

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

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Village covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) or any other matters coming to the attention of Bond Counsel after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to and may not be relied upon in connection with any such actions, events or matters.

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

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. In recent years, legislative proposals have been made which generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other 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. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.”

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver an opinion at the time of issuance of the Bonds substantially in the forms set forth in “APPENDIX – D” hereto.

Certain legal matters will be passed upon for the Underwriter by its counsel, Trespasz & Marquardt LLP, Syracuse, New York. Certain legal matters will be passed upon for the Village by the Village Attorney.

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LITIGATION

The Village is subject to a number of lawsuits in the ordinary conduct of its affairs. At the present time, there is no pending litigation that would have any impact on the Village's borrowing, or which would impact the tax base or the Village's financial position.

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

CONTINUING DISCLOSURE UNDERTAKING

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 Village will enter into a Continuing Disclosure Undertaking, the description of which can be found in "APPENDIX – C".

Historical Compliance

Except as noted below, the Village has in the previous five years complied, in all material respects, with any previous undertakings pursuant to Securities Exchange Commission Rule 15c2-12.

The Village failed to provide its 2019 Annual Financial Report Update Document (Unaudited) ("AUD") for the fiscal year ending May 31, 2019 within the timeline stated in the Village's outstanding undertaking agreements. The Village filed a Failure to File Material Event Notice on December 2, 2019 disclosing the Villages' failure to file its' 2019 AUD. The Village filed its' 2019 AUD to the Electronic Municipal Market Access Website ("EMMA") on August 19, 2020.

UNDERWRITING

The Bonds are being purchased by Robert W. Baird, Incorporated (the "Underwriter") for reoffering to the public. The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a purchase price equal to \$_____ (being the par amount of the Bonds plus a net original issue premium of \$_____, less an underwriter's fee for the transaction of \$_____). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

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 Village 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 Bonds. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the Village and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Village or the information set forth in this Official Statement or any other information available to the Village 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 Village to the Municipal Advisor are partially contingent on the successful closing of the Bonds.

BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its underlying rating of "A" with a stable outlook to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. A rating reflects only the view of the rating agency assigning such rating, and any desired explanation of the significance of such rating should be obtained from S&P, 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 Bonds may have an adverse effect on the market price of the Bonds.

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 which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

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 Village management's beliefs as well as assumptions made by, and information currently available to, the Village'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 Village's files with the repositories. When used in Village documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

Neither Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Village, nor Trespasz & Marquardt, LLP, Syracuse, New York, counsel to the Underwriter, expresses any opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the Village for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

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

Concurrently with the delivery of the Bonds, the Village 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 Village.

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

The Village hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments.

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 Village nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the Village 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 Village also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The Village's contact information is as follows: Ms. Karlee Tamburro, Village Clerk, 110 Railroad Street, Suite 1, Frankfort, New York 13340, Phone: (315) 895-7651 x 302, Fax: (315) 894-0921, Email ktamburro@villageoffrankfortny.org.

Additional copies of the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051, or at www.fiscaladvisors.com.

VILLAGE OF FRANKFORT

DOREEN FIORENTINO
Village Treasurer

Dated: September __, 2020

GENERAL FUND

Balance Sheets

Fiscal Years Ending May 31:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>ASSETS</u>					
Cash and Short-term Investments	\$ 488,850	\$ 499,592	\$ 655,145	\$ 757,370	\$ 685,554
Accounts Receivable	-	1,502	-	4,000	3,694
Prepaid Expenses	-	-	-	-	-
State and Federal Aid Receivables	-	-	-	-	-
Due from Other Funds	54,406	42,200	-	35,410	68,212
Due from Other Governments	-	3,368	42,201	-	-
	<u> </u>				
TOTAL ASSETS	<u>\$ 543,256</u>	<u>\$ 546,662</u>	<u>\$ 697,346</u>	<u>\$ 796,780</u>	<u>\$ 757,460</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 19,304	\$ 14,768	\$ 44,682	\$ -	\$ 25
Accrued Liabilities	-	-	25	25	-
Due to Other Funds	164	3,368	-	4,001	3,694
Deferred Revenues	135,000	140,000	145,000	150,000	150,000
Other Liabilities	-	-	-	600	601
	<u> </u>				
TOTAL LIABILITIES	<u>154,468</u>	<u>158,136</u>	<u>189,707</u>	<u>154,626</u>	<u>154,320</u>
 <u>FUND EQUITY</u>					
Reserved	\$ -	\$ -	\$ 146,690	\$ 122,725	\$ 25,953
Unreserved:					
Appropriated	-	-	-	-	-
Unappropriated	388,788	388,526	360,949	519,429	577,187
	<u> </u>				
TOTAL FUND EQUITY	<u>388,788</u>	<u>388,526</u>	<u>507,639</u>	<u>642,154</u>	<u>603,140</u>
 TOTAL LIABILITIES & FUND EQUITY	 <u>\$ 543,256</u>	 <u>\$ 546,662</u>	 <u>\$ 697,346</u>	 <u>\$ 796,780</u>	 <u>\$ 757,460</u>

Source: Annual Financial Report Update Document (Unaudited) of the Village. This Appendix is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending May 31:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 886,177	\$ 940,555	\$ 953,128	\$ 992,124	\$ 1,020,723
Real Property Tax Items	108,989	117,552	115,211	73,613	59,019
Non-Property Tax Items	196,706	201,890	193,456	200,407	213,088
Departmental Income	12,859	11,127	8,342	16,799	13,312
Intergovernmental Charges	37,398	196,808	201,790	197,477	220,909
Use of Money & Property	17,724	7,347	20,976	16,201	21,723
Licenses and Permits	222	311	141	72	48
Fines and Forfeitures	6,018	2,515	1,435	3,025	1,430
Sale of Property and Compensation for Loss	7,749	14,664	8,360	12,042	102,501
Interfund Revenues	156,999	50,219	8,848	23,362	28,304
Miscellaneous	-	1,637	24,064	40,000	40,000
Revenues from State Sources	157,570	126,658	57,263	122,190	274,561
Revenues from Federal Sources	-	1,823	3,381	8,771	95,565
Total Revenues	<u>\$ 1,588,411</u>	<u>\$ 1,673,106</u>	<u>\$ 1,596,395</u>	<u>\$ 1,706,083</u>	<u>\$ 2,091,183</u>
<u>EXPENDITURES</u>					
General Government Support	\$ 171,115	\$ 195,093	\$ 239,972	\$ 256,219	\$ 307,029
Public Safety	569,308	517,169	483,085	475,955	478,668
Health	390	770	490	520	260
Transportation	417,256	307,236	363,600	414,811	612,390
Economic Assistance	-	-	-	-	-
Culture and Recreation	9,603	25,747	21,483	20,179	33,843
Home and Community Services	4,463	4,339	5,834	5,656	7,127
Employee Benefits	358,728	318,378	326,704	326,937	314,614
Debt Service	627,402	228,645	171,989	105,093	219,441
Total Expenditures	<u>\$ 2,158,265</u>	<u>\$ 1,597,377</u>	<u>\$ 1,613,157</u>	<u>\$ 1,605,370</u>	<u>\$ 1,973,372</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (569,854)</u>	<u>\$ 75,729</u>	<u>\$ (16,762)</u>	<u>\$ 100,713</u>	<u>\$ 117,811</u>
Other Financing Sources (Uses):					
Operating Transfers In	554,452	213,972	40,000	40,000	40,000
Operating Transfers Out	<u>(19,156)</u>	<u>(80,872)</u>	<u>(23,500)</u>	<u>(21,600)</u>	<u>(23,296)</u>
Total Other Financing	<u>535,296</u>	<u>133,100</u>	<u>16,500</u>	<u>18,400</u>	<u>16,704</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(34,558)</u>	<u>208,829</u>	<u>(262)</u>	<u>119,113</u>	<u>134,515</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	214,517	179,959	388,788	388,526	507,639
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 179,959</u>	<u>\$ 388,788</u>	<u>\$ 388,526</u>	<u>\$ 507,639</u>	<u>\$ 642,154</u>

Source: Annual Financial Report Update Document (Unaudited) of the Village. This Appendix is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending May 31:	2020		2021
	Adopted Budget	Actual	Adopted Budget
REVENUES			
Real Property Taxes	\$ 1,034,265	\$ 1,034,102	\$ 1,078,787
Real Property Tax Items	55,800	62,484	37,477
Non-Property Tax Items	199,000	221,506	208,000
Departmental Income	8,200	12,471	8,500
Intergovernmental Charges	219,700	244,039	222,600
Use of Money & Property	24,200	23,220	7,350
Licenses and Permits	100	-	-
Fines and Forfeitures	1,000	1,170	1,000
Sale of Property and Compensation for Loss	-	9,311	-
Miscellaneous	1,000	73,581	90,500
Interfund Revenues	106,000	40,000	80,000
Revenues from State Sources	118,800	67,414	73,500
Revenues from Federal Sources	-	-	-
Total Revenues	<u>\$ 1,768,065</u>	<u>\$ 1,789,298</u>	<u>\$ 1,807,714</u>
EXPENDITURES			
General Government Support	\$ 298,640	\$ 270,878	\$ 314,153
Public Safety	532,091	596,707	523,134
Health	500	810	600
Transportation	409,688	405,266	443,073
Economic Assistance	-	-	-
Culture and Recreation	25,700	26,140	33,750
Home and Community Services	7,944	43,932	18,050
Employee Benefits	419,030	315,104	365,218
Debt Service	272,762	430,276	299,673
Total Expenditures	<u>\$ 1,966,355</u>	<u>\$ 2,089,113</u>	<u>\$ 1,997,651</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (198,290)</u>	<u>\$ (299,815)</u>	<u>\$ (189,937)</u>
Other Financing Sources (Uses):			
Operating Transfers In	95,565	293,629	120,064
Operating Transfers Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>
Total Other Financing	<u>75,565</u>	<u>273,629</u>	<u>100,064</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(122,725)</u>	<u>(26,186)</u>	<u>(89,873)</u>
FUND BALANCE			
Fund Balance - Beginning of Year	122,725	642,154	89,873
Prior Period Adjustments (net)	<u>-</u>	<u>(12,828)</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 603,140</u>	<u>\$ -</u>

Source: Annual Financial Report Update Document (Unaudited) and budgets of the Village. This Appendix is not audited.

Changes In Fund Equity

Fiscal Years Ending May 31:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>WATER FUND</u>					
Fund Equity - Beginning of Year	\$ 108,614	\$ 156,418	\$ 199,392	\$ 218,843	\$ 215,416
Prior Period Adjustments (net)	-	-	-	-	2,532
Revenues & Other Sources	545,033	556,055	561,966	578,944	554,711
Expenditures & Other Uses	497,229	513,081	542,515	582,371	613,308
Fund Equity - End of Year	156,418	199,392	218,843	215,416	159,351
<u>SEWER FUND</u>					
Fund Equity - Beginning of Year	\$ 152,279	\$ 155,136	\$ 147,095	\$ 149,517	\$ 236,109
Prior Period Adjustments (net)	-	-	-	-	502
Revenues & Other Sources	60,808	67,337	89,668	220,637	244,751
Expenditures & Other Uses	57,951	75,378	87,246	134,045	190,150
Fund Equity - End of Year	155,136	147,095	149,517	236,109	291,212

Source: Annual Financial Report Update Document (Unaudited) of the Village. This Appendix is not audited.

BONDED DEBT SERVICE

Fiscal Year Ending May 31st	PRIOR TO REFUNDING			REFUNDING BONDS	REFUNDING BONDS DEBT SERVICE			TOTAL NEW
	Principal	Interest	Total	DEBT SERVICE	Principal	Interest	Total	DEBT SERVICE
2021	\$ 248,870	\$ 52,482.76	\$ 301,352.76	\$ -	\$ -	\$ -	\$ -	\$ -
2022	249,870	47,638.63	297,508.63	-	-	-	-	-
2023	245,057	42,740.13	287,797.13	-	-	-	-	-
2024	245,270	37,849.51	283,119.51	-	-	-	-	-
2025	235,270	33,131.26	268,401.26	-	-	-	-	-
2026	215,270	28,968.76	244,238.76	-	-	-	-	-
2027	220,270	24,975.01	245,245.01	-	-	-	-	-
2028	225,270	20,637.51	245,907.51	-	-	-	-	-
2029	225,270	16,065.63	241,335.63	-	-	-	-	-
2030	230,270	11,250.00	241,520.00	-	-	-	-	-
2031	240,270	6,000.00	246,270.00	-	-	-	-	-
2032	195,270	1,625.00	196,895.00	-	-	-	-	-
2033	130,270	-	130,270.00	-	-	-	-	-
2034	130,270	-	130,270.00	-	-	-	-	-
2035	130,270	-	130,270.00	-	-	-	-	-
2036	130,270	-	130,270.00	-	-	-	-	-
2037	130,270	-	130,270.00	-	-	-	-	-
2038	130,270	-	130,270.00	-	-	-	-	-
2039	130,270	-	130,270.00	-	-	-	-	-
2040	130,270	-	130,270.00	-	-	-	-	-
2041	130,270	-	130,270.00	-	-	-	-	-
2042	130,270	-	130,270.00	-	-	-	-	-
2043	130,270	-	130,270.00	-	-	-	-	-
2044	130,270	-	130,270.00	-	-	-	-	-
2045	130,270	-	130,270.00	-	-	-	-	-
2046	130,270	-	130,270.00	-	-	-	-	-
2047	130,270	-	130,270.00	-	-	-	-	-
2048	130,270	-	130,270.00	-	-	-	-	-
2049	130,270	-	130,270.00	-	-	-	-	-
TOTALS	\$ 4,990,817	\$ 323,364.20	\$ 5,314,181.20	\$ -	\$ -	\$ -	\$ -	\$ -

Note: The totals listed above include \$3,777,617 interest free outstanding principal issued through the New York State Environmental Facilities Corporation ("EFC").

CURRENT BONDS OUTSTANDING

Fiscal Year Ending May 31st	2007 Fire Pumper			2008 ⁽¹⁾ Village Park & Dump Truck		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 13,600	\$ 882.76	\$ 14,482.76	\$ 15,000	\$ 2,625.00	\$ 17,625.00
2022	14,600	301.13	14,901.13	15,000	1,875.00	16,875.00
2023	-	-	-	15,000	1,125.00	16,125.00
2024	-	-	-	15,000	375.00	15,375.00
2025	-	-	-			
TOTALS	\$ 28,200	\$ 1,183.89	\$ 29,383.89	\$ 60,000	\$ 6,000.00	\$ 66,000.00

Fiscal Year Ending May 31st	2010 ⁽¹⁾ DPW Equipment - Vactor			2010 ⁽¹⁾ Refunding of 1997 and 1999 Serial Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 20,000	\$ 4,200.00	\$ 24,200.00	\$ 70,000	\$ 44,775.00	\$ 114,775.00
2022	20,000	3,400.00	23,400.00	70,000	42,062.50	112,062.50
2023	25,000	2,500.00	27,500.00	75,000	39,115.13	114,115.13
2024	25,000	1,500.00	26,500.00	75,000	35,974.51	110,974.51
2025	25,000	500.00	25,500.00	80,000	32,631.26	112,631.26
2026	-	-	-	85,000	28,968.76	113,968.76
2027	-	-	-	90,000	24,975.01	114,975.01
2028	-	-	-	95,000	20,637.51	115,637.51
2029	-	-	-	95,000	16,065.63	111,065.63
2030	-	-	-	100,000	11,250.00	111,250.00
2031	-	-	-	110,000	6,000.00	116,000.00
2032	-	-	-	65,000	1,625.00	66,625.00
TOTALS	\$ 115,000	\$ 12,100.00	\$ 127,100.00	\$ 1,010,000	\$ 304,080.31	\$ 1,314,080.31

⁽¹⁾ The outstanding principal is anticipated to be refunded with the proceeds of the Bonds.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending May 31st	2019 EFC - Sewer Project		
	Principal	Interest	Total
2021	\$ 130,270	\$ -	\$ 130,270.00
2022	130,270	-	130,270.00
2023	130,057	-	130,057.00
2024	130,270	-	130,270.00
2025	130,270	-	130,270.00
2026	130,270	-	130,270.00
2027	130,270	-	130,270.00
2028	130,270	-	130,270.00
2029	130,270	-	130,270.00
2030	130,270	-	130,270.00
2031	130,270	-	130,270.00
2032	130,270	-	130,270.00
2033	130,270	-	130,270.00
2034	130,270	-	130,270.00
2035	130,270	-	130,270.00
2036	130,270	-	130,270.00
2037	130,270	-	130,270.00
2038	130,270	-	130,270.00
2039	130,270	-	130,270.00
2040	130,270	-	130,270.00
2041	130,270	-	130,270.00
2042	130,270	-	130,270.00
2043	130,270	-	130,270.00
2044	130,270	-	130,270.00
2045	130,270	-	130,270.00
2046	130,270	-	130,270.00
2047	130,270	-	130,270.00
2048	130,270	-	130,270.00
2049	130,270	-	130,270.00
TOTALS	\$ 3,777,617	\$ -	\$ 3,777,617.00

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the Village has agreed to provide, or cause to be provided, during the period in which the Bonds are outstanding:

- (i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement dated September __, 2020 of the Village relating to the Bonds under the headings "THE VILLAGE", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and all Appendices (other than Appendix C & D and other than any Appendix related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending May 31, 2020, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending May 31, 2020; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Village of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Village of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies;
 - (b) non-payment related defaults, if material;
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) 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 of determinations with respect to the tax status of the securities, or other material events affecting the tax status of the securities;
 - (g) modifications to rights of security holders, if material;
 - (h) bond or note calls, if material, and tender offers;
 - (i) defeasances;
 - (j) release, substitution, or sale of property securing repayment of the securities; if material;
 - (k) rating changes;

- (l) bankruptcy, insolvency, receivership or similar event of the Village;
- (m) the consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and;
- (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 Village, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Village, any of which affect security 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 Village, any of which reflect financial difficulties.

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

- (iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

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

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

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 Village 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 Village, 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 Village.

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

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

A "Continuing Disclosure Undertaking" Certificate to this effect shall be provided to the purchaser at closing.

FORM OF BOND COUNSEL'S OPINION

September 30, 2020

Village of Frankfort
 County of Herkimer
 State of New York

Re: Village of Frankfort, County of Herkimer, New York
 \$1,110,000* Public Improvement Refunding (Serial) Bonds, 2020

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$1,110,000* Public Improvement Refunding (Serial) Bonds, 2020 (the "Obligations"), of the Village of Frankfort, County of Herkimer, State of New York (the "Obligor"), dated September 30, 2020, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ___ and ___ hundredths per centum (___%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, and at the rate of ___ per centum (___%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, payable on January 1, 2021 and semi-annually thereafter on July 1 and January 1, and maturing in the amount of \$_____ on July 1, 2021, \$_____ on July 1, 2022, \$_____ on July 1, 2023, \$_____ on July 1, 2024, \$_____ on July 1, 2025, \$_____ on July 1, 2026, \$_____ on July 1, 2027, \$_____ on July 1, 2028, \$_____ on July 1, 2029, \$_____ on July 1, 2030; and \$_____ on July 1, 2031.

The Bonds shall not be subject to redemption prior to maturity.

We have examined:

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

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

* Preliminary, subject to change.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the fifth paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations, the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

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

Very truly yours,

Orrick, Herrington & Sutcliffe LLP