

PRELIMINARY OFFICIAL STATEMENT DATED JULY 2, 2025

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See "Tax Matters" herein).

The City will designate the Notes as "qualified tax-exempt obligations" pursuant to the provision of Section 265(b)(3) of the Code.

CITY OF JOHNSTOWN FULTON COUNTY, NEW YORK (the "City")

\$6,050,000 BOND ANTICIPATION NOTES – 2025 (the "Notes")

Dated Date: August 7, 2025

Maturity Date: August 7, 2026

Security and Sources of Payment: The Notes are general obligations of the City of Johnstown, Fulton County, New York (the "City", the "County", and the "State" respectively) and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the City, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"). (See "Tax Levy Limit Law," herein).

Prior Redemption: The Notes will not be subject to redemption prior to their maturity.

Form and Denomination: The Notes will be issued in registered form and, at the option of the purchaser, the Notes may be either registered to the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes. For those Notes registered to the purchaser, a single note certificate shall be delivered to the purchaser(s) for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Those Notes issued in book-entry form will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the Securities Depository for the Notes. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Individual purchases of any Notes issued in book-entry form may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Noteholders will not receive certificates representing their respective ownership interests in any Notes issued in book-entry form. (See "Description of Book-Entry System" herein).

Payment: Principal of and interest on the Notes registered to the Purchaser will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Payment of the principal of and interest on any Notes issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC Participants or Indirect Participants and not of DTC or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Principal and interest payments on any book-entry notes shall be payable at the office of the City Clerk. (See "Description of Book-Entry System" herein.)

IN RECENT YEARS, COMPLETION OF THE CITY'S ANNUAL FINANCIAL REPORTS HAVE BEEN DELAYED WHICH COULD AFFECT THE MARKETABILITY AND MARKET VALUE OF THE NOTES. SEE "RISK FACTORS", "RECENT OPERATING RESULTS" AND "RATING" HEREIN.

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on July 16, 2025 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about August 7, 2025 in New York, New York, or as otherwise agreed to by the City and the purchaser(s).

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE CITY FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE CITY'S UNDERTAKING TO PROVIDE NOTICES OF EVENTS FOR THE NOTES, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

July , 2025

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FULTON COUNTY, NEW YORK**

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Thomas Herr, City Treasurer

Carrie M. Allen, City Clerk

Michael M. Albanese, City Attorney

* * *

BOND COUNSEL



Hawkins Delafield & Wood LLP
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* * *

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

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OFFICIAL STATEMENT

Relating to

CITY OF JOHNSTOWN FULTON COUNTY, NEW YORK

\$6,050,000 BOND ANTICIPATION NOTES –2025 (the “Notes”)

This Official Statement, including the cover page and appendices thereto, has been prepared by the City and presents certain information relating to the City's \$6,050,000 Bond Anticipation Notes –2025 (the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State") and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

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

IN RECENT YEARS, COMPLETION OF THE CITY’S ANNUAL FINANCIAL REPORTS HAVE BEEN DELAYED WHICH COULD AFFECT THE MARKETABILITY AND MARKET VALUE OF THE NOTES. SEE “*RISK FACTORS*”, “*RECENT OPERATING RESULTS*” AND “*RATING*” HEREIN.

THE NOTES

Description of the Notes

The Notes are general obligations of the City. The City has pledged its faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the City, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein).

The Notes will be dated and will mature, without the option of prior redemption, as indicated on the cover page hereof.

The City Clerk will act as Fiscal Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s). The City’s contact information is as follows: Thomas Herr, City Treasurer, City of Johnstown, City Hall, 33-41 East Main Street, Johnstown, New York 12095, telephone number 518/736-4017, email: therr@cityofjohnstown.ny.gov.

No Optional Redemption

The Notes will not be subject to redemption prior to their maturity.

Description of Book-Entry System

DTC will act as securities depository for any Notes issued as book-entry notes. Such Notes will be issued as fully registered securities, in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). Standard & Poor’s assigns a rating of “AA+” to DTC. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detailed information from the City on the payable date, in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC (nor its nominee) or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC), and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered to the Noteowners. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In such event, note certificates will be printed and delivered to the Noteowners.

Source: The Depository Trust Company, New York, New York.

The information contained in the above section concerning DTC and DTC’s book-entry system has been obtained from sample offering document language supplied by DTC, but the City takes no responsibility for the accuracy thereof. In addition, the City will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, any participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the Notes or (iii) any notice which is permitted or required to be given to Noteowners.

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the City Law and the Local Finance Law, and two bond resolutions duly adopted by the City Council of the City on the dates set forth below for the following purposes:

<u>Date Authorized</u>	<u>Amended</u>	<u>Amount Authorized</u>	<u>Purpose</u>	<u>Amount</u>
9/16/2024	5/19/2025	\$250,000	Demolition of Buildings	\$218,000
9/16/2024	5/19/2025	200,000	DPW – excavator	200,000
9/16/2024	5/19/2025	475,000	DPW - pickup trucks	440,945
9/16/2024	5/19/2025	380,000	Fire Dept. - breathing apparatus	378,764
9/16/2024	5/19/2025	275,000	Parking lot improvements	114,379
9/16/2024	5/19/2025	120,000	Police – vehicles	120,000
9/16/2024	5/19/2025	120,000	Police – equipment	105,400
9/16/2024	5/19/2025	300,000	Sewer - system improvements	277,148
9/16/2024	5/19/2025	100,000	Technology	100,000
9/16/2024	5/19/2025	10,000,000	Water - system improvements	917,000
1/21/2025	-	3,178,364	Various Energy Efficiency Projects	<u>3,178,364</u>
Totals:				<u><u>\$6,050,000</u></u>

Security and Source of Payment

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

The Notes will be general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the City has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the City, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*,” herein).

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the City to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the City’s power to increase its annual tax levy, unless the City complies with certain procedural requirements to permit the City to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*,” herein).

RISK FACTORS

DUE TO DEFICIENCIES IN FINANCIAL CONTROLS, PROCEDURES, AND RECORDKEEPING, THE CITY EXPERIENCED INCOMPLETE FINANCIAL RECORDS AND DELAYS IN THE PREPARATION OF ITS ANNUAL FINANCIAL REPORTS FOR THE FISCAL YEARS 2019 THROUGH 2023. AS A RESULT OF INSUFFICIENT FINANCIAL INFORMATION, S&P GLOBAL RATINGS WITHDREW THE CITY'S LONG-TERM BOND RATING ON NOVEMBER 10, 2020.

IN RESPONSE, THE CITY UNDERTOOK EXTENSIVE EFFORTS TO COMPILE AND RECONSTRUCT ITS FINANCIAL RECORDS. THE MOST RECENTLY COMPLETED ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023, WHICH ARE UNAUDITED AND ARE NOT PREPARED IN ACCORDANCE WITH GAAP, AND HAVE BEEN FILED WITH THE OFFICE OF THE NEW YORK STATE COMPTROLLER.

THE CITY IS ISSUING BOND ANTICIPATION NOTES IN THE AMOUNT OF \$6,025,000 TO FINANCE SPECIFIC CAPITAL PROJECTS. INVESTORS SHOULD NOTE THAT THE CIRCUMSTANCES DESCRIBED ABOVE MAY IMPACT BOTH THE MARKETABILITY AND MARKET VALUE OF THE NOTES. FOR ADDITIONAL DETAILS, REFER TO THE SECTION TITLED “RECENT OPERATING RESULTS” AND “RATING” HEREIN.

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

The City's credit rating could be affected by circumstances beyond the City's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of City property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the City's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of the holder to potentially incur a capital loss if such Note is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the City to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The City is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received (“State Aid”). The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the State's economy and financial condition and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefore. Should the City fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys, the City is authorized to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid; however, there can be no assurance that, in such event, the City will have market access for any such borrowing on a cost effective basis. (See also “*State Aid*” herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see “*Tax Matters*” herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the City, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the City, may affect the market price and/or marketability for the Notes. (See “*Tax Levy Limit Law*” herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the City, could impair the financial condition of such entities, including the City, and the ability of such entities, including the City, to pay debt service on the Notes.

A public health threat such as the COVID-19 pandemic may also affect the operations and/or finances of the City.

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the City default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. Each Note is a general obligation contract between the City and the owners for which the faith and credit of the City are pledged and while remedies for enforcement of payment are not expressly included in the City's contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or note holder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the City. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Notes from funds lawfully available therefor or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the City and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Note, the owner of such Note could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the City to assess, levy and collect an *ad valorem* tax, upon all taxable property of the City subject to taxation by the City, sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the City, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

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

Pursuant to Article VIII, Section 2 of the State Constitution, the City is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically, this constitutional provision states: "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. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), 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 the 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 or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the 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.

In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may 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.

MUNICIPAL BANKRUPTCY

The undertakings of the City should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended (“Chapter IX”) and, in general, to other bankruptcy laws affecting creditors’ rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner’s creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the City could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the “indubitable equivalent”. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the City, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any 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. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a finance control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the City in the future cannot be assured.

No current state law purports to create any priority for holders of the Notes should the City 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 above references to the Bankruptcy Act are not to be construed as an indication that the City is currently considering or expects to resort to the provisions of the Bankruptcy Act.

Financial Control Boards

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality 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 in certain cases approve or disapprove collective bargaining agreements. Implementation is generally 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, upon the issuance of a certificate of necessity of the Governor reciting facts which in the judgment of the 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 a 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 in the finances and operations of entities 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 City has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

No Past Due Debt

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

THE CITY OF JOHNSTOWN

Description

The City, with a land area of 3.4 square miles and a population of 8,153 according to the 2023 U.S. Census is located in the south central portion of Fulton County and lies about midway between Albany to the east and Utica to the west. Incorporated in 1895, the City is the County Seat of Fulton County.

The City, together with the adjacent City of Gloversville, and Fulton County, developed the Glove Cities Industrial Park. Portions of this Park are located in both the City and City of Gloversville. This small industrial park is located in the north end of the City just off of North Perry Street and includes various commercial companies.

Additionally, in 1988, the City, in conjunction with the Fulton County Industrial Development Agency, constructed the Johnstown Industrial Park. Since its creation, 14 new buildings have been constructed in or in proximity to the Park totaling almost 1.76 million square feet of space which includes the following companies: Benjamin Moore, Wal-Mart Food Distribution, Fage USA Dairy Industry Inc, Pioneer Window, Euphrates, Evolution Recycling, Frasier Enterprises, Yusen Logistics, DHL, and ElectroMetrics.

The creation of these industrial parks have allowed the City to bring in a wide array of different businesses for its local residents to find employment and for residents not employed in these industries they find employment in the industrial and governmental operations in Gloversville, Amsterdam, Canajoharie, Schenectady and Albany.

Rail & passenger service by Amtrak is available in nearby Amsterdam. The Barge Canal located just to the south provides direct water transportation to the Port of New York and the Great Lakes at Buffalo. The New York State Thruway has an interchange just south of the City at Fultonville; other major highways include New York State Routes 29, 30A and 67. Air transportation is provided by the Fulton County Airport, which has a 400 x 75 ft. asphalt runway and is located two (2) miles east of the City.

Governmental Organization

The Mayor is the chief executive officer of the City and is elected at large for a four-year term.

The Common Council is the legislative branch of government and consists of five council members, one from each of the four wards, and the Council Member-At-Large. Each Council Member is elected to a four-year term by the voters within the ward he or she represents. The Council Member-At-Large is elected at large for a four-year term. Voting for the Mayor and Council Members is staggered, so that in 2025 elections are being held for Mayor, Council Member-At-Large and Council Members for Wards 2 and 4. In 2027, elections will be held for Council Members in Wards 1 and 3. Any changes in election cycles based on newly Enacted State Law requiring even year dates.

The City Treasurer is the chief fiscal officer of the City and is elected for a four-year term. The current City Treasurer has been the chief fiscal officer of the City since January 1, 2022.

As of January 1, 2023, the City of Johnstown restructured the governance of its water system following a successful public referendum held on November 8, 2022. The referendum resulted in the abolishment of the Johnstown Water Board, which had previously functioned as an independent, elected body responsible for the management and oversight of the City's water system. Pursuant to the charter amendment adopted by the voters, the Johnstown Common Council now assumes full responsibility for the administration, management, and oversight of the City's water system. Matters related to water operations, rates, infrastructure improvements, and budgeting are now addressed as part of the Common Council's regular legislative agenda. This change was intended to improve administrative efficiency, increase accountability, and streamline decision-making within City government. The City Water Department continues to operate the system on a day-to-day basis and currently employs approximately eleven (11) full-time staff members. The Department provides water service to an estimated population of 8,900 residents through approximately 3,400 service connections. The water system infrastructure includes reservoirs, treatment facilities, distribution mains, and related facilities serving the City and select surrounding areas.

The City and the City of Gloversville jointly own and operate the Gloversville-Johnstown Joint Wastewater Treatment Facility, a joint activity, under the terms of an inter-municipal agreement authorized under New York State law. The agreement is dated May 22, 1964 and was subsequently amended in 1986, 2005, 2011 and 2019. Each city owns, operates and maintains the wastewater collection system in its respective city. The City of Johnstown is currently the lead municipality with the Johnstown's Mayor and Treasurer serving as the Chief Executive Officer and Chief Fiscal Officer, respectively. In addition the operation is managed by the Joint Sewer Board, which consist of six (6) appointees; three (3) from the City and three (3) from the City of Gloversville.

Employees

The City provides services through approximately 92 full-time employees and 13 part-time employees. Some of such employees are represented by organized labor as follows:

Employee Organization ^a	Term of Contract	Est. No. of Employees
C.S.E.A	December 31, 2025	29
Johnstown Firefighters Assoc.	December 31, 2025	25
Johnstown P.B.A	December 31, 2025	24
Totals:		78

a. Excludes Library employees which was granted a school district charter on December 11, 2018. A new non-city entity was created.

There have been no strikes against the City and its labor relations have been amicable.

Building Permits

Year	Total	Est. Cost of Construction ^a
2018	386	\$ 5,791,811
2019	362	10,454,813
2020	521	8,921,856
2021	471	9,545,537
2022	639	15,412,194
2023	520	8,782,970

a. The estimated cost of construction can vary depending on the size of projects being done in that year.

DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables present certain comparative demographic and statistical information regarding the City, the County, and the State.

City Population

Year	City of Johnstown	State of New York
1990	9,058	17,990,455
2000	8,511	18,976,457
2010	8,743	19,378,102
2020	8,307	19,618,453
2023	8,153	19,571,216

Source: U.S. Bureau of Census

Income Data

	Per Capita Income				
	1990	2000	2010	2020	2023 ^a
City of Johnstown	\$11,959	\$17,324	\$22,424	\$27,428	\$34,473
County of Fulton	11,330	16,844	22,321	23,828	34,843
State of New York	16,501	23,389	30,791	37,470	48,847

	Median Household Income				
	1990	2000	2010	2020	2023 ^a
City of Johnstown	\$23,382	\$32,603	\$44,234	\$50,027	\$62,333
County of Fulton	23,862	33,663	42,966	45,988	62,615
State of New York	32,965	43,393	55,603	65,323	82,095

Source: United States Bureau of the Census.

a. Based on American Community Survey 5-Year Estimates (2019-2023).

Unemployment Rate Statistics

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

Annual Averages:	Fulton County (%)	New York State (%)
2018	5.1	4.1
2019	5.0	4.0
2020	8.6	10.1
2021	5.9	7.2
2022	3.9	4.4
2023	4.2	4.2
2024 (YTD Average)	4.6	4.3

Source: Department of Labor, State of New York.

Selected Listing of Larger Employers in the City

Name

Fulton County Offices
Walmart Regional Center
DHL
Johnstown City School District
Lexington Center
Price Chopper
Robison and Smith, Inc.
Wells Nursing Home
Community Health Center
Pearl Leather Finishers
City of Johnstown
Fage USA Dairy Industry Inc.
Pioneer Window

Source: City Officials.

INDEBTEDNESS OF THE CITY

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, 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; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the City has authorized the issuance of indebtedness having substantially level or declining annual debt service. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The City is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the City so as to prevent abuses in the exercise of such powers; however, as has been noted under "*Security and Source of Payment*", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the City to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the City's power to increase its annual tax levy, unless the City complies with certain procedural requirements to permit the City to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*," herein).

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the City to borrow and incur indebtedness subject, of course, to the constitutional and statutory provisions set forth above. The power to spend money, however, generally derives from other laws, including the City Law and the General Municipal Law.

Pursuant to the Local Finance Law, the City authorizes the incurrence of indebtedness by the adoption of a bond resolution approved by at least two-thirds of the members of the City Council, except if the City determines to subject the bond resolution to voter approval by mandatory referendum, in which case only a three-fifths vote is required.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution, except for alleged constitutional violations. Except on rare occasions, the City complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Each bond 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 and case law) restrictions relating to the period of probable usefulness with respect thereto.

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend more than five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "*Payment and Maturity*" under "*Constitutional Requirements*").

In addition, under each bond resolution, the City Council may delegate, and has delegated, power to issue and sell bonds and notes, to the City Treasurer, the chief fiscal officer of the City.

In general, the Local Finance Law contains similar provisions providing the City with power to issue general obligation revenue anticipation notes, tax anticipation notes, deficiency notes and budget notes.

Debt Limit. The City has the power to contract indebtedness for any City purpose so long as the aggregate outstanding principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the City and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the New York State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition by five.

There is no constitutional limitation on the amount that may be raised by the City by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limit Law, imposes a statutory limitation on the power of the City to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the Tax Levy Limit Law. (See "*Tax Levy Limit Law*," herein).

The following pages set forth certain details with respect to the indebtedness of the City.

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Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of July 2, 2025)

Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate (%)</u>	Full <u>Valuation</u>
2020	\$452,001,401	94.00	\$480,852,554
2021	454,602,931	94.00	483,620,139
2022	470,821,361	92.00	511,762,349
2023	469,654,961	84.00	559,113,049
2024	471,611,555	75.00	<u>628,815,407</u>
Total Five Year Full Valuation			\$2,664,163,498
Average Five Year Full Valuation			532,832,700
Debt Limit - 7% of Average Full Valuation			37,298,289
Inclusions:			
Outstanding Bonds:			
General Purposes			1,522,075
Non Excluded Sewer Debt			4,970,000
Water Debt			<u>407,925</u>
Sub-Total			6,900,000
Bond Anticipation Notes:			
General Purposes			0
Total Inclusions			<u>6,900,000</u>
Exclusions:			
Water Debt			407,925
Appropriations for Bonds			480,000
Appropriations for Notes			<u>0</u>
Total Exclusions			887,925
Total Net Indebtedness			<u>6,012,075</u>
Net Debt Contracting Margin			<u><u>\$31,286,214</u></u>
Percent of Debt Limit Exhausted			16.12%

Trend of Indebtedness

Fiscal Year Ending December 31:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Outstanding Debt:					
Subject to Debt Limit					
Bonds	\$10,144,200	\$9,363,900	\$8,584,300	\$7,808,275	\$6,672,675
Bond Anticipation Notes					
Other					
Sub-Total	<u>\$10,144,200</u>	<u>\$9,363,900</u>	<u>\$8,584,300</u>	<u>\$7,808,275</u>	<u>\$6,672,675</u>
Not Subject to Debt Limit					
Bonds	\$85,800	\$86,100	\$85,700	\$81,725	\$417,325
Bond Anticipation Notes					
Other					
Sub-Total	<u>\$85,800</u>	<u>\$86,100</u>	<u>\$85,700</u>	<u>\$81,725</u>	<u>\$417,325</u>
Total Outstanding Debt:	<u><u>\$10,230,000</u></u>	<u><u>\$9,450,000</u></u>	<u><u>\$8,670,000</u></u>	<u><u>\$7,890,000</u></u>	<u><u>\$7,090,000</u></u>

Source: Annual Financial Statements of the City (2020-2024).

Debt Service Requirements – Outstanding Bonds^a

Fiscal Year Ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 745,000	\$ 260,615	\$1,005,615
2026	750,000	235,100	985,100
2027	760,000	207,550	967,550
2028	745,000	180,300	925,300
2029	745,000	154,050	899,050
2030	500,000	128,600	628,600
2031	510,000	110,700	620,700
2032	535,000	92,500	627,500
2033	300,000	76,500	376,500
2034	300,000	63,750	363,750
2035	300,000	51,000	351,000
2036	300,000	38,250	338,250
2037	300,000	25,500	325,500
2038	<u>300,000</u>	<u>12,750</u>	<u>312,750</u>
Totals:	<u><u>\$7,090,000</u></u>	<u><u>\$1,637,165</u></u>	<u><u>\$8,727,165</u></u>

a. Rounded to nearest dollar.

Ambulance Lease

Fiscal Year Ending December 31:	Principal	Interest	Total ^a
2025	\$ 33,000	\$ 10,869	\$44,861
2026	35,801	9,060	44,861
2027	38,597	6,264	44,861
2038	41,611	3,250	44,861
Totals:	<u>\$150,001</u>	<u>\$29,443</u>	<u>\$179,444</u>

a. Johnstown Hospital Foundation is currently reimbursing the lease payments for the ambulance. It is expected that this organization will continue to cover these payments through the end of the lease term.

Details of Short-Term Indebtedness Outstanding

As of the date hereof, the City has no short-term debt outstanding.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
Fulton County	12/31/24	12.69	\$ 0	\$ 0
Johnstown City SD	12/21/23	68.46	21,664,167	1,559,820
Totals			<u>\$21,664,167</u>	<u>\$1,559,820</u>

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements.

Debt Ratios
(As of July 2, 2025)

	Amount	Per Capita ^a	Percentage Of Full Value (%) ^b
Total Direct Debt	\$ 6,900,000	\$ 846	1.097
Net Direct Debt	6,012,075	737	0.956
Total Direct & Applicable Total Overlapping Debt	28,564,167	3,504	4.543
Net Direct & Applicable Net Overlapping Debt	7,571,895	929	1.204

a. The current population of the City is 8,153.

b. The full valuation of taxable real property in the City for 2023-2024 is \$629,102,577.

Authorized but Unissued Debt

As of the date of this Official Statement the City has authorized but unissued debt in the amount of \$15,873,364 for various capital projects of which \$6,025,000 will be funded by the proceeds of the Notes.

FINANCIAL MATTERS

Financial Statements and Accounting Procedures

The City maintains its financial records in accordance with the Uniform System of Accounts for Cities prescribed by the State Comptroller. The financial records of the City are not audited by independent accountants. The City is required by law, to prepare an Annual Financial Report (“AFR”), for submission to New York State. The most recently complete AFR of the City is for the fiscal year ended December 31, 2023. The AFR is not prepared in accordance with GAAP (as herein after defined). Such report for the fiscal year ended December 31, 2023, can be found in Appendix B.

Over the past few years, the City has completed five late AFRs or AUDs. The City anticipates it will file its December 31, 2024, fiscal year AFR by third quarter of 2025. (See also “*RISK FACTORS*” herein.)

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

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. Reference to this website implies no warranty of accuracy of information therein. The most recent audits were released on March 19, 2021. The purpose of the audits was to determine whether the City maintained accurate and complete financial information to adequately manage operations and safeguarded information technology resources to ensure personal, private and sensitive information was protected. Complete reports may be found on the State Comptroller’s website.

See the State Comptroller’s official website for more information regarding the foregoing. Reference to this website implies no warranty of accuracy of information therein.

The most recent New York State Comptroller’s audit for the City focused on the City’s financial management, and it was issued on March 19, 2021. This comprehensive review, identified as report 2020M-134, found several areas needing improvement in the City’s financial oversight and accounting practices.

Key Findings

City officials did not maintain accurate and complete financial information to adequately manage operations.

- The City Treasurer (Treasurer) did not maintain accurate accounting records. The Treasurer filed the required annual financial reports late for fiscal years 2016 and 2017 and had not filed the reports for 2018 or 2019 as of December 2, 2020.
- Without accurate financial records, the Common Council (Council) did not have accurate financial information to monitor the City’s financial condition and does not know the City’s current financial condition.
- The Council did not adequately plan and monitor Emergency Medical Services (EMS) financial operations. As a result, the City could lose out on significant revenue.

Key Recommendations

- Maintain adequate and timely accounting records and perform monthly bank reconciliations.
- Monitor the City’s financial condition and ensure the Treasurer files timely financial reports.
- Develop and adopt policies and procedures over the EMS function.

The State Comptroller also recently completed internal controls audits over information technology. Such audit was released on March 19, 2021. The key findings and recommendations are as follows:

Key Findings

City officials did not adequately safeguard IT resources to ensure PPSI was protected. The failure to protect PPSI can have significant consequences on the City, such as reputation damage, lawsuits, a disruption in operations or a security breach. City officials did not:

- Develop adequate IT policies and procedures or provide IT security awareness training.
- Have a complete and accurate IT asset inventory.
- Properly manage user accounts or ensure unneeded administrative and user accounts were disabled.
- Have a written contract or service level agreement (SLA) with the IT service provider to define responsibilities.
- Develop or adopt a disaster recovery plan to minimize the risk of data loss or suffering a serious interruption of services.

Key Recommendations

- Develop adequate IT policies and procedures.
- Enter into a written contract with the IT provider.
- Develop and adopt a comprehensive written disaster recovery plan.

City officials were given an opportunity to respond to the State Comptroller's findings and recommendations within 30 days of the exit conference, but the City did not respond.

Fund Structure and Accounts

The City utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with regulations, restrictions or limitations.

As required by law, the City also prepares an Annual Financial Report Update Document, but the report is not prepared in accordance with General Accepted Accounting Principles ("GAAP"). A copy of such report is attached as Appendix B.

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature and; (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The City maintains the following governmental funds: General Fund, Sewer Fund, Special Grant Fund, and Capital Projects Fund. The General Fund is the operating fund of the City and accounts for general tax revenues, water operations, miscellaneous receipts not allocated by law or contractual agreement to other funds, general operating expenses, and fixed charges. The Sewer Fund is used to account for sewer operations which are not required to be accounted for on an enterprise basis. The Special Grant Fund is used to account for Community Development Block Grants, Urban Development Action Grants and other community development programs. The Capital Projects Fund is used to account for moneys used for the acquisition of capital facilities and improvements. Fiduciary funds consist of the Trust and Agency Fund.

Basis of Accounting

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

Cash Management and Investment Policy

Pursuant to its adopted Cash Management and Investment Policy, the City is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the City. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

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

The City Council of the City has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys.

Budgetary Procedures

The Mayor is responsible for preparing the Tentative Budget and presenting such Tentative Budget to the Common Council of the City by October 1st of each year. The Common Council reviews the Tentative Budget, makes revisions it deems necessary and appropriate and holds a public hearing on such revised tentative budget on or before November 25th each year. After such public hearing, the Common Council may make additional revisions to said budget, subject to certain restrictions and conditions, and said budget is adopted not later than December 1 each year. The budget is not subject to referendum but the tax levy associated with each budget is subject to the limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein).

Revenues

The City receives most of its revenues from real property taxes and assessments. A summary of such revenues and other financings sources for the five most recently completed fiscal years may be found under the Statements of Revenues, Expenditures and Changes in Fund Balance in Appendix A hereto.

The following table sets forth the percentage of the City’s General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the Annual Financial Report fiscal years 2019 through 2023 and, the amounts budgeted for the 2024 and 2025 fiscal years.

Fiscal Year Ended December 31:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2019	\$14,491,311	\$5,941,995	41.00%
2020	14,429,074	5,416,693	37.54
2021	17,239,466	6,696,846	38.85
2022	18,075,840	6,638,424	36.73
2023	18,699,830	7,316,692	39.13
2024 (Budgeted)	18,411,954	6,695,224	36.36
2025 (Budgeted)	19,652,015	6,828,935	34.75

Sources: Annual Financial Reports 2019-2023 and Adopted Budgets for 2024 and 2025. The AFR is not audited and is not prepared on an accrual basis in accordance with GAAP.

Real Property Taxes

See "*Real Property Tax Information*", herein.

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. There was no score provided because the City did not file "AUD/AFR's".

See the State Comptroller's official website for more information regarding the foregoing. Reference to this website implies no warranty of accuracy of information therein.

State Aid

The City receives financial assistance from the State. In its budget for the 2025 fiscal year, approximately 17.18% of the operating revenues of the City are estimated to be received from the State as State aid. The State is not constitutionally obligated to maintain or continue State aid to the City and no assurance can be given that present State aid levels will be maintained in the future either pursuant to existing formulas or in any form whatsoever. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

Should the City fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the City is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Although the City cannot predict at this time whether there will be any delays and/or reductions in State aid in the current year or in future fiscal years, the City may be able to mitigate the impact of any delays or reductions by reducing expenditures, increasing revenues appropriating other available funds on hand, and/or by any combination of the foregoing.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy. Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

The following table sets forth the percentage of the City’s General Fund revenue comprised of State aid for each of the fiscal years 2019 through 2023 (unaudited) and, the amounts budgeted for the 2024 and 2025 fiscal years.

Fiscal Year Ended December 31:	Total Revenue	State Aid	Real Property Taxes to Revenues (%)
2019	\$14,491,311	\$1,942,890	13.41
2020	14,429,074	1,662,579	11.52
2021	17,239,466	4,088,514	23.72
2022	18,075,840	2,582,873	14.29
2023	18,699,830	2,600,520	13.91
2024 (Budgeted)	18,411,954	3,175,525	17.25
2025 (Budgeted)	19,652,015	3,378,000	17.19

Sources: Annual Financial Reports for 2019-2023 and Adopted Budgets for 2024 and 2025. The AFR is not audited and is not prepared on an accrual basis in accordance with GAAP.

In the enacted New York State Fiscal Year 2025-2026 budget, The Governor was granted expanded authority to propose mid-year spending cuts in response to significant fiscal shortfalls. Specifically, if state tax revenues decline by at least \$2 billion, the state budget director can recommend reductions in spending. The Legislature then has 10 days to either approve these cuts or propose alternative reductions of equivalent value. This provision includes safeguards: the governor cannot unilaterally implement cuts, and services for low-income individuals and those with disabilities are protected from reductions. This measure aims to provide the executive branch with flexibility to address potential economic downturns while maintaining legislative oversight and protecting vulnerable populations.

Sales and Use Tax

The City receives a share of the County sales tax. The County currently imposes a local 4.00% sales tax in additional to the 4.00% State Tax. The County’s 4.00% sales tax collected within the borders of the City are split equally between the City and the County. Such taxes are collected and administered by the State Tax Commission and the proceeds are paid monthly to the City.

In 2023, based upon Annual Financial Report fiscal year ending December 31, 2023 results which are preliminary and subject to change, sales tax revenues were \$5,146,223 and comprised 27.52% of total General Fund revenues. For the 2024 fiscal year, sales tax revenues were budgeted to be \$5,166,621 or 27.90% of total budgeted revenues. For the 2025 fiscal year sales & tax revenues were \$5,573,286 and comprised 28.35% of total budget revenues.

The following table sets forth the percentage of the City’s General Fund Revenue comprised of sales and the use tax for each of the fiscal years 2019 through 2023 (unaudited), and the amounts budgeted for the 2024 and 2025 fiscal years.

Fiscal Year Ended December 31:	Total Revenue	Sales & Use Tax	Real Property Taxes to Revenues (%)
2019	\$14,491,311	\$4,369,814	30.15%
2020	14,429,074	4,114,842	28.52
2021	17,239,466	4,074,248	23.63
2022	18,075,840	5,498,746	30.42
2023	18,699,830	5,146,223	27.52
2024 (Budgeted)	18,411,954	5,166,621	28.06
2025 (Budgeted)	19,652,015	5,573,286	28.36

Sources: Annual Financial Reports for 2019-2023 and Adopted Budgets for 2024 and 2025. The AFR is not audited and is not prepared on an accrual basis in accordance with GAAP.

Recent Operating Events

In recent years, the City has used funds on hand to pay the cost of various capital improvements, including road repaving, water meter replacements, the acquisition of fire apparatus and other projects. The use of such funds on hand was in lieu of borrowing to finance the costs of such projects. These expenditures have contributed to a reduction in the City's fund balance. Looking ahead, the City aims to rebuild its fund balance and, for fiscal year 2024, plans to maintain its current level.

Results of Operations – 2023

According to the City's 2023 Annual Financial Report, which is unaudited and not prepared in accordance with GAAP, General Fund revenues, including all other sources, fell short of expenditures by \$2,335,851. This operating deficit reduced the General Fund surplus from \$2,364,576 as of December 31, 2022, to \$28,725 as of December 31, 2023.

In contrast, the Sewer Fund reported a positive operating result. Revenues and other sources exceeded expenses by \$122,603, increasing the Sewer Fund surplus from \$3,149,787 as of December 31, 2022, to \$3,272,390 as of December 31, 2023.

Results of Operations – 2022

According to the City's 2022 Annual Financial Report, which is unaudited and not prepared in accordance with GAAP, the City's General Fund experienced a shortfall of \$1,779,026, with expenditures exceeding revenues and other sources. This operating deficit led to a decline in the General Fund surplus from \$4,143,602 on December 31, 2021, to \$2,364,576 on December 31, 2022.

The Sewer Fund also recorded an operating deficit for the year. Revenues and other sources fell short of expenses by \$365,612, decreasing the Sewer Fund surplus from \$3,515,399 to \$3,149,787 as of December 31, 2022.

Results of Operations – 2021

According to the City's 2021 Annual Financial Report, which is unaudited and not prepared in accordance with GAAP, indicated that General Fund revenues and other sources exceeded expenditures by \$385,803. This surplus increased the General Fund balance from \$3,757,799 on December 31, 2020, to \$4,143,602 by year-end 2021.

Similarly, the Sewer Fund saw favorable results, with revenues and other sources surpassing expenses by \$453,984. As a result, the Sewer Fund surplus grew from \$3,061,415 as of December 31, 2020, to \$3,515,399 as of December 31, 2021.

Expenditures

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

Pension Systems

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the State and Local Police and Fire Retirement System ("PFRS" and together with ERS, the "Retirement System"). The Retirement System is a cost-sharing multiple public employee retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System 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, except for "Tier 6" employees, as discussed below, whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the 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 System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 and before January 1, 2010 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, then Governor Paterson signed into law the creation of a new Tier 5, which is effective for new ERS employees hired on or after January 1, 2010. ERS employees in Tier 5 contribute 3% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

Pension reform legislation changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the City. Under the previous method, the City was not provided with required payment until after the budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the City is notified of and can include the actual cost of the employer contribution in its budget. Legislation also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

In addition, the pension payment date for all local governments was changed from December 15 to February 1 and permits the legislative body of a municipality to establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The New York State Retirement System has advised the City that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount.

On March 16, 2012, Governor Cuomo signed into law the new Tier 6 pension program, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, a change in the time period for final average salary calculation from 3 years to 5 years and a vesting period of 10 years. Tier 6 employees continue to make employee contributions throughout employment. Subsequent amendments to the Tier 6 pension program have reduced to vesting period to 5 years and the time to calculate the final average salary from 5 to 3 years.

The employer contribution rate for the State’s Retirement System continues to be higher than the minimum contribution rate established in the past. The State calculates contribution amounts based upon a five-year rolling average. As a result, contribution rates are expected to remain higher than the minimum contribution rates set by past legislation. To mitigate the expected increases in the employer contribution rate, various forms of legislation has been enacted that would permit local governments to borrow a portion of their required payments from the State pension plan.

Members of the PFRS are divided into four tiers. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. PFRS members that were hired between July 1, 2009 to January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. PFRS members hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution. PFRS members hired after April 1, 2012 are in Tier 6, which also originally has a 3% contribution requirement for members for fiscal year 2012-2013; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: \$45,000.00 or less contributes 3%; \$45,000.01 to \$55,000.00 contributes 3.5%; \$55,000.01 to \$75,000.00 contributes 4.5%; \$75,000.01 to \$100,000.00 contributes 5.75%; and more than \$100,000.00 contributes 6%.

The City has not chosen to amortize any of its Retirement System contributions.

The City’s expenditures for the respective Retirement Systems past five years and budgeted amount for the current year is presented below:

Fiscal Year Ending December 31:	ERS	Policemen's & Firemen's Retirement System	Total
2020	\$285,281	\$ 684,719	\$ 970,0009
2021	299,804	806,772	1,106,576
2022	312,412	948,787	1,261,199
2023	218,123	969,393	1,187,516
2024	284,064	1,053,380	1,337,444
2025(Budgeted)	360,909	1,221,617	1,582,526

Other Post Employment Benefits

The City provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. Accounting rules now require governmental entities, such as the City, to account for post-retirement health care benefits as its accounts for vested pension benefits. GASB Statement No. 45 (“GASB 45”) described below requires such accounting.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 45, OPEB costs were generally accounted for and managed as current expenses in the year paid and were not reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities in the same manner as they already account for pension liabilities. It requires them to adopt 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 Statement No. 27, which covers accounting for pensions, GASB 45 does 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") is 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 does not require that the liability actually be amortized nor that it be funded only that the municipality or school district account for its unfunded accrued liability and comply in meeting its ACR. The City has not retained an independent firm to conduct the actuarial valuation, as of the date of this Official Statement.

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

The City doesn't conduct annual evaluations of its Other Post-Employment Benefits ("OPEB"); however, it does maintain OPEB liabilities.

The City's financial statements are prepared in conformity with the New York State Office of the Comptroller's guidelines. Cost is recognized on a pay-as-you-go basis.

REAL PROPERTY TAXES

Constitutional Tax Margin – 2025

Five Year Average Full Valuation	\$572,756,703
Tax Limit: (2%) thereof	11,455,134
Tax Levy for City Purposes	6,828,935
Exclusions for Debt Service	<u>1,005,617</u>
Gross Taxing Power	5,823,318
Constitutional Tax Margin	<u><u>5,631,816</u></u>
Percentage of Unused Taxing Power	50.84%

Tax Collection Procedure

Taxes are due April 1, payable without penalty to April 30. A 1% penalty shall be added monthly, thereafter. Tax Sales are held annually.

The City Treasurer shall enforce the payments of all such unpaid taxes and assessments pursuant to ordinances adopted by the Common Council which shall provide for the manner in which the sale of lands or of the liens thereon for nonpayment of taxes shall be conducted, for the manner in which any interested person may retain the property from such sale, and for the manner in which the results of any such sale or redemption shall be recorded and given effect. When the City holds more than one tax lien against a parcel, the liens need not be redeemed simultaneously. The liens may be redeemed in chronological order, so that the lien with the oldest lien date may be redeemed first, and the lien with the newest lien date is released last.

Tax Levy and Collection Record

	<u>2020</u>	<u>2021</u>	<u>2022^a</u>	<u>2023</u>	<u>2024^a</u>
City Taxes	\$5,821,455	\$5,995,884	\$5,995,884	\$6,545,109	\$6,663,026
County Taxes	3,954,795	4,015,509	3,858,095	3,528,995	3,626,816
Total Taxes	9,776,250	10,011,393	9,853,979	10,074,104	10,289,842
Cancellations During Year	0	0	0	0	0
Net Tax Levy Collected During Year	\$9,776,250	\$10,011,393	\$9,853,979	\$10,074,104	\$10,289,842
	9,349,533	9,291,037	9,641,812	9,779,994	9,405,829
Total Uncollected Taxes	426,717	742,757	57,833	85,459	289,478
Percent Collected	95.64%	92.80%	97.85%	97.08%	91.41%
Tax Rate Per \$1,000 Assessed Valuations:					
City	\$12.88	\$13.14	\$13.40	\$13.91	\$14.19
County	\$8.75	\$8.80	\$10.66	\$7.50	\$7.73

a. As of July 1, 2025, City collection takes place during April of each year.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the “Tax Levy Limit Law”) on June 24, 2011, all the taxable real property within the City had been subject to the levy of ad valorem taxes to pay the bonds and notes of the City and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the City for any fiscal year commencing after May 31, 2012, without providing an exclusion for debt service on obligations issued by the City. As a result, the power of the City to levy real estate taxes on all the taxable real property within the City is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof. The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the City, subject to certain exceptions. The Tax Levy Limit Law permits the City to increase its overall real property tax levy over the tax levy of the prior year by no more than the “Allowable Levy Growth Factor”, which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The City is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the City, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the City. The Common Council is authorized to adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Common Council first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the City, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the City or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

Selected Listing of Large Taxable Properties in the City
2025 Assessment Roll^a

Name	Type	Assessed Valuation
FAGE USA Dairy Industry Inc.	Manufacturing	\$56,400,000
Wal-Mart Real Estate Trust	Distribution Center	39,500,000
Johnstown Comrie Assoc	Shopping Center	18,047,000
Niagara Mohawk Power Corp.	Utility	13,567,721
Johnstown Comrie Association	Commercial	11,248,240
Trackside Housing	Commercial	6,900,000
Wal-Mart Real Estate Business	Commercial	6,750,000
200 UMON AVE LLC	Light Manufacturing	4,100,000
Crest Enterprises Inc.	Commercial	3,900,000
Pearl Leather	Manufacturing	3,740,000
STAG Johnstown 3, LLC	Commercial	2,850,000
Wells Nursing Hme Inc.	Nursing Home	2,500,000
Walgreen Co.	Commercial	2,500,000
Langhals Enterprises	Commercial	2,200,000
DHC of Johnstown LLC	Commercial	2,200,000
J Swami LLC	Commercial	2,100,000
Lexington Assets Inc.	Commercial	2,100,000
STAG Johnstown 4, LLC	Commercial	1,900,000
Aldi Inc.	Supermarket	1,800,000
Johnstown Plaza Inc.	Shopping Center	1,700,000
5 Claremont Ave LLC	Commercial	1,500,000
Crossroads Incubator Center	Commercial	1,500,000
Covenhoven Realty Corp.	Large Retail	1,500,000
STAG Johnstown 2, LLC	Commercial	1,450,000
Euphrates Inc.	Commercial	1,400,000
Total ^a		\$136,952,961

a. Assessment Roll established in 2024 for levy and collection of taxes in 2025.

b. Represents 29.04% of the total taxable assessed valuation of the City.

Tax Certiorari Claims

In common with other municipalities, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of City taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money. (See “*Tax Collection Procedure*” and “*Litigation*” herein.)

From time to time, the City is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the City may be required to make for taxes collected through January, 2025, which could affect future operating budgets of the City.

LITIGATION

In common with other cities, the City from time to time receives notices of claim and is party to litigation. In the opinion of the City, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the City has not asserted a substantial and adequate defense, nor which, if determined against the City, would have an adverse material effect on the financial conditions of the City.

CYBERSECURITY

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

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the City (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the Notes, and Bond Counsel has assumed compliance by the City with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City, in executing the Tax Certificate, will certify to the effect that the City will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes. In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond and note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond and note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Note should consult their own tax advisors regarding the treatment of bond and note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond and note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the City. Said opinion will be available at the time of delivery of the Notes, and will be substantially in the form set forth in Appendix C.

DISCLOSURE UNDERTAKING

At the time of the delivery of the Notes, the City will provide an executed copy of its Undertaking to Provide Notice of Events substantially in the form set forth in Appendix D.

The City reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in a manner consistent with Rule 15c2-12 as then in effect.

Compliance History

On August 12, 2020, the City issued a material event notice stating that S&P Global had placed the City's general obligation ("A+") rating on CreditWatch with negative implications.

On November 10, 2020, S&P Global Ratings withdrew its "A+" long-term and underlying rating (SPUR) on the City's general obligation (GO) debt.

In accordance with continuing disclosure agreements previously entered into by the City, the City is required to file the Statement of Financial and Operating Information within six months of the fiscal year's end, along with audited financial statements if available. If an audited financial statement is prepared, it must be filed no later than the last business day of the following fiscal year. The following is a summary of the City's compliance with such obligations during the past 5 years:

On June 29, 2020, the City filed a material event notice for the failure to file its annual statement of financial and operating information for the fiscal year ended December 31, 2019.

On July 6, 2021, the City filed a material event notice for the failure to file its annual statement of financial and operating information for the fiscal year ended December 31, 2020.

On July 7, 2022, the City filed a material event notice for the failure to file its annual statement of financial and operating information for the fiscal year ended December 31, 2021.

On July 10, 2023, the City filed a material event notice for the failure to file its annual statement of financial and operating information for the fiscal year ended December 31, 2022.

On July 8, 2024, the City filed a material event notice for the failure to file its annual statement of financial and operating information for the fiscal year ended December 31, 2023.

Over the past five fiscal years, the City has consistently filed its Financial and Operating Information on time but had not submitted its unaudited financial statements for fiscal years 2019–2024, resulting in the filing of material event notices.

The City has since completed and filed its annual financial reports for 2019–2023 fiscal years. The City is now working towards filing its 2024 annual financial reports within the next two months and aims to ensure timely submission of future annual financial reports.

The City will submit a material event notice regarding the late filing of the 2024 annual financial reports in compliance with the time requirements of SEC Rule 15c2-12.

RATING

The Notes are not rated. The City does not have an outstanding long-term rating.

On November 10, 2020, S&P Global Ratings withdrew its “A+” long-term rating and underlying rating (SPUR) on City’s general obligation (GO) debt due to insufficient financial information. The City’s rating had been placed on CreditWatch with negative implications on August 11, 2020. The rationale and a copy of the report may be obtained upon request from S&P at www.standardandpoors.com.

MUNICIPAL ADVISOR

Munistat Services, 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 municipal advisor to the City on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Thomas Herr, City Treasurer, City of Johnstown, City Hall, 33-41 East Main Street, Johnstown, New York 12095, telephone number (518) 736-4017, email: therr@cityofjohnstown.ny.gov or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: www.munistat.com.

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

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

The preparation and distribution of this Official Statement has been authorized by the resolutions of the City which delegate to the City Treasurer the power to sell and issue the Notes.

CITY OF JOHNSTOWN, NEW YORK

By: THOMAS HERR
City Treasurer and Chief Fiscal Officer
Johnstown, New York

July , 2025

APPENDIX A

FINANCIAL INFORMATION

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Balance Sheet
General Fund

	Fiscal Year Ending December 31:	
	2022	2023
Assets:		
Cash	\$ 5,367,167	\$ 3,393,459
Taxes Receivable	9,234	459,836
Other Receivables	886,777	725,149
Due from Other Governments	32,055	32,055
Due from Other Funds	1,912,577	2,158,405
Total Assets	\$ 8,207,810	\$ 6,768,904
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 1,374,747	\$ 2,041,133
Due to Other Funds	3,845,679	4,041,115
Due to Other Governments	618,975	105,902
Due to School Districts		548,198
Other Liabilities	3,830	3,831
Total Liabilities	5,843,231	6,740,179
Equity:		
Nonspendable Fund Balance		
Assigned	929,752	162,334
Unassigned	1,434,827	(133,609)
Total Equity	2,364,579	28,725
Total Liabilities and Equity	\$ 8,207,810	\$ 6,768,904

Source: Annual Financial Report (2022-2023) (Unaudited).

The AFR is not prepared in accordance with GAAP

NOTE: This Schedule NOT audited.

Balance Sheet
Sewer Fund

	Fiscal Year Ending December 31:	
	<u>2022</u>	<u>2023</u>
Assets:		
Cash	\$ 1,975,598	\$ 1,550,073
Due from Other Funds	1,925,101	1,874,691
Total Assets	\$ 3,900,699	\$ 3,424,764
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 600,168	\$ 1,629
Due to Other Governments	150,746	150,745
Total Liabilities	750,914	152,374
Equity:		
Nonspendable Fund Balance		
Assigned	3,149,785	3,272,390
Unassigned		
Total Equity	3,149,785	3,272,390
Total Liabilities and Equity	\$ 3,900,699	\$ 3,424,764

Source: Annual Financial Report (2022-2023) (Unaudited).

The AFR is not prepared in accordance with GAAP

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund

	Fiscal Year Ending December 31:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues:					
Real Property Taxes & Tax Items	\$ 5,941,995	\$ 5,416,693	\$ 6,696,846	\$ 6,638,424	\$ 7,316,692
Non-Property Taxes	4,369,814	4,114,842	4,074,248	5,498,746	5,322,730
Departmental Income	1,786,935	2,852,916	2,162,553	2,638,552	3,068,198
Intergovernmental Charges	2,330	474			
Use of Money and Property	5,095	96,592	4,881	2,937	127,617
Licenses and Permits	61,772	81,907	90,892	74,474	104,329
Fines and Forfeitures	96,859	65,519	86,985	67,996	43,072
Sale of Property and Comp for Loss	162,754	120,138	4,124	116,334	110,284
Miscellaneous & Local sources	9,840	17,414	30,423	26,844	6,388
State Aid	1,942,890	1,662,579	4,088,514	2,582,873	2,600,520
Federal Aid	111,027			428,660	
Total Revenues	<u>14,491,311</u>	<u>14,429,074</u>	<u>17,239,466</u>	<u>18,075,840</u>	<u>18,699,830</u>
Other Sources:					
Operating Transfers		1,073,363			
Total Revenues and Other Sources	<u>14,491,311</u>	<u>15,502,437</u>	<u>17,239,466</u>	<u>18,075,840</u>	<u>18,699,830</u>
Expenditures:					
General Government Support	1,607,005	1,713,576	2,212,208	1,944,482	1,979,253
Public Safety	4,269,439	4,463,194	4,467,331	5,386,874	4,861,672
Health	87,519	117,173	162,099	131,468	442,639
Transportation	1,943,638	1,611,093	2,372,951	5,027,351	4,585,191
Culture and Recreation	184,948	196,537	317,283	229,673	220,083
Home and Community Services	1,627,794	1,554,058	2,354,631	1,479,547	2,973,586
Employee Benefits	4,569,235	4,948,313	3,851,105	5,352,348	5,626,865
Debt Service	538,431	1,366,352	1,116,055	303,123	346,392
Total Expenditures	<u>14,828,009</u>	<u>15,970,296</u>	<u>16,853,663</u>	<u>19,854,866</u>	<u>21,035,681</u>
Other Uses:					
Operating Transfers					
Total Expenditures and Other Uses	<u>14,828,009</u>	<u>15,970,296</u>	<u>16,853,663</u>	<u>19,854,866</u>	<u>21,035,681</u>
Revenues & Other Sources Over (Under) Expenditures & Other Uses:	(336,698)	(467,859)	385,803	(1,779,026)	(2,335,851)
Other Changes in Fund Balance:					
Net Increase (Decrease)	<u>(336,698)</u>	<u>(467,859)</u>	<u>385,803</u>	<u>(1,779,026)</u>	<u>(2,335,851)</u>
Fund Balance Beginning of Year	<u>4,562,356</u>	<u>4,225,658</u>	<u>3,757,799</u>	<u>4,143,602</u>	<u>2,364,576</u>
Prior Period Adjustment					
Fund Balance End of Year	<u>\$ 4,225,658</u>	<u>\$ 3,757,799</u>	<u>\$ 4,143,602</u>	<u>\$ 2,364,576</u>	<u>\$ 28,725</u>

Source: Annual Financial Report (2019-2023) (Unaudited).

The AFR is not prepared in accordance with GAAP.

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Special Grant Fund

	Fiscal Year Ending December 31:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues:					
Use of Money and Property	\$ 14	\$ 414	\$ 20	\$ 18	\$ 20
Miscellaneous					
State Aid					
Federal Aid	<u>554,281</u>	<u>604,144</u>	<u>579,895</u>	<u>626,145</u>	<u>680,165</u>
Total Revenues	<u>554,295</u>	<u>604,558</u>	<u>579,915</u>	<u>626,163</u>	<u>680,185</u>
Other Sources:					
Operating Transfers					
Total Revenues and Other Sources	<u>554,295</u>	<u>604,558</u>	<u>579,915</u>	<u>626,163</u>	<u>680,185</u>
Expenditures:					
Economic Assistance and Opportunity					
Home and Community Services	<u>537,935</u>	<u>610,557</u>	<u>601,339</u>	<u>622,911</u>	<u>674,993</u>
Total Expenditures	<u>537,935</u>	<u>610,557</u>	<u>601,339</u>	<u>622,911</u>	<u>674,993</u>
Other Uses:					
Operating Transfers					
Total Expenditures and Other Uses	<u>537,935</u>	<u>610,557</u>	<u>601,339</u>	<u>622,911</u>	<u>674,993</u>
Revenues & Other Sources Over (Under) Expenditures & Other Uses	16,360	(5,999)	(21,424)	3,252	5,192
Other Changes in Fund Balance					
Net Increase (Decrease)	<u>16,360</u>	<u>(5,999)</u>	<u>(21,424)</u>	<u>3,252</u>	<u>5,192</u>
Fund Balance Beginning of Year	<u>51,714</u>	<u>66,290</u>	<u>60,291</u>	<u>38,867</u>	<u>42,119</u>
Prior Period Adjustment	<u>(1,784)^a</u>				
Fund Balance End of Year	<u>\$ 66,290</u>	<u>\$ 60,291</u>	<u>\$ 38,867</u>	<u>\$ 42,119</u>	<u>\$ 47,311</u>

a. Prior Period Adjustment OR Change in Accounting Principle - Decrease in Fund Balance
Source: Annual Financial Report (2019-2023) (Unaudited)

The AFR is not prepared in accordance with GAAP.
NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Sewer Fund

	Fiscal Year Ending December 31:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues:					
Departmental Income	\$ 2,669,527	\$ 2,839,977	\$ 2,755,884	\$ 2,976,044	\$ 2,830,100
Use of Money and Property	24,173	7,757	9	1,394	29,401
Miscellaneous				200,000	150,000
Total Revenues	2,693,700	2,847,734	2,755,893	3,177,438	3,009,501
Other Sources:					
Operating Transfers					
Total Revenues and Other Sources	2,693,700	2,847,734	2,755,893	3,177,438	3,009,501
Expenditures:					
General Government Support					
Home and Community Services	1,804,466	2,014,873	2,294,029	2,796,206	2,149,200
Debt Service	757,047	772,055	7,880	746,844	737,698
Total Expenditures	2,561,513	2,786,928	2,301,909	3,543,050	2,886,898
Other Uses:					
Operating Transfers					
Total Expenditures and Other Uses	2,561,513	2,786,928	2,301,909	3,543,050	2,886,898
Revenues & Other Sources Over (Under) Expenditures & Other Uses	132,187	60,806	453,984	(365,612)	122,603
Other Changes in Fund Balance					
Net Increase (Decrease)	132,187	60,806	453,984	(365,612)	122,603
Fund Balance Beginning of Year	2,905,213	3,000,609	3,061,415	3,515,399	3,149,787
Prior Period Adjustment	(36,791) ^a				
Fund Balance End of Year	\$ 3,000,609	\$ 3,061,415	\$ 3,515,399	\$ 3,149,787	\$ 3,272,390

Source: Annual Financial Report (2019-2023) (Unaudited)

a. Prior Period Adjustment - Decrease in Fund Balance.

The AFR is not prepared in accordance with GAAP.

NOTE: This Schedule NOT audited.

Budget Summaries

Fiscal Year Ending December 31, 2025

	General * Fund	Sewer Fund
Revenues:		
Real Property Taxes	\$ 6,828,935	\$
Real Property Tax Items	154,000	
Non-Property Taxes	150,000	
Sales Tax	5,573,286	
Departmental Income	2,713,250	3,397,000
Use of Money and Property	137,500	2,000
Licenses & Permits	84,000	
Fines & Forfeitures	60,000	
Sale of Property	22,000	
State Aid	3,378,000	
Federal Aid		
Miscellaneous	23,500	
Interfund Items		
Transfer - Sewer	100,000	
Appropriated Reserve		
Appropriated Fund Balance	427,544	
Total Revenues	\$ 19,652,015	\$ 3,399,000
Expenditures:		
General Government Support	\$ 2,843,583	\$
Public Safety	5,513,641	
Health	5,000	
Transportation	2,210,600	
Culture and Recreation	214,284	
Home and Community Services	2,055,556	2,854,062
Employee Benefits	5,446,311	
Debt Service	291,490	544,938
Miscellaneous	1,071,550	
Interfund Transfers		
Total Expenditures	\$ 19,652,015	\$ 3,399,000

* Water operations are included within the General Fund.

Source: Adopted Budget of the City.

Budget Summaries

Fiscal Year Ending December 31, 2024

	<u>General*</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>
Revenues:		
Real Property Taxes	\$ 6,695,224	\$
Real Property Tax Items	154,000	
Non-Property Taxes	150,000	
Sales Tax	5,166,621	
Departmental Income	2,513,250	3,397,000
Use of Money and Property	105,500	2,000
Licenses & Permits	84,000	
Fines & Forfeitures	60,000	
Sale of Property	22,000	
State Aid	3,278,000	
Federal Aid		
Miscellaneous	23,500	
Interfund Items		
Transfer - Sewer	100,000	
Appropriated Reserve		
Appropriated Fund Balance	<u>165,274</u>	
 Total Revenues	 <u>\$ 18,517,369</u>	 <u>\$ 3,399,000</u>
Expenditures:		
General Government Support	\$ 1,939,891	\$
Public Safety	5,197,814	
Transportation	3,914,700	
Health	5,000	
Culture and Recreation	230,842	
Home and Community Services	1,895,109	2,854,062
Employee Benefits	4,993,817	
Debt Service	340,196	544,938
Fund Balance Add (Subtract)		
Interfund Transfers	<u> </u>	<u> </u>
 Total Expenditures	 <u>\$ 18,517,369</u>	 <u>\$ 3,399,000</u>

* Water operations are included within the General Fund.

Source: Adopted Budget of the City.

CITY OF JOHNSTOWN
APPENDIX B
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

[▶ Click Here For 2023 AFR](#)

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT.

APPENDIX C

FORM OF BOND COUNSEL OPINION

FORM OF OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP
140 Broadway, 42nd Floor
New York, New York 10005

July , 2025

The City Council
City of Johnston, in the
County of Fulton, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Johnston (the “City”), in the County of Fulton, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$6,050,000 Bond Anticipation Notes – 2025 (the “Notes”) of the City dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof. Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes are valid and legally binding general obligations of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay the Notes and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code; however, interest on the Note is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Notes in order that the interest on the Notes be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Notes, restrictions on the investment of proceeds of the Notes prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Notes to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Notes, the City will execute a Tax Certificate relating to the Notes containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the City represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Notes will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the City's certifications, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Notes, and (ii) compliance by the City with the procedures and certifications set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

We give no assurances as to the accuracy, sufficiency or completeness of the Preliminary or Final Official Statement or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the City which have been or may hereafter be furnished or disclosed to purchasers of said Notes.

Very truly yours,

APPENDIX D

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

“Financial Obligation” shall mean “financial obligation” as such term is defined in Rule 15c2-12.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the City of Johnstown, in the County of Fulton, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the City Treasurer as of August 7, 2025.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s **\$6,050,000 Bond Anticipation Notes – 2025**, dated August 7, 2025, maturing August 7, 2026, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776 to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (vii) modifications to rights of Securities holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) 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 Issuer 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 Issuer, 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 Issuer;

- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (xv) incurrence of a financial obligation, as defined in Rule 15c2-12, of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

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

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

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

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

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **May 7, 2025**.

CITY OF JOHNSTOWN, NEW YORK

By: _____
City Treasurer