

NEW & RENEWAL ISSUE**BOND ANTICIPATION NOTES**

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Notes will be excludable from gross income for federal income tax purposes under existing law, and interest on the Notes will not be subject to the alternative minimum tax on individuals. In the further opinion of Bond Counsel, under existing law interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein for a description of the opinion of Bond Counsel and certain other tax consequences.

The Notes will be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986.

**CITY OF WATERTOWN
JEFFERSON COUNTY, NEW YORK**

\$4,644,000
4.00% BOND ANTICIPATION NOTES, 2025
(the "Notes")
CUSIP 942096 AN8
[Reoffered @ 3.40%]

Date of Issue: June 26, 2025

Maturity Date: June 26, 2026

The Notes are general obligations of the City of Watertown, Jefferson County, New York (the "City") and will contain a pledge of the faith and credit of the City for the payment of the principal of and interest on the Notes. All the taxable real property within the City will be subject to the levy of ad valorem taxes to pay principal of and interest on the Notes, without limitation as to the rate or amount, subject to applicable statutory limitations. See "Nature of Obligation" and "The Tax Levy Limit Law," herein.

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

The Notes will be registered book-entry form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, Jersey City, New Jersey ("DTC").

The Notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. 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(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the City to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "Book-Entry-Only System" herein.)

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the final unqualified legal opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, and certain other conditions. It is anticipated that the delivery of the Notes will be made on or about June 26, 2025 in New York, New York or as otherwise agreed upon with the purchaser.

THIS REVISED COVER DATED JUNE 12, 2025 SUPPLEMENTS THE OFFICIAL STATEMENT DATED JUNE 4, 2025 RELATING TO THE OBLIGATIONS DESCRIBED THEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). OTHER THAN AS SET FORTH ON THIS REVISED COVER PAGE, AND THE REVISED DATED DATE ON THE SIGNATURE PAGE HEREOF, THERE HAVE BEEN NO REVISIONS TO SUCH OFFICIAL STATEMENT THE DISTRICT WILL COVENANT TO PROVIDE NOTICE OF CERTAIN EVENTS AS DEFINED IN THE RULE. SEE "DISCLOSURE UNDERTAKING" HEREIN

BNY MELLON CAPITAL MARKETS, LLC

**CITY OF WATERTOWN
JEFFERSON COUNTY, NEW YORK**

CITY COUNCIL

Sarah V.C. Pierce
Mayor

Lisa A. Ruggiero..... Council Member

Clifford G. Olney III..... Council Member

Robert O. Kimball..... Council Member

Benjamin P. Shoen..... Council Member

Eric Wagenaar..... City Manager

James E. Mills..... City Comptroller

Ann M. Saunders City Clerk

BOND COUNSEL

Norton Rose Fulbright US LLP
New York, New York

INDEPENDENT AUDITORS

Bowers & Company
CPAs LLC
Watertown, New York

MUNICIPAL ADVISOR



Capital Markets Advisors, LLC
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No dealer, broker, salesman or other person has been authorized by the City of Watertown to give any information or to make any representations not contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any inference that there has been no change in the affairs of the City of Watertown.

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OFFICIAL STATEMENT
CITY OF WATERTOWN
JEFFERSON COUNTY, NEW YORK

relating to

\$4,644,000
BOND ANTICIPATION NOTES, 2025
(the “Notes”)

This Official Statement (the “Official Statement”), which includes the cover pages and appendices hereto, presents certain information relating to the City of Watertown in Jefferson County, in the State of New York (the “City,” “County,” and “State,” respectively). It has been prepared by the City in connection with the sale of \$4,644,000 Bond Anticipation Notes, 2025 (the “Notes”).

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

All quotations from and summaries and explanations of the 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 compilation 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.

THE NOTES

Description

The Notes will be dated and will mature as reflected on the cover page hereof.

The Notes will not be subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form either registered in the name of the successful bidder(s) or registered to Cede & Co, as the partnership nominee for The Depository Trust Company, Jersey City, New Jersey (“DTC”). If the Notes are registered in the name of the successful bidder(s), the City will act as Paying Agent for the Notes. The City contact information is as follows: James E. Mills, Comptroller, 245 Washington St., Ste. 203, Watertown, NY 13601, 315-785-7754, e-mail: jmills@watertown-ny.gov.

Authority for and Purpose of the Notes

Authorization. The Notes are issued pursuant to the Constitution and Laws of the State of New York, including among others, the City Law and the Local Finance Law, and bond resolutions duly adopted by the City Council on various dates. Certain details of the Notes will be prescribed by certificates of the Comptroller executed pursuant to powers delegated to him to fix the terms, form and content of such Notes and to provide for the sale thereof.

Purpose. A portion of the proceeds of the Notes will redeem and renew \$2,519,000 of the \$2,812,500 Bond Anticipation Notes, 2024, maturing June 27, 2025 (the “2024 BAN”). Budgetary appropriations of \$293,500 will redeem a remainder of the 2024 BAN. A portion of the Notes will provide original financing in the amount of \$2,215,000. The projects are detailed in the below table.

| Purpose | Date Authorized | Outstanding BANs | Paydown | New Money | Amount of The Notes |
|--|---------------------------------|--------------------|------------------|--------------------|---------------------|
| Treatment Plant Soda Ash Dry Chemical System | 08-05-2019, 01-04-21 & 09-19-22 | \$607,500 | \$67,500 | \$ - | \$540,000 |
| Roof Replacements at Water Treatment Plant | 08-01-22 | 495,000 | 55,000 | - | 440,000 |
| Fire - Pumper Truck | 05-02-22 | 785,000 | 78,500 | - | 706,500 |
| Washington St/Keyes Ave sanitary sewer | 06-19-23, 02-05-24 | 925,000 | 92,500 | - | 832,500 |
| Fire - Pumper Truck | 12-18-23 | - | - | 1,000,000 | 1,000,000 |
| Building acquisition and reconstruction | 3-3-25 | - | - | 825,000 | 825,000 |
| Refuse truck | 9-3-24 | - | - | 300,000 | 300,000 |
| Totals | | <u>\$2,812,500</u> | <u>\$293,500</u> | <u>\$2,125,000</u> | <u>\$4,644,000</u> |

Book-Entry-Only System

The following will be applicable to the Notes if registered to Cede & Co., as the partnership nominee for DTC. DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered Notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each Note maturity and will be deposited with DTC.

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

Purchases of the 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 and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests 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 effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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 County 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 detail information from the City, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (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.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the City takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

Nature of the Obligation

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

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

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

The Tax Levy Limit Law

Although the State Legislature is limited by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted”, the State Legislature may from time to time impose additional limitations on the ability to issue new indebtedness or to raise taxes therefor.

Chapter 97 of the Laws of 2011, as amended (the “Tax Levy Limit Law” or the “Law”), generally applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities to levy certain year-to-year increases in real property taxes.

The City has been subject to the Tax Levy Limit Law, since January 1, 2012. Pursuant to the Tax Levy Limit Law, a local law must be adopted after a public hearing if a City seeks to increase the tax levy by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index, over the amount of the City’s prior year’s tax levy (the “Tax Levy Increase Limit”). If the City seeks to adopt a budget requiring a tax levy exceeding the Tax Levy Increase Limit, a favorable vote of at least three members of the five-member City Council would be required. The City Council would also be required to act by Local Law rather than simply by resolution.

The Tax Levy Limit Law permits certain exceptions to the Tax Levy Increase Limit. The City may levy taxes exceeding the Tax Levy Increase Limit, if necessary, to support the following expenditures: (i) funds needed to pay judgments arising out of tort actions that exceed five percent of the total tax levied by the City in the prior fiscal year and (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points). Taxes necessary for these expenditures will not be included in the calculation of the Tax Levy Increase Limit.

The Tax Levy Limit Law also provides for adjustments to be made to the City’s Tax Levy Increase Limit based upon changes in the assessed value of the taxable real property in the City. The City is also permitted to carry forward a certain portion of its unused tax levy capacity from the prior year.

Bonds and notes of the City issued prior to the June 24, 2011 effective date of the Tax Levy Limit Law are payable from real property taxes that can be levied as necessary without regard to any Constitutional or statutory limit. Inasmuch as the Law has no exclusion for principal and interest on notes and bonds, however, levies required to pay principal and interest on notes and bonds will be included in the calculation of the Tax Levy Increase Limit. In the absence of administrative or judicial guidance, and with a lack of long term experience operating under the Law, the effect of the Law on the City’s finances and its ability to continue to levy taxes sufficient to both pay debt service on pre June 24, 2011 and post June 24, 2011 notes and bonds and meet its other governmental responsibilities is uncertain.

ENFORCEMENT OF REMEDIES UPON DEFAULT

The following description of factors affecting the possible enforcement of remedies upon a default by the City is not intended to constitute legal advice and is not a substitute for obtaining the advice of counsel on such matters. Factors governing the availability of remedies against the City are complex and the obligations of the City, under certain circumstances, might not be enforced precisely as written.

General Municipal Law Contract Creditors' Provision. Each Note when duly issued and paid for will constitute a contract between the City and the purchaser. Such contracts, if not honored, would generally be enforceable through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might apply if there were a default in the payment of the principal of and interest on the Notes.

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

Constitutional Non-Appropriation Provision. The Constitution of the State, Article VIII, Section 2, contains the following provision relating to the annual appropriation of monies for the payment of principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any owner of obligations issued for any such indebtedness." If the City were to fail to make a required appropriation, however, the ability of affected owners of City indebtedness to enforce this provision as written could be compromised or eliminated as described below under "Bankruptcy", "State Debt Moratorium Law" and "Possible Priority of Continuation of Essential Public Services".

Bankruptcy. The Federal Bankruptcy Code allows municipalities, such as the City, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Should the City file for relief under the Federal Bankruptcy Code there could be adverse effects on the owners of the Notes.

The State, in Section 85.80 of the Local Finance Law, has authorized any municipality in the State to file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Congress has enacted such a law in the form of the Federal Bankruptcy Code. Given the authority established in the aforesaid Section 85.80 of the Local Finance Law, the Federal Bankruptcy Code, under certain circumstances, can provide municipalities in New York with easier access to judicially approved adjustment of debt and can permit judicial control over identifiable and unidentifiable creditors.

Under the United States Constitution, Federal law is supreme and may be enforced irrespective of contrary state law. Accordingly, proceedings in accordance with the Federal Bankruptcy Code could result in an allocation of funds that fails to honor the faith and credit pledge required by the State Constitution.

No current State law purports to create any collateral or priority for owners 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 Notes could be deemed unsecured obligations of the City in a bankruptcy case.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality that is insolvent, which generally means the municipality is unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors. Any plan of adjustment can be confirmed by the court over the objections of creditors if the plan is found to be "fair and equitable" and in the "best interests of creditors." The City may be able, without the consent and over the objection of owners of the Notes, to impair and alter the terms and provisions of the Notes, including the payment terms, interest rate, maturity date, and payment sources, as long as the bankruptcy court finds that the alterations are "fair and equitable." If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

The rights of the owners of Notes to receive interest and principal from the City and the enforceability of the City's faith and credit pledge to pay such interest and principal could be adversely affected by the restructuring of the City's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of owners of debt obligations issued by the City (including the Notes) to payment from monies retained in any fund or from other sources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code. Such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally, or might even be directed to satisfy other claims instead of being paid to the owners of the Notes.

Regardless of any specific adverse determinations in a bankruptcy proceeding of the City, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Notes.

State Debt Moratorium Law. Unless the Federal Bankruptcy Code or other Federal Law applies, as described above, enforcement of the rights of Note owners will generally be governed by State law. In 1975, a general State law debt service moratorium statute was enacted.

Under that legislation, the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York was suspended. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

Accordingly, State legislation materially limiting the timing or manner of actions to enforce the faith and credit pledge against an issuer of general obligation debt (including that portion of Title 6-A of Article 2 of the Local Finance Law enacted in 1975 authorizing any municipality in a State-declared financial emergency period to petition to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality) could be determined to conflict with the State Constitution and may not be enforceable.

The State Constitutional provision providing for first revenue set asides applies to the payment of interest on all indebtedness and to the payment of principal payments on bonds, but does not apply to pay payment of principal due on tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Possible Priority of Continuation of Essential Public Services. In prior years, certain events and legislation affecting an owner's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of note or bond owners, such courts might hold that future events, including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

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

MARKET FACTORS

The financial and economic condition of the City as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the City's control. Adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or significant taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, could occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

There can be no assurance that the State appropriation for State aid to the City will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget and other circumstances, including State fiscal stress. (See "State Aid" herein).

The State is not constitutionally obligated to maintain or continue State aid to the City. State aid requires appropriations by the State Legislature. There can be no assurance that the Legislature will continue appropriations at the levels of past years. Also, State aid formulas may be changed by act of the Legislature. No assurance can be given that the Legislature will not modify or eliminate State aid as it currently exists. State budgetary restrictions which may eliminate or substantially reduce State aid or which delay the receipt of State aid could have adverse effects upon the City, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the City's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid.

Should the City fail to receive monies expected from the State in the amounts and at the times expected, the City is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

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

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

Cybersecurity

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

THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM AND COMPLIANCE REVIEWS

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 ("OSC") has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

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

The most current applicable report of the State Comptroller designates the City as "no designation."

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

The financial affairs of the City are subject to periodic compliance reviews by OSC to ascertain whether the City has complied with the requirements of various State and federal statutes. The City has not been reviewed by OSC in the last five fiscal years.

LITIGATION

The City from time to time receives notices of claim and is party to litigation. In the opinion of the City, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the City, would have an adverse material effect on the financial condition of the City.

Certain property owners have filed certiorari petitions which allege that property values as presently determined are excessive and request assessment reductions for one or more years and, in most actions, a refund of property taxes previously paid. Any such refunds resulting from adverse settlements will be provided for when determinable. It is difficult to predict at this time the outcome of current cases, however, pursuant to State law; the City may issue debt to pay tax certiorari refunds should the amount of such refunds exceed the amount on-hand therefore.

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

TAX MATTERS

Tax Exemption

The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be an item of tax preference for purposes of the alternative minimum tax on individuals. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate (the "Tax Certificate") dated the date of delivery of the Notes pertaining to the use, expenditure, and investment of the proceeds of the Notes and will assume continuing compliance by the City with the provisions of the Tax Certificate subsequent to the issuance of the Notes. The Tax Certificate contains covenants by the City with respect to, among other matters, the use of the proceeds of the Notes and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Notes are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Notes to be includable in the gross income of the owners thereof from the date of the issuance.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Notes is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Notes would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Notes, the City may have different or conflicting interests from the owners of the Notes. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Bond Counsel, under existing law interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), corporations subject to the alternative minimum tax on adjusted financial statement income, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change so as to reduce or eliminate the benefit to holders of the Notes of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Notes. Prospective purchasers of the Notes should consult with their own tax advisors with respect to any proposed changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Notes

The initial public offering price of certain Notes (the "Discount Notes") may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Note (assuming that a substantial amount of the Discount Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Note. A portion of such original issue discount allocable to the holding period of such Discount Note by the initial purchaser will, upon the disposition of such Discount Notes (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Notes described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Note, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Notes and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, corporations subject to the alternative minimum tax on adjusted financial statement income, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of Discount Notes by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Notes in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Note was held) is includable in gross income. Owners of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes.

The purchase price of certain Notes (the "Premium Notes") paid by an owner may be greater than the amount payable on such Notes at maturity. An amount equal to the excess of a purchaser's tax basis in Premium Notes over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Note in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal

income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Note. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

Notice 94-84, 1994-2 C.B. 559, states that the IRS is studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Notes), that matures not more than one year from the date of issue, bears a stated fixed rate of interest and is described in Section 103(a) of the Code, is (i) qualified stated interest that is excluded from the stated redemption price at maturity of the obligation (within the meaning of Section 1273 of the Code) but is excluded from gross income pursuant to Section 103(a) of the Code, or (ii) is not qualified stated interest and, therefore, is included by the taxpayer in the stated redemption price at maturity of the obligation, creating or increasing (as to that taxpayer) original issue discount on the obligation that is excluded from gross income pursuant to Section 103(a) of the Code. Notice 94-84 states that until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, a taxpayer holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, the taxpayer must treat the amounts to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Notice 94-84 does not address various aspects necessary to the application of the latter method (including, for example, the treatment of a holder acquiring its Note other than in the original public offering or at a price other than the original offering price). Each person considering acquiring the Notes should consult its own tax advisor with respect to the tax consequences of ownership of and of the election between the choices of treatment of the stated interest payable at maturity on the Notes.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by "financial institutions" described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. However, section 265(b) of the Code provides that this interest disallowance rule for financial institutions does not apply to interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are designated by an issuer as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The City has designated the Notes as "qualified tax-exempt obligations" and has certified its expectation that the above-described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Notes will not be subject to the 100% disallowance of interest expense allocable to interest on the Notes under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Notes will be reduced by 20% pursuant to section 291 of the Code.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Norton Rose Fulbright US LLP, Bond Counsel, New York, New York. Such legal opinion will be delivered in substantially the form attached hereto as "APPENDIX D".

DISCLOSURE UNDERTAKING

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"). In accordance with the requirements of Rule 15c2-12 as the same may be

amended or officially interpreted from time to time promulgated by the Commission, the City has agreed to provide, at the time of delivery of the Notes, an executed Disclosure Undertaking in substantially the form attached hereto as “APPENDIX E.”

Compliance History

The City has filed its annual financial information and audited financial statements timely in all of its filing requirements for the last five reporting periods for fiscal years ending June 30, 2019 through and including June 30, 2024.

The City posted an event notice of Financial Obligation – Incurrence or Agreement more than ten days late on August 16, 2022. A material event notice was posted on June 10, 2024.

The City is in compliance with all prior undertakings pursuant to the Rule for the past five years.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Hopewell Junction, New York, (the “Municipal Advisor”) is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent financial advisor to the City in connection with this transaction.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the City. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

RATING

The City did not apply for a rating of the Notes.

The City’s underlying rating by Moody’s is “Aa3”.

Such rating reflects only the view of such organization and any explanation of the significance of such rating should be obtained from Moody’s at the following address: Moody’s Investors Service, 7 World Trade Center and 250 Greenwich Street, New York, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody’s, circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such Notes or the availability of a secondary market for the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from James E. Mills, Comptroller, City Hall, 245 Washington St., Suite 203, Watertown, New York 13601, (315) 785-7754, e-mail: jmills@watertown-ny.gov, or from the City’s Municipal Advisor, Capital Markets Advisors, LLC, North Buffalo Road, Buffalo, New York, 14127, Telephone, (716) 662-3910 and are also available at www.capmark.org.

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

The Municipal Advisor may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. The Municipal Advisor 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 the Municipal Advisor assumes any liability or responsibility for errors or omissions on such website. Further, the Municipal Advisor 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. The Municipal Advisor and the City also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

CITY OF WATERTOWN
JEFFERSON COUNTY, NEW YORK

BY: /s/ James E. Mills
City Comptroller and Chief Fiscal Officer

DATED: June 12, 2025

APPENDIX A

THE CITY

General Information

The City of Watertown is located in the northern part of New York State, eleven miles east of Lake Ontario and twenty-two miles south of the St. Lawrence River (and Canadian border). The City encompasses an area of approximately nine square miles. With a 2020 census population of 24,685, it is the largest population center in Jefferson County.

Watertown is the county seat. This has led to it being the region's government and legal center. The federal, state, county and city governments have offices here. Federal Court, State Supreme Court, County and Family Court, and City Court also have chambers here.

County-wide, the largest industry sectors, as measured by the number of civilian employees, are government (23%), wholesale/retail trade (24%), and services (23%). Manufacturing represents 10% of the employment.

Nearly a quarter of the government employees work at Fort Drum (see "Fort Drum" herein). Most of the remaining employees work in offices in downtown Watertown.

While no single wholesale/retail trade employer makes the list of major employers, in total they are significant employers in the area. Their primary location has shifted over the last 20 years from downtown Watertown to near Interstate Route 81.

Manufacturers within the City make specialty paper products, railroad/subway brakes and electric motors.

While it only represents 3.2% of the county's employment, the finance, insurance and real estate sector is important to Watertown. The City has two commercial banks, one savings bank, one savings and loan, and four credit unions, plus branch facilities. There are two insurance companies in Watertown and more than 30 insurance agencies.

On a county-wide basis, agriculture is an important sector. While it employs less than 4% of the workers, it has had sales of approximately \$77,000,000 per year.

Transportation needs to and from the area are served by Interstate Route 81 and Watertown International Airport. Watertown is served by one independent bus line and several interstate trucking firms. CSX provides rail freight service. Within Watertown, the City operates a fleet of four public buses and provides paratransit services.

Ownership of the Watertown International Airport was transferred to Jefferson County on March 1, 2006. In exchange for the County taking ownership, the City agreed to amend the sales tax distribution agreement. Prior to the amended distribution agreement the City received 28% of the 3.0% County sales tax. Between September 2004 and November 2008, the City continued to receive 28% of the 3.0% County sales tax and incrementally received a portion of the 0.75% increase to the County sales tax rate. Effective December 1, 2008 the City began receiving 24% of the total 3.75% County sales tax. The County agreed to fund the payment of certain outstanding City debt issued for airport purposes. The County sales tax was increased to 4.0% effective December 1, 2015 of which the City still receives 24%.

The City maintains its own police and fire protection. Electricity and natural gas are furnished by National Grid (formerly Niagara Mohawk Power Corp.). Major telecommunication services are provided by Verizon.

Fort Drum

Since activation of the 10th Mountain Division at Fort Drum in 1984, the military-related population in the area has grown to over 30,000. Based upon the Economic Impact Statement for fiscal year 2024, 12,367 soldiers and 3,816 civilians were employed at Fort Drum for a combined annual payroll of \$1,599,599,531. The soldiers have an additional 22,736 family members. Approximately 1/3 of the total military-related population live on Fort Drum with the remainder scattered among the various jurisdictions within 30 miles of the base. The City, as an urban center located only 7 miles from the Fort, houses 42% of those soldiers living off post. The Economic Impact Statement for fiscal year 2023 indicates that Fort Drum's economic impact on the tri-county area was \$1,932,165,047.

In May 2004, the Army announced that the 10th Mountain Division would receive a third brigade and convert the two existing brigades to Brigade Combat Teams. Collectively this generated an increase of 8,000 additional soldiers at Fort Drum. Fort Drum sustained no losses due to the 2005 Base Realignment and Closure decisions. In 2014 the 3rd Brigade Combat Team of the 10th Mountain Division was inactivated as part of an Army reorganization plan to reduce the number of active-duty soldiers by 80,000. The Army expects additional maneuver battalions to be assigned to the remaining brigades resulting in an overall net loss of soldiers to Fort Drum between 1,500 and 2,000 soldiers.

The Army has privatized the on-post family housing, under the Residential Community Initiative. The project company, Mountain Community Homes, has built 1,586 new homes, 192 rental apartments for unaccompanied senior NCOs and officers, and renovated all of the existing 2,041 older homes on Fort Drum. This construction and renovation was completed in 2011 and cost approximately \$513,000,000. As of July 1, 2016, 208 existing legacy homes were taken off-line and demolished. Mountain Community Homes replaced them with 155 new three and four bedroom homes at an estimated cost of \$80,000,000 with completion in 2019. In 2021 the Army announced a new capital commitment of roughly \$44,000,000 over the next five years to renovate the interiors of 730 homes and exterior renovations to more than 300 homes such as new roofing, siding and garage doors. Additional work is slated such as HVAC replacements, new fencing and pavement repairs.

Fiscal constraints associated with the Budget Control Act of 2011 (Sequestration), forced structure reductions of military and civilian personnel, and a high operational tempo (deployments to Afghanistan, Iraq, Korea and Europe) continue to present unique challenges and opportunities for Fort Drum and the North Country. Fort Drum continues to be recognized as one of the most ready and capable installations supporting Forces Command (FORSCOM). Fort Drum will continue to positively and significantly affect the North Country's economy. Fort Drum soldiers, airmen, family members, and civilians will remain an integral and vital part of the North Country's economic growth and stability throughout the foreseeable future.

The Army's Facility Investment Strategy has shifted to sustaining and/or repurposing existing facilities to meet mission requirements rather than building new facilities. The FY 2020 National Defense Authorization Act funded two projects at Fort Drum. The base has been granted funding to upgrade several transportation projects. One project estimated at \$21 million will renovate the railhead. Construction of 1.2 miles of new railroad loading tracks will allow multiple trains to be serviced simultaneously. A side loading area also will be added as well as new ramps, lighting, and an Alert Holding Area. Another project funded for Fort Drum is a \$23 million hangar to house tactical unmanned aerial vehicles. The FY 2021 National Defense Authorization Act named Fort Drum as the preferred site for a land-based missile defense underlayer. This will likely help ensure that Fort Drum plays a vital role in the ongoing deployment of existing missile defense systems as well as any future opportunities when next generation defense systems are ready for deployment. The FY 2022 National Defense Authorization Act funded a well field Resiliency Project in the amount of \$27,000,000. The FY 2023 National Defense Authorization Act funded an automated record fire plus range in the amount of \$2,400,000. The FY 2024 National Defense Authorization Act did not contain any specific Fort Drum projects.

National Grid (formerly Niagara Mohawk Power Corp.) and the City's Electrical Distribution System

On October 15, 1990, the City Council approved and authorized the execution of a Letter of Understanding between the City and National Grid (formerly Niagara Mohawk Power Corporation) in connection with the purchase of the City's Electrical Distribution System and future purchases of surplus power generated by the City's Hydroelectric Generating Plant. A major condition of the contract signed in March, 1991 was National Grid's \$7,000,000 payment to the City for title to the distribution system's street lighting facilities. Of that amount, a portion was put in a Mandatory Reserve for the payment of debt service on bonds previously issued, which have matured, and the remaining amount transferred to a Capital Projects Fund for the reconstruction of the City's Dams, Headgates and Power Canal. See "Power Purchase Agreement", below.

Power Purchase Agreement

On March 19, 1991 the City entered into a Power Purchase Agreement (the "PPA") with National Grid that requires National Grid to purchase all of the power and energy (the "Excess Energy") generated by the Hydroelectric Project in excess of the power and energy required by certain municipal accounts (the "Municipal Accounts") of the City. The Municipal Accounts are all of the City owned users of electricity, such as City departments (DPW, water, sewer) and other units (the pool, parks, library, City buildings). National Grid has agreed to deliver power to the Municipal Accounts pursuant to a separate Transmission and Distribution Agreement. The PPA further obligates National Grid to sell energy to the Municipal Accounts at its published Rate Schedule PSC No. 207 Electricity, Service Classification No. 7 for any times during which the Hydroelectric Project is not able to produce sufficient energy to supply the Municipal Accounts.

The PPA requires National Grid to purchase power at rates set forth therein, which range from 10.11 cent/KWh in 2000 to 34.78 cents/KWh in 2029 with annual increases of approximately 4.3%. The PPA terminates on December 31, 2030, the Termination Date. The PPA may not be terminated by either party prior to the Termination Date; however, there are provisions under which National Grid is not required to purchase Excess Energy and the City is not required to deliver energy for reasons including maintenance, repair, emergency or safety.

The following table sets forth the revenues received by the General Fund over the last five years, the revenues budgeted in 2025 from such sales to National Grid and the City's Water, Wastewater and Library Funds:

| Year Ending June 30 | City General Fund | City (Water, Wastewater Library Funds) | Total Amount |
|------------------------|----------------------|--|-----------------|
| 2020 | \$2,459,240 | \$1,696,718 | \$4,155,958 |
| 2021 | 1,463,814 | 1,503,955 | 2,967,769 |
| 2022 | 4,609,103 | 1,995,880 | 6,604,983 |
| 2023 | 2,989,269 | 2,090,999 | 5,080,268 |
| 2024 | 4,014,772 | 1,780,453 | 5,795,225 |
| 2025 (Budget) | 3,194,354 | 2,180,646 | 5,375,000 |
| 2026 (Budget) | 3,527,000 | 1,998,000 | 5,525,000 |

The Hydroelectric Project

The City owns and operates the Hydroelectric Project, which is located on the Black River. The principal features of the Hydroelectric Project consist of two dams (the diversion dam and the Delano Island dam), a headgate, a power channel and forebay, a powerhouse, an impoundment and appurtenant facilities.

The Federal Energy Regulatory Commission ("FERC") issued a new license to the City for a major facility upgrade on June 16, 1995. Under that license, the City proposed to replace all existing electrical and mechanical equipment with new generating units. This would have increased the nameplate capacity of the Hydroelectric Project from 5.4 MW with an average annual generation of approximately 28,000 MWh to a nameplate capacity of 10.8 MW with an average annual generation of approximately 49,900 MWh. The City estimated that the construction cost of the facility upgrade to the 10.8 MW level would be \$25,000,000 to \$30,000,000.

In November 1996, the City filed an Application for License Amendment (the "Amendment") with the FERC under which the City proposed to renovate rather than replace certain of the major elements of the Hydroelectric Project. Under the Amendment, the City proposed to retain the existing powerhouse, rewind the existing generators and replace portions of the turbines rather than replace all of the existing equipment. This was expected to result in a facility with a nameplate capacity of 7.0 MW with an average annual generation of approximately 30,300 MWh. The FERC approved the Amendment on January 6, 1997.

The project was completed in January 2000, with all three turbines on line. The facility now has a nameplate capacity of 6.54 MW and an average annual generation of approximately 24,970 MWh. The total approximate cost of the project was \$9,500,000. The City signed a contract with Ampersand New York Operations, LLC, Boston, Massachusetts, for operation and maintenance of the plant through June 30, 2026 with renewal options through June 30, 2033. The City paid Ampersand Testing and Control, LLC, \$264,007 in fiscal year 2020-21, \$276,281 in fiscal year 2021-22, \$291,956 in fiscal year 2022-23, and \$325,695 in fiscal year 2023-24. The City had gross revenues from electric power sales of \$5,795,225 and net revenues of \$5,304,230 after operating expenses and wheeling charges for the fiscal year ending June 30, 2024.

Agreements Between the Development Authority of the North Country and the City

Sewer Agreement. By resolution adopted July 7, 1986, the City Council approved an agreement between the City and the Development Authority of the North Country (the "Development Authority"), in order to provide wastewater treatment to Fort Drum and outlying communities at the City's Water Pollution Control Plant. The Development Authority and United States Army executed an agreement on June 13, 1986 requiring sewage to be delivered for treatment at the Watertown Water Pollution Control Plant by April 1, 1987. In order to provide service for the Army's sewage, it was necessary for the City of Watertown to allow two major construction projects at the Water Pollution Control Plant.

The total project cost for the completed construction expansion was \$11,897,372, financed through the issuance of bonds. On June 15, 2007 the final principal payment was made on the expansion debt. Previously, the City had recouped these expenditures through service fees charged to the Development Authority.

By resolution adopted July 6, 2009, the City Council approved two twenty-year agreements retroactive to April 1, 2009 between the City and the Development Authority to continue providing sewage treatment and leachate treatment services to Fort Drum and outlying communities at the City's Water Pollution Control Plant.

The following table sets forth the revenues received from the Development Authority by the City for the treatment of wastewater over the last five fiscal years, as budgeted for the current fiscal:

| Year Ending June 30 | Amount |
|------------------------|-----------|
| 2020 | \$991,229 |
| 2021 | 1,097,085 |
| 2022 | 1,157,409 |
| 2023 | 1,026,390 |
| 2024 | 1,249,399 |
| 2025 (Budget) | 1,495,800 |
| 2026 (Budget) | 1,439,574 |

Water Agreement. In the spring of 1987, construction began on the renovations and new additions to the existing Water Treatment Plant Facility to provide for a plant capable of producing 10 million gallons per day of treated drinking water.

The new facility was designed so that with some additional construction and equipment it could be upgraded to produce 15 million gallons per day.

The City Council, by resolution adopted on January 24, 1990, approved an Agreement between the City and the Development Authority in order to produce and deliver treated fresh water to Fort Drum and future outside water districts. On January 16, 1990, the Development Authority and the United States Army executed an agreement for water service to Fort Drum. Under a separate agreement, on December 4, 1995, the City granted the Development Authority the right to sell City water from the Fort Drum water line to municipalities and water districts in Jefferson County. On November 7, 2011 City Council approved a new twenty-year agreement for water services which combined the two agreements.

After entering into the agreement with the Development Authority, the City entered into additional construction contracts to upgrade the facility from 10 million to 15 million gallons per day production capacity. The project was completed at a total cost of \$15,650,000 and was financed through bonding. Such bonds are no longer outstanding.

On May 16, 1991, the City began selling water to the Development Authority. The revenue derived is being used to offset the cost of capital construction of the plant and annual operation and maintenance expense. The revenue received by the City is based on a pro rata share of water purchased.

The following table sets forth the revenues received by the City from the sale of water to the Development Authority over the last five fiscal years, as budgeted for the current fiscal year:

| Year Ending June 30 | Amount |
|---------------------|-----------|
| 2020 | \$466,379 |
| 2021 | 534,321 |
| 2022 | 611,305 |
| 2023 | 682,219 |
| 2024 | 736,819 |
| 2025 (Budget) | 781,730 |
| 2026 (Budget) | 778,546 |

Form of Government

The City has had the Council-Manager form of local government since 1920. The five-member Council is elected at large for four year terms. Elections are non-partisan as provided by the City Charter. A full time City Manager, appointed by the Council, is the Chief Executive Officer of the City Government.

The City Comptroller is the Chief Fiscal Officer and is responsible for receiving, collecting and disbursing funds. It is also the responsibility of the City Comptroller to audit bills for all financial transactions.

Services

Over half of the service employees work in the health and social fields. Watertown is the center for health service providers in the “North Country”, with one hospital, one major nursing home, an outpatient facility, a cancer treatment center, a Veterans Administration Center and a mental health treatment facility. There are more than 50 physician’s and 20 dentist’s offices within the City.

Employees

The City currently employs approximately 333 full-time and 25 to 100 part-time or seasonal employees. Police and Fire Department employees, and general City employees are each represented by a collective bargaining agent. Those agents which represent them and the dates of expiration of their agreements are as follows:

| <u>Number of Employees</u> | <u>Union Representation</u> | <u>Contact Expiration Date</u> |
|--------------------------------|---|--|
| 145 | Civil Service Employees Association | 06-30-27 |
| 73 | Watertown Firefighters Association | 06-30-25 |
| 61 | Watertown Police Benevolent Association | 06-30-27 |
| 3 | International Brotherhood of Electrical Workers | 06-30-26 |

Source: City Officials.

Employee Benefits

Substantially all employees of the City are members of the New York State and Local Employees Retirement System (“ERS”) or the New York State and Local Police and Fire Retirement System (“PFRS”) (ERS and PFRS are referred to collectively hereinafter as the “Retirement System” where appropriate). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement 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 members hired on or after January 1, 2010 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 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at which time contributions become voluntary. Members hired after on or after January 1, 2010 must contribute three or more percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

Additionally, on March 16, 2012, the Governor signed into law the Tier 6 pension program, effective for ERS employees hired after April 1, 2012. The Tier 6 legislation provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee pension contributions throughout employment.

Police officers and firefighters who are members of PFRS are divided into four tiers. As with ERS, retirement benefit plans available under PFRS are most liberal for Tier 1 employees. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. Police officers and firefighters that were hired between July 1, 2009 and January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. Police officers and firefighters hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution from members. Police officers and firefighters hired after April 1, 2012 are in Tier 6, which also originally had a 3% contribution requirement for members for FY 12-13; 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%.

Beginning July 1, 2013, a voluntary defined contribution plan option was made available to all unrepresented employees of New York State public employers hired on or after that date, and who earn \$75,000 or more on an annual basis.

The New York State Retirement System allows municipalities to make employer contribution payments in December of each year, at a discount, or the following February, as required. The City opts to make its pension payments in December in order to take advantage of the discount and this payment was made in December 2024 for the current year.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio experienced negative investment performance and severe downward trends in market earnings. The employer contributions for the State's Retirement

System continue to be higher than the minimum contribution rate established by Chapter 49. Legislation was enacted that permits local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. The legislation also requires those local governments and school districts that amortize their pension obligations pursuant to the regulation to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The City does not currently amortize any pension payments.

In Spring 2013, the State and ERS approved a Stable Contribution Option (“SCO”), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage spikes in Actuarially Required Contribution rates (“ARCs”). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. The City pays its ERS and PFRS contributions on a pay as you go basis and does not expect to participate in the SCO in the foreseeable future.

ERS and PFRS Contributions. The current retirement expenditures presented in the City’s financial statements for each of the last five fiscal years and as budgeted for the current fiscal year:

| Fiscal Year | ERS | PFRS |
|---------------|-------------|-------------|
| 2020 | \$1,265,209 | \$2,370,618 |
| 2021 | 1,234,673 | 2,720,015 |
| 2022 | 1,290,972 | 3,361,750 |
| 2023 | 973,695 | 3,028,791 |
| 2024 | 1,230,327 | 3,538,425 |
| 2025 (Budget) | 1,730,531 | 4,497,069 |
| 2026 (Budget) | 2,022,998 | 4,814,642 |

Other Postemployment Benefits

GASB 75. For the fiscal year ended June 30, 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The implementation of the statement requires the City to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflows of resources and deferred inflow of resources related to OPEB.

Due to the City’s implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, a one-time prior period adjustment of \$116,094,599 must be made to the beginning net position to reflect the transition from GASB Statement No. 45 to GASB Statement No. 75 as of July 1, 2017. The impact of this change does not flow through the annual OPEB expense calculation. The following details the change in the City’s beginning of the year net position due to the GASB 75 implementation.

Statement of Activities and Changes in Net Position

| | Governmental Activities | Business Type |
|---|----------------------------|----------------------|
| Net Position Beginning of Year, as Previously Stated | \$ 51,280,389 | \$ 34,526,124 |
| <u>Restatement due to receipt of federal reimbursement related to bus system</u> | 391,004 | |
| Restatement due to repayment of previous charges to Development Authority of the North Country: | | (531,661) |
| GASB Statement No. 75 Adjustments: | | |
| Net Increase in Total OPEB Liability – GASB 75 Implementation | (106,387,405) | (13,993,566) |
| Deferred Outflows at July 1, 2017 – Benefit Payments subsequent to the measurement date | 3,890,976 | 395,396 |
| Net Position Beginning of Year, as restated | <u>\$ (50,825,036)</u> | <u>\$ 20,396,293</u> |

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds

| | |
|--|----------------------|
| | <u>General Fund</u> |
| Fund Balance Beginning of Year, as Previously Stated | \$ 14,767,778 |
| <u>Restatement due to receipt of federal reimbursement related to bus system</u> | 391,004 |
| Fund Balance Beginning of Year, as Restated | <u>\$ 15,158,782</u> |

Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Funds

| | | |
|---|---------------------|----------------------|
| | <u>Water</u> | <u>Sewer</u> |
| Net Position Beginning of Year, as Previously Stated | \$ 16,496,504 | \$ 18,029,620 |
| Restatement due to repayment of previous charges to Development Authority of the North Country: | (203,857) | (327,804) |
| GASB Statement No. 75 Adjustments: | | |
| Net Increase in Total OPEB Liability – GASB 75 Implementation | (7,102,974) | (6,890,592) |
| Deferred Outflows at July 1, 2017 – Benefit Payments subsequent to the measurement date | 196,875 | 198,521 |
| Net Position Beginning of Year, as restated | <u>\$ 9,386,548</u> | <u>\$ 11,009,745</u> |

FINANCIAL FACTORS

Budgetary Procedure

Under the City Charter, the City Manager prepares the annual proposed budget. It is presented to the City Council and the public about mid-April of each year, approximately six weeks before the budget must be adopted. A public hearing on the budget must be held by the City Council before the adoption of the budget. Through its adopted budget, the City Council establishes the kind and level of services and projects for the following fiscal year, July 1 through June 30. The Council sets the real property tax rate. Throughout the year, the City Manager exercises administrative budgetary controls. Money can be spent only for services, materials, and projects established in the budget. Unexpended appropriations are closed to the appropriate fund balance at the end of the fiscal year and are then used in estimating the anticipated surplus items in the budget for the following year.

Independent Audits

The City retained the firm of Bowers & Company CPAs LLC, Certified Public Accountants, to audit its financial statements for the fiscal year ending June 30, 2024. Appendix B, attached hereto, presents excerpts of the City's most recent audited reports covering the last five fiscal years. Appendix C contains a link to the last fiscal year audit.

In addition, the City is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. See "The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews," herein.

Investment Policy

The City has authorized the City Comptroller to invest moneys not required for immediate expenditure, pursuant to the statutes of the State of New York, in the following investments: (1) special time deposits in, or certificates of deposits issued by, a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation,

other than the City; (6) obligations of New York public benefit corporations which are made lawful investments in which the City may invest pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of City moneys held in certain reserve funds established pursuant to law, obligations issued by the City. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Revenues

The City derives its revenues primarily from real property taxes and special assessments, sales tax, State aid and departmental fees and charges. A summary of such revenues for the years 2020-2024 is presented in Appendix B, hereto. Information for said fiscal years has been excerpted from the City’s audited financial reports, however, such presentation has not been audited.

Historical revenue and tax information set forth in this Official Statement may not be indicative of future results. See “Markets Factors” herein.

Property Taxes. The City derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B.) Property taxes accounted for 15.8% of total general fund and other governmental funds revenues for the fiscal year ended June 30, 2024.

The following table sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years, and the amounts budgeted for the current and ensuing fiscal year.

General Fund & Property Tax Revenues⁽¹⁾

| Year Ended June 30 | Total General Fund Revenue | Real Property Taxes | Real Property Taxes To Revenue (%) |
|--------------------------|----------------------------------|---------------------------|--|
| 2020 | \$46,650,202 | \$9,529,065 | 20.4% |
| 2021 | 48,990,557 | 9,481,984 | 19.4% |
| 2022 | 54,752,284 | 10,215,097 | 18.7% |
| 2023 | 56,371,981 | 9,486,679 | 16.8% |
| 2024 | 59,187,989 | 9,362,633 | 15.8% |
| 2025 (Budget) | 53,817,493 | 10,644,463 | 19.8% |
| 2026 (Budget) | 54,940,584 | 11,519,593 | 21.0% |

(1) General Fund also includes Tourism Fund, Compensation Reserve Fund, Risk Retention Fund and Self-Funded Health Insurance Fund
Source: Audited Financial Statements (2020-2024), and the 2025 and 2026 Adopted Budgets of the City. Summary itself not audited.

State Aid. The City receives financial assistance from New York State. In the City’s General Fund for the 2024 fiscal year, 10.2% of the operating revenues of the City were received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City, in any year the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if in any year the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the City, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the City. No assurance can be given that present State aid levels will be maintained in the future. In view of the State’s continuing budget problems, future State aid reductions are likely. 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 (see also “Market Factors” herein).

The following table sets forth total fund revenues and State aid received for each of the past five audited fiscal years, and the amounts budgeted for the current and ensuing fiscal year.

General Fund & State Aid Revenues ⁽¹⁾

| Year Ended June 30 | Total General Fund Revenue | State Aid | State Aid to Revenues% |
|--------------------------|----------------------------------|--------------|---------------------------|
| 2020 | \$46,650,202 | \$4,870,628 | 10.4% |
| 2021 | 48,990,557 | 6,692,334 | 13.7% |
| 2022 | 54,752,284 | 5,797,132 | 10.6% |
| 2023 | 56,371,981 | 6,484,597 | 11.5% |
| 2024 | 59,187,989 | 6,054,040 | 10.2% |
| 2025 (Budget) | 53,817,493 | 6,839,501 | 12.7% |
| 2026 (Budget) | 54,940,584 | 6,845,051 | 12.5% |

(1) General Fund also includes Tourism Fund, Compensation Reserve Fund, Risk Retention Fund and Self-Funded Health Insurance Fund
Source: Audited Financial Statements (2020-2024), and the 2025 and 2026 Adopted Budgets of the City. Summary itself not audited.

Sales Tax. The following table sets forth sales and compensating use tax collections as recorded by the City for each of the past five audited fiscal years and the amounts budgeted for the current and ensuing fiscal year.

General Fund & Non-Property Tax Revenues ⁽¹⁾

| Year Ended June 30 | Total General Fund Revenue | Non-property Taxes | Non-property Taxes to Revenues% |
|--------------------------|----------------------------------|-----------------------|---------------------------------------|
| 2020 | \$46,650,202 | \$19,794,719 | 42.4% |
| 2021 | 48,990,557 | 22,975,858 | 46.9% |
| 2022 | 54,752,284 | 24,530,176 | 44.8% |
| 2023 | 56,371,981 | 25,533,535 | 45.3% |
| 2024 | 59,187,989 | 25,745,898 | 43.5% |
| 2025 (Budget) | 53,817,493 | 25,171,000 | 46.8% |
| 2026 (Budget) | 54,940,584 | 25,201,000 | 45.9% |

(1) General Fund also includes Tourism Fund, Compensation Reserve Fund, Risk Retention Fund and Self-Funded Health Insurance Fund
Source: Audited Financial Statements (2020-2024), and the 2025 and 2026 Adopted Budgets of the City. Summary itself not audited.

REAL PROPERTY TAXES

Constitutional Tax Margin **Fiscal Year Ending June 30:**

| | 2022 | 2023 | 2024 | 2025 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Five Year Average Full Valuation | \$1,168,216,419 | \$1,188,138,539 | \$1,232,472,882 | \$1,279,642,780 |
| Tax Limit | 23,364,328 | 23,762,771 | 24,649,458 | 25,592,856 |
| Add: Total Exclusions | 5,936,119 | 6,379,638 | 4,731,179 | 3,849,866 |
| Maximum Taxing Power | \$29,300,447 | \$30,142,409 | \$29,380,637 | \$29,442,722 |
| Less: Total Tax Levy | 9,764,517 | 9,764,517 | 9,903,007 | 10,643,072 |
| Constitutional Tax Margin | \$19,535,930 | \$20,377,892 | \$19,477,620 | \$18,799,650 |

Assessed and Full Valuations

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Assessed Valuation | \$1,090,924,212 | \$1,089,950,957 | \$1,109,560,725 | \$1,124,707,504 | \$1,129,410,937 |
| Equalization Rate | 92.00% | 92.00% | 88.00% | 83.00% | 80.00% |
| Full Value | 1,185,787,187 | 1,184,729,301 | 1,260,864,460 | 1,355,069,282 | 1,411,763,671 |
| Tax Rate Per \$1,000 | | | | | |
| Assessed Valuation | \$8.95 | \$8.95 | \$8.79 | \$8.79 | \$9.41 |

Tax Collection Procedures

The City's fiscal year is July 1 through June 30. The City tax rate is based on an amount per \$1,000 assessed valuation. City Real Property tax invoices are prepared based on an Annual Assessment Roll prepared by the City Assessor as of January 1 of each year. The City Comptroller receives the bulk of the tax payments between July 5 -and August 5, the regular annual collection period. The City Comptroller receives late payments throughout the year until June 1, at which time delinquent invoices are listed for the annual tax sale conducted at the end of June. All properties not purchased by others must, by City Charter requirements, be purchased by the City. Properties so purchased by the City may be redeemed upon payment of taxes, interest, and penalties up to a period of two years from the tax sale date. If still unredeemed at the end of two years from the tax sale date, the property becomes City owned on the basis of a Tax Sale Deed issued by the City Comptroller. Delinquent taxes are subject to penalty and interest of 6% for the first month and an additional 1/2 of 1% per month thereafter.

The City is responsible for the collection of Jefferson County taxes in the City, and must pay the County the full amount levied by the County, irrespective of actual collection, by March 1 of the current year. The City is also responsible for the collection of delinquent Watertown City School District taxes, and pays these taxes to the School District as they are collected.

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|-------------------------------|--------------|-------------|--------------|--------------|--------------|
| Total Tax Levy ⁽¹⁾ | \$10,402,415 | \$9,955,439 | \$10,140,134 | \$10,248,486 | \$11,090,219 |
| Additions (Cancellations) | | | | | |
| During the Year | 0 | 0 | 0 | 0 | 0 |
| Net Tax Levy | \$10,402,415 | \$9,955,439 | \$10,140,134 | \$10,248,486 | \$11,090,219 |
| Collections ⁽¹⁾ | \$10,390,927 | \$9,954,119 | \$10,050,922 | \$9,826,299 | \$10,605,340 |
| Uncollected End of Year | \$11,488 | \$1,320 | \$89,212 | \$422,187 | \$484,879 |
| % Percent | 99.89% | 99.99% | 99.12% | 95.88% | 95.63% |

⁽¹⁾ Includes water, sewer and public service charges.

Largest Taxpayers

The following table presents the taxable assessments of the ten largest taxpayers for the 2025 assessment roll for taxes levied in 2024.

| <u>2025 Tax Roll</u> | | | |
|---|-----------------|-------------------------------|--|
| Taxpayer | Classification | 2024 Assessed Valuation | Percent of Total Assessed Valuation ⁽¹⁾ |
| National Grid (formerly Niagara Mohawk Power Corp.) | Utility | \$52,438,976 | 4.64% |
| Arsenal Plaza Assocs. LLC | Shopping Center | 14,500,000 | 1.28% |
| Eric Blvd Hydropower LP | Utility | 11,569,300 | 1.02% |
| WGS Housing Arsenal Assoc. LLC | Apartments | 10,529,500 | 0.93% |
| Stateway Plaza Shopping Center (2) | Shopping Center | 10,430,300 | 0.92% |
| ARHC NCWTNNY01 LLC | Health Services | 8,300,000 | 0.73% |
| WGS Eastern Housing Arsenal Assoc. LLC | Apartments | 9,100,200 | 0.81% |
| Ontario Apartments LLC | Apartments | 8,100,000 | 0.72% |
| Home Depot USA Inc. (2) | Shopping Center | 6,105,000 | 0.54% |
| Watertown Savings Bank | Shopping Center | 7,321,050 | 0.65% |
| | | <u>\$138,394,326</u> | <u>12.25%</u> |

(1) Total assessed value for 2025 is \$1,129,410,937.

(2) Tax certiorari pending.

CITY INDEBTEDNESS

Constitutional Requirements

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

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

General. The City is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. 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. In Chapter 97 of the Laws of 2011, however, the State Legislature imposed additional procedural requirements that must be met in order to increase the annual tax levy in certain circumstances. See “Tax Levy Limit Law,” herein.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which it is contracted. No installment may be more than fifty per centum in excess of the smallest prior installment, unless the City determines to issue a particular debt obligation amortizing on the basis of 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 such required annual installments on its notes.

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

Pursuant to Article VIII of the State Constitution and Titles 8 and 9 of Article 2 of the Local Finance Law, the debt limit of the City is calculated by taking 7% of the latest five year average of the full valuation of all taxable real property.

Statutory Procedure

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

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 of and interest on all indebtedness. However, Chapter 97 of the Laws of 2011 imposes a procedural limitation on the power of the City to increase its annual tax levy. See “The Tax Levy Limit Law,” herein.

Pursuant to the Local Finance Law, the City authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution (also called an ordinance), approved by at least two-thirds of the members of the City Council, the finance board of the City. Certain such resolutions may be subject to permissive referendum, or may be submitted to the City voters at the discretion of the City Council.

The Local Finance Law also provides for a twenty-day statute of limitations after publication of a bond resolution (in summary or in full), together with a statutory notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution, except for alleged constitutional violations. The City has complied with such procedure for the validation of the bond resolutions adopted in connection with this issuance.

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 the power to issue and sell bonds and notes to the Comptroller, 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, capital notes, deficiency notes and budget notes.

Constitutional Debt-Contracting Limitation

ORPTS annually establishes State equalization rates for all assessing units in the State, including the City, which are determined by statistical sampling of market/assessment studies. The equalization rates are used in the calculation and distribution of certain State aid and are used by many localities in the calculation of debt contracting and real property taxing limitations. The City is not subject to a constitutional real property taxing limitation but has a debt contracting limitation equal to seven percent (7%) of average full valuation. (See “Constitutional Requirements, Debt Limit” and “The Tax Levy Limit Law” herein.)

The City determines the assessed valuation for taxable real properties. The ORPTS determines the assessed valuation of special franchises and the taxable ceiling of railroad property. Special franchises include assessments on certain specialized equipment of utilities under, above, upon or through public streets or public places. Certain properties are taxable for school purposes but exempt for City purposes.

The following table sets forth the City’s debt-contracting limitation.

Computation of Debt Contracting Limitation As of June 4, 2025

| For Fiscal Year Ended June 30: | Assessed Valuations | Equalization Rate ⁽¹⁾ | Full Valuations |
|---|------------------------|-------------------------------------|--------------------|
| 2020 | \$1,090,924,212 | 92.00% | \$1,185,787,187 |
| 2021 | 1,089,950,957 | 92.00% | 1,184,729,301 |
| 2022 | 1,109,560,725 | 88.00% | 1,260,864,460 |
| 2023 | 1,124,707,504 | 83.00% | 1,355,069,282 |
| 2024 | 1,129,410,937 | 80.00% | 1,411,763,671 |
| Total Five-Year Full Valuation | | | \$6,398,213,901 |
| , Five-Year Average Full Valuation | | | \$1,279,642,780 |
| Debt Contracting Limitations: 7% of Five-Year Avg. Full Valuation | | | \$89,574,995 |

(1) Final rates as established by the ORPTS.
Source: City Officials

Statutory Debt Limit and Net Indebtedness

Statement of Debt Contracting Power As of June 4, 2025

| | <u>Amount</u> | <u>Percentage</u> |
|--------------------------------------|----------------------------|----------------------|
| Debt Contracting Limitation: | <u>89,574,995</u> | <u>100.00%</u> |
| Gross Indebtedness: | | |
| Serial Bonds | 17,850,000 | 19.93% |
| Bond Anticipation Notes | 2,812,500 | 3.14% |
| EFC | <u>6,068,580</u> | <u>6.77%</u> |
| Total Gross Indebtedness | <u>26,731,080</u> | <u>29.84%</u> |
| Less Exclusions: | | |
| Self-Liquidating Debt ⁽¹⁾ | 797,952 | 0.89% |
| Water Debt ⁽²⁾ | 1,847,657 | 2.06% |
| Sewer Debt ⁽³⁾ | 9,194,556 | 10.26% |
| Bond Appropriations | <u>719,000</u> | <u>0.80%</u> |
| Total Exclusions | <u>12,559,165</u> | <u>14.02%</u> |
| Total Net Indebtedness | <u>14,171,915</u> | <u>15.82%</u> |
| Net Debt Contracting Margin | <u><u>\$75,403,080</u></u> | <u><u>84.18%</u></u> |

(1) Debt related to the City's Hydro-electric facility is excluded pursuant to Section 123.000 of the Local Finance Law. The City is currently in the process of getting the exclusion certificate renewed. The City believes it will be approved.

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

(3) Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law.

Cash Flow Borrowings

The City is also authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash to pay operating expenditures. Borrowings for these purposes are restricted by formulas contained in the Local Finance Law and Regulations issued under the U.S. Internal Revenue Code. Such notes may be renewed from time to time but generally not beyond three years in the case of revenue anticipation notes and five years for tax anticipation notes. The City is also authorized by law to issue budget notes and deficiency notes to provide cash to pay operating expenditures. Budget notes may be issued to finance current operating expenditures (i) for an unforeseeable public emergency, such as an epidemic, or (ii) for which there is no appropriation or the amount so appropriated is not sufficient. Generally, the amount of budget notes issued may not exceed 5% of the budget, except such limit does not apply to budget notes issued for an unforeseeable public emergency, and must be redeemed in the next fiscal year. Deficiency notes may be issued to finance a budget deficiency arising from expected revenue being less than the amount budgeted in such fiscal year and is limited to 5% of the annual budget and, generally, must be redeemed in the next fiscal year.

The City has not issued tax anticipation, revenue anticipation, deficiency notes or budget notes during the last five fiscal years. See "Market Factors" herein.

Bond Anticipation Notes

Bond anticipation notes may be sold to provide moneys for capital projects once a bond resolution has been adopted and becomes effective. Generally, bond anticipation notes are issued in anticipation of the sale of bonds at some future date and may be renewed from time to time up to five years from the date of the first note in most instances. Notes may not be renewed after the second year unless there is a principal payment on such notes from a source other than the proceeds of bonds. In no event may bond anticipation notes be renewed after the sale of bonds in anticipation of which the notes were originally issued.

Environmental Facilities Authority

In 2021, the City issued and sold a \$7,224,303 EFC Statutory Installment Bond to the New York State Environmental Facilities Authority (“EFC”) to provide financing for the sludge disposal modification at the Wastewater Treatment Plant and the influent screen replacement and grit systems improvements at the Wastewater Treatment Plant. The first payment on the bond was made on January 22, 2022 and the bond matures on January 22, 2046.

Trend of Capital Debt

| | Fiscal Year Ending June 30: | | | | |
|------------------------------|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Debt Outstanding End of Year | | | | | |
| Bonds ⁽¹⁾ | \$30,030,000 | \$29,005,000 | \$32,500,323 | \$28,756,343 | \$25,692,363 |
| Bond Anticipation Notes | 1,972,500 | 0 | 0 | 1,225,000 | 2,812,500 |
| EFC Bond Anticipation Notes | 4,985,601 | 7,026,223 | 0 | 0 | 0 |
| Total Debt Outstanding | <u>\$38,960,601</u> | <u>\$36,031,223</u> | <u>\$32,500,323</u> | <u>\$29,981,343</u> | <u>\$28,504,863</u> |

(1) Does not include various refunded bond issues.

Overlapping and Underlying Debt

The real property taxpayers of the City of Watertown are responsible for a proportionate share of outstanding debt obligations of Jefferson County and the school districts situated in the City. Such taxpayers' share of this overlapping debt is based upon the amount of the City's equalized property values taken as a percentage of each separate units' total values. Authorized but unissued debt has not been included.

Statement of Direct and Overlapping Indebtedness As of June 4, 2025

| | | | | |
|----------------------------|-----------------------|-------------------------|------------------------------|---------------------|
| Gross Direct Indebtedness | | | | \$ 26,731,080 |
| Exclusions and Deductions | | | | <u>(12,559,165)</u> |
| Net Direct Indebtedness | | | | \$ 14,171,915 |
| | | | | Applicable |
| | | | | Net |
| | | | | Overlapping |
| | | | | Debt |
| <u>Overlapping Units</u> | <u>Date of Report</u> | <u>Net Indebtedness</u> | <u>Percentage Applicable</u> | |
| County of Jefferson | 06-28-24 | \$13,290,000 | 13.04% | \$1,733,016 |
| City School District of | | | | |
| City of Watertown | 12-05-24 | 25,785,000 | 71.77% | <u>18,505,895</u> |
| Total Net Overlapping Debt | | | | 20,238,911 |
| Total Direct Debt | | | | <u>14,171,915</u> |
| Total | | | | <u>\$34,410,826</u> |

Source: Electronic Municipal Market Access.

Debt Ratios

The following table presents certain debt ratios relating to the City's indebtedness.

Direct and Overlapping Debt Ratios As of June 4, 2025

| | Amount | Debt Per Capita ⁽¹⁾ | Ratio To Full Value ⁽²⁾ |
|------------------------------------|--------------|-----------------------------------|---------------------------------------|
| Net Direct Debt | \$14,171,915 | \$574 | 1.00% |
| Net Direct and Overlapping Debt | \$34,410,826 | \$1,394 | 2.44% |

(1) The population of the City is 24,685 according to 2020 Census information.

(2) The City's full valuation for year ending 2025 is \$1,411,763,671.

Authorized But Unissued Debt

The City has the following in authorized but unissued obligations for various capital projects.

| Date Authorized | Project | Authorized | Unissued |
|--------------------|--|---------------------|---------------------|
| 12/15/14, 9/16/19 | City Court Renovations | \$2,900,000 | \$2,900,000 |
| 9/6/2022; 5/16/24 | Rehabilitation of Western Outfall Trunk Sewer | 350,000 | 350,000 |
| 6/19/2023; 4/15/24 | Water Disinfection By-Products | 61,700,000 | 61,700,000 |
| 8/21/23 | City Hall Renovations | 3,100,000 | 3,100,000 |
| 9/18/23 | WWTP Improvements | 1,805,000 | 1,805,000 |
| 12/18/23 | Fire Pumper Truck | 1,100,000 | 100,000 |
| 4/1/24 | Thompson Park Reservoir Rehabilitation - Pipe Repair | 750,000 | 750,000 |
| 9/3/24 | Hydro-excavator | 655,000 | 655,000 |
| 9/3/24 | Refuse (1) and Recycling (1) Trucks | 600,000 | 300,000 |
| 3/3/2025 | Acquisition of building (\$725k) and reconstruction of building (\$100k) | 825,000 | 0 |
| 3/3/2025 | Burlington Street reconstruction | 2,600,000 | 2,600,000 |
| | | <u>\$76,385,000</u> | <u>\$74,260,000</u> |

Debt Service Schedule

The following table shows the Annual Debt Service Requirements on all outstanding City bonds.

Schedule of Debt Service Requirements

| Fiscal Years Ending June 30: | Debt Service On Outstanding General Obligation Bonded Indebtedness | | |
|------------------------------------|---|----------------------|-----------------------|
| | Principal Payments | Interest Payments | Total Debt Service |
| 2025 | 2,953,783 | 682,922 | 3,636,705 |
| 2026 | 2,863,980 | 585,769 | 3,449,749 |
| 2027 | 2,598,980 | 492,863 | 3,091,843 |
| 2028 | 2,443,980 | 408,975 | 2,852,955 |
| 2029 | 2,348,980 | 331,663 | 2,680,643 |
| 2030 | 1,753,980 | 260,688 | 2,014,668 |
| 2031 | 1,153,980 | 207,575 | 1,361,555 |
| 2032 | 1,048,980 | 177,075 | 1,226,055 |
| 2033 | 983,980 | 152,050 | 1,136,030 |
| 2034 | 798,980 | 131,875 | 930,855 |
| 2035 | 788,980 | 114,625 | 903,605 |
| 2036 | 803,980 | 97,125 | 901,105 |
| 2037 | 823,980 | 79,100 | 903,080 |
| 2038 | 843,980 | 60,375 | 904,355 |
| 2039 | 863,980 | 40,950 | 904,930 |
| 2040 | 883,980 | 20,825 | 904,805 |
| 2041 | 288,980 | 0 | 288,980 |
| 2042 | 288,980 | 0 | 288,980 |
| 2043 | 288,980 | 0 | 288,980 |
| 2044 | 288,980 | 0 | 288,980 |
| 2045 | 288,980 | 0 | 288,980 |
| 2046 | 288,980 | 0 | 288,980 |
| | <u>\$25,692,363</u> | <u>\$3,844,455</u> | <u>\$29,536,818</u> |

(1) As of June 4, 2025, the City has paid \$1,773,780 of principal and \$500,372 of interest for payments due on serial bonds maturing during the fiscal year ending June 30, 2025.

ECONOMIC AND DEMOGRAPHIC DATA

Population

Changes in the City's population as compared to changes in the population of the County and the State as reported by the US Bureau of the Census are as follows:

| | <u>2010</u> | <u>2020</u> | <u>% Change 2010-2020</u> |
|-------------------|-------------|-------------|-------------------------------|
| City of Watertown | 27,023 | 24,685 | (7.4%) |
| Jefferson County | 116,229 | 116,721 | (5.5%) |
| New York State | 19,378,102 | 20,201,249 | 4.25% |

Source: U.S. Department of Commerce, Bureau of the Census.

Income

Median Income of Families 2021

| | Median Family Income | Income Groups - % of Families | | | | |
|-------------------|----------------------------|-------------------------------|---------------------|---------------------|---------------------|----------------------|
| | | Under \$25,000 | \$25,000 -49,999 | \$50,000 -74,999 | \$75,000 -99,999 | \$100,000 Or More |
| City of Watertown | \$46,051 | 22.9% | 30.5% | 22.1% | 10.4% | 14.2% |
| Jefferson County | 58,271 | 14.3 | 26.9 | 21.9 | 15.3 | 21.6 |
| New York State | 75,157 | 14.6 | 18.1 | 16.1 | 13.1 | 38.1 |

Source: The U.S. Department of Commerce, Bureau of the Census (American Community Survey 5-Year Estimates).

Employment and Unemployment Data

Civilian Labor Force (000s)

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| City of Watertown | 10.6 | 10.4 | 10.4 | 10.5 | 10.6 |
| Jefferson County | 44.2 | 43.9 | 44.0 | 44.3 | 44.8 |
| New York State | 8,628.0 | 8,857.0 | 9,178.6 | 9,717.7 | 9,834.6 |

Source: New York State Department of Labor.

Yearly Average Unemployment Rates

| <u>Year</u> | <u>City</u> | <u>County</u> | <u>State</u> |
|-------------|-------------|---------------|--------------|
| 2020 | 9.6% | 8.4% | 9.8% |
| 2021 | 5.6% | 5.1% | 7.1% |
| 2022 | 3.9% | 4.1% | 4.3% |
| 2023 | 4.3% | 4.4% | 4.2% |
| 2024 | 4.0% | 4.4% | 4.3% |

Source: New York State Department of Labor.

Monthly Unemployment Rates

| | <u>City</u> | <u>County</u> | <u>State</u> |
|------------|-------------|---------------|--------------|
| April 2024 | 3.8% | 4.4% | 3.9% |
| May | 3.8% | 3.8% | 4.2% |
| June | 3.8% | 3.7% | 4.3% |
| July | 4.1% | 4.3% | 4.9% |
| August | 4.0% | 4.1% | 4.9% |
| September | 3.4% | 3.3% | 4.0% |
| October | 3.5% | 3.5% | 4.1% |
| November | 3.4% | 4.0% | 4.2% |
| December | 3.6% | 4.5% | 4.2% |
| January | 4.5% | 5.7% | 4.6% |
| February | 4.6% | 6.0% | 4.3% |
| March | 4.2% | 5.2% | 4.1% |

Source: New York State Labor Department and U.S. Bureau of Labor Statistics.

The following are major employers located within the City.

Major Employers in the City

| Name | Type | Approx. No. of Employees |
|------------------------------------|---------------------------------------|-----------------------------|
| Fort Drum | U.S. Army | 18,430 ⁽¹⁾ |
| Samaritan Medical Center/Keep Home | Hospital/Nursing Home/Health Services | 2,455 ⁽²⁾ |
| New York State | Government | 1,900 |
| Watertown City School District | Primary Education | 836 |
| Convergys | Call Center | 800 |
| Jefferson County | Government Services | 762 |
| Indian River School District | Public School | 670 |
| Jefferson Rehab. Center | Healthcare | 548 |
| Jefferson-Lewis BOCES | Vocational Education | 500 |
| Carthage Area Hospital | Healthcare | 384 |
| South Jefferson School District | Public School | 373 |
| City of Watertown | Government | 367 |
| Defense Support Services, LLC | Manufacturer | 280 |
| Car Freshener Corporation | Manufacturer | 279 |
| New York Air Brake Company | Manufacturer | 275 |
| Jefferson Community College | Education | 273 |
| Johnson News Corporation | Daily News Papers – Job Printing | 246 |
| Watertown Family YMCA | Recreational and Children | 239 |
| Cornell Cooperative Extension | Education | 85 |
| Statur Electric | Manufacturers Fractional Power Motors | 80 |

- (1) This amount includes military and civilians. Both of these are expected to increase substantially with the increased number of troops stationed at the base. Due to military deployment, the actual number of personnel is frequently changing.
- (2) This amount includes the Samaritan Medical Center, Samaritan Keep and Samaritan Summit Village.
- (3) New York State employment includes all regional state offices and two correctional facilities (Watertown and Cape Vincent)

Source: County Officials and Jefferson County Economic Development

LITIGATION

The City from time to time receives notices of claim and is party to litigation. In the opinion of the City, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the City, would have an adverse material effect on the financial condition of the City.

Certain property owners have filed certiorari petitions which allege that property values as presently determined are excessive and request assessment reductions for one or more years and, in most actions, a refund of property taxes previously paid. Any such refunds resulting from adverse settlements will be provided for when determinable. It is difficult to predict at this time the outcome of current cases, however, pursuant to State law; the City may issue debt to pay tax certiorari refunds should the amount of such refunds exceed the amount on-hand therefore.

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

END OF APPENDIX A

APPENDIX B

**UNAUDITED SUMMARY OF
FINANCIAL STATEMENTS AND BUDGETS**

APPENDIX B

**UNAUDITED SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

CITY OF WATERTOWN
GENERAL FUND
BALANCE SHEET
UNAUDITED PRESENTATION

| ASSETS | 2023 | 2024 |
|--|---------------------|---------------------|
| Cash | \$27,189,179 | \$25,557,027 |
| Taxes Receivables | 400,949 | 929,186 |
| Other Receivables | 877,317 | 1,399,432 |
| State and Federal Aid | 320,944 | 1,206,515 |
| Due from Other Funds | 2,474,491 | 2,186,535 |
| Due from Other Governments | 2,696,166 | 2,644,871 |
| Prepaid Expenses | 22,798 | 27,402 |
| Restricted Assets | 22,177,619 | 13,500,638 |
| Lease Receivables | 639,724 | 616,384 |
| Total Assets | <u>\$56,799,187</u> | <u>\$48,067,990</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts Payable | \$1,059,635 | \$1,433,802 |
| Accrued Liabilities | 2,899,109 | 2,629,095 |
| Compensated Absences | 8,646 | 25,773 |
| Other Liabilities | 54,943 | 58,977 |
| Due To Other Funds | 18,711,842 | 10,991,120 |
| Due to Other Governments | 245,358 | 400,369 |
| Due to Retirement System | 1,271,071 | 1,430,743 |
| Unearned Revenue | 6,241,942 | 2,996,897 |
| Total Liabilities | <u>30,492,546</u> | <u>19,966,776</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable Property Tax Revenues | 331,399 | 760,044 |
| Unavailable Lease Revenues | 616,401 | 581,317 |
| Total Deferred Inflows | <u>947,800</u> | <u>1,341,361</u> |
| Fund Balance: | | |
| Nonspendable | 22,798 | 27,402 |
| Restricted | 3,570,885 | 4,205,287 |
| Assigned | 4,795,060 | 6,375,590 |
| Unassigned | 16,970,098 | 16,151,574 |
| Total Fund Balance | <u>25,358,841</u> | <u>26,759,853</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES | <u>56,799,187</u> | <u>48,067,990</u> |

The financial data presented on this page has been excerpted from the audited financial statements of the City. Such presentation, however, has not been audited.

CITY OF WATERTOWN
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
UNAUDITED PRESENTATION

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| REVENUES: | | | | | |
| Real Property Taxes | \$9,529,065 | \$9,481,984 | \$10,215,097 | \$9,486,679 | \$9,362,633 |
| Other Tax Items | 383,279 | 302,119 | 284,941 | 272,338 | 261,087 |
| Non-Property Taxes | 19,794,719 | 22,975,858 | 24,530,176 | 25,533,535 | 25,745,899 |
| Departmental Income | 5,974,247 | 4,570,340 | 8,565,796 | 7,308,203 | 8,287,646 |
| Intergovernmental Charges | 97,454 | 146,945 | 214,905 | 240,418 | 238,603 |
| Use Of Money And Property | 273,837 | 80,222 | 109,933 | 1,334,135 | 2,109,454 |
| Licenses and Permits | 99,430 | 122,000 | 155,592 | 145,877 | 156,717 |
| Fines and Forfeitures | 86,251 | 63,608 | 117,254 | 84,052 | 121,861 |
| Sale Of Property & Comp for Loss | 363,056 | 313,727 | 233,612 | 171,480 | 1,316,152 |
| Miscellaneous | 1,757,976 | 1,496,110 | 1,622,741 | 2,062,866 | 2,327,902 |
| Interfund Revenues | 1,355,716 | 1,216,110 | 1,269,162 | 1,327,933 | 1,634,169 |
| State Aid | 4,870,629 | 6,692,334 | 5,797,132 | 6,484,597 | 6,054,040 |
| Federal Aid | 2,064,543 | 1,529,200 | 1,635,943 | 1,919,869 | 1,571,826 |
| Total Revenues | 46,650,202 | 48,990,556 | 54,752,284 | 56,371,981 | 59,187,989 |
| EXPENDITURES: | | | | | |
| General Government Support | 5,118,771 | 4,804,538 | 5,011,674 | 5,324,022 | 5,817,908 |
| Public Safety | 17,543,004 | 17,321,808 | 18,863,111 | 19,986,719 | 22,535,268 |
| Health | 0 | 0 | 0 | 0 | 0 |
| Transportation | 4,483,405 | 4,549,815 | 5,027,410 | 5,752,361 | 5,719,420 |
| Economic Opportunity And Development | 42,176 | 13,282 | 63,809 | 12,359 | 12,288 |
| Culture And Recreation | 1,915,769 | 1,665,719 | 2,431,805 | 3,468,548 | 3,877,353 |
| Home And Community | 1,576,743 | 1,307,951 | 1,327,999 | 1,630,912 | 1,887,762 |
| Employee Benefits | 9,007,486 | 9,946,605 | 9,470,034 | 10,782,005 | 12,823,097 |
| Debt Service | 2,877,271 | 3,015,648 | 2,861,012 | 2,824,623 | 2,250,485 |
| Total Expenditures | 42,564,625 | 42,625,366 | 45,056,854 | 49,781,549 | 54,923,581 |
| Excess (Deficiency) of Revenues Over Expenditures | 4,085,577 | 6,365,190 | 9,695,430 | 6,590,432 | 4,264,408 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Operating Transfers - In | 459,725 | 195,924 | 239,416 | 283,665 | 160,378 |
| Operating Transfers - Out | (3,618,524) | (1,737,595) | (2,848,555) | (11,241,931) | (3,023,774) |
| Total Other Financing Sources (Uses) | (3,158,799) | (1,541,671) | (2,609,139) | (10,958,266) | (2,863,396) |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 926,779 | 4,823,520 | 7,086,291 | (4,367,834) | 1,401,012 |
| Fund Balance - Beginning of Year, Restated | 16,890,085 | 17,816,864 | 22,640,384 | 29,726,675 | 25,358,841 |
| Fund Equity Transfer | 0 | 0 | 0 | 0 | 0 |
| Fund Balance - End of Year | \$17,816,864 | \$22,640,384 | \$29,726,675 | \$25,358,841 | \$26,759,853 |

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Complete copies of the City's audited financial statements are available upon request to the City.

CITY OF WATERTOWN
CHANGES IN FUND BALANCE AND
CHANGES IN NET ASSETS

| Fiscal Year Ended June 30: | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------------|--------------|--------------|--------------|--------------|
| <u>SPECIAL REVENUE FUNDS</u> | | | | | |
| Balance Beginning of Year, Restated | \$324,377 | \$100,544 | \$104,319 | \$131,399 | \$256,651 |
| Revenues | 2,733,766 | 4,246,013 | 3,321,720 | 2,404,148 | 1,529,608 |
| Expenditures | 2,957,599 | 4,242,238 | 3,294,640 | 2,278,896 | 1,529,927 |
| Balance End of Year | \$100,544 | \$104,319 | \$131,399 | \$256,651 | \$256,332 |
| <u>WATER FUND</u> | | | | | |
| Net Assets Beginning of Year, Restated | \$10,806,858 | \$10,802,595 | \$11,786,917 | \$12,512,006 | \$15,212,754 |
| Revenues | 5,190,960 | 5,636,635 | 5,923,499 | 8,474,471 | 10,692,831 |
| Expenditures | 5,195,223 | 4,652,313 | 5,198,410 | 5,773,723 | 6,785,189 |
| Net Assets End of Year | \$10,802,595 | \$11,786,917 | \$12,512,006 | \$15,212,754 | \$19,120,396 |
| <u>SEWER FUND</u> | | | | | |
| Net Assets Beginning of Year, Restated | \$15,144,520 | \$15,968,121 | \$16,922,318 | \$19,308,977 | \$20,375,354 |
| Revenues | 6,773,738 | 6,715,519 | 7,751,282 | 7,336,909 | 7,995,343 |
| Expenditures | 5,950,137 | 5,761,322 | 5,364,623 | 6,270,532 | 6,226,841 |
| Net Assets End of Year | \$15,968,121 | \$16,922,318 | \$19,308,977 | \$20,375,354 | \$22,143,856 |

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CITY OF WATERTOWN
GENERAL FUND BUDGET
FISCAL YEAR END JUNE 30

| | 2025 Adopted Budget (1) | 2026 Adopted Budget (1) |
|---|-------------------------------|-------------------------------|
| ESTIMATED REVENUES: | | |
| Real Property Taxes | \$10,644,463 | \$11,519,593 |
| Real Property Tax Items | 285,500 | 302,275 |
| Non-Property Tax Items | 25,171,000 | 25,201,000 |
| Departmental Income | 8,052,375 | 8,612,875 |
| Intergovernmental Charges | 193,320 | 184,800 |
| Use Of Money And Property | 848,825 | 673,825 |
| Licenses And Permits | 153,025 | 177,025 |
| Fines And Forfeitures | 105,000 | 110,000 |
| Sale of Property and Compensation For Loss | 105,000 | 130,000 |
| Interfund Revenues | 193,158 | 204,000 |
| State Aid | 6,839,501 | 6,845,051 |
| Federal Aid | 1,170,726 | 905,140 |
| Miscellaneous | 55,600 | 75,000 |
| Total Estimated Revenues | <u>53,817,493</u> | <u>54,940,584</u> |
| APPROPRIATIONS: | | |
| Current: | | |
| General Government Support | 6,114,654 | 5,905,566 |
| Public Safety | 17,600,220 | 17,616,422 |
| Transportation | 7,086,442 | 7,152,721 |
| Economic Assistance And Opportunity | 15,000 | 5,000 |
| Culture And Recreation | 3,586,765 | 3,281,021 |
| Home And Community Services | 1,913,717 | 1,838,977 |
| Employee Benefits | 17,353,759 | 17,874,311 |
| Debt Service | <u>2,182,666</u> | <u>2,290,935</u> |
| Total Appropriations | <u>55,853,223</u> | <u>55,964,953</u> |
| | | 0 |
| Excess (Deficiency) Of Estimated Revenues Over Appropriations | <u>(2,035,730)</u> | <u>(1,024,369)</u> |
| OTHER FINANCING SOURCES (USES): | | |
| Reserves | 4,459 | 4,459 |
| Operating Transfers - In | 392,544 | 397,000 |
| Operating Transfers - Out | <u>(1,861,273)</u> | <u>(2,377,090)</u> |
| Total Other Financing Sources (Uses) | <u>(1,464,270)</u> | <u>(1,975,631)</u> |
| Excess (Deficiency) of Estimated Revenues and Other Financing Sources Over Appropriations and Other Financing Uses | <u>(3,500,000)</u> | <u>(3,000,000)</u> |
| APPROPRIATED FUND BALANCE | <u><u>\$3,500,000</u></u> | <u><u>\$3,000,000</u></u> |

⁽¹⁾ Budget amounts shown represent only the General Fund at the budgetary level. It does not include the budget for the Compensation Reserve Fund, Risk Retention Fund, Tourism Fund, and the Self-Insurance Fund, all of which get combined with the General Fund at the audited financial statement level.

APPENDIX C

**LINK TO
INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

**Can be accessed on the Electronic Municipal Market Access (“EMMA”) website
of the Municipal Securities Rulemaking Board (“MSRB”)
at the following link:**

<https://emma.msrb.org/P21921188-P11391268-P21918453.pdf>

**The audited financial statements referenced above are hereby incorporated into the
attached Official Statement.**

*** Such Financial Statements and opinion are intended to be representative only as of the date thereof. Bowers & Company CPAs LLC has not been requested by the City to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

APPENDIX D

FORM OF LEGAL OPINION



June 26, 2025

City of Watertown,
County of Jefferson,
State of New York

Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
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Re: City of Watertown, Jefferson County, New York
\$4,644,000 Bond Anticipation Notes, 2025

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$4,644,000 Bond Anticipation Notes, 2025 (the "Obligation") of the City of Watertown, Jefferson County, New York (the "Obligor"), dated June 26, 2025, payable on June 26, 2026, at maturity.

We have examined:

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

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or

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Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Tax Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights.
- (c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, corporations subject to the alternative minimum tax on adjusted financial statement income, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are

not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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

Very truly yours,

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

**EVENT NOTICES CERTIFICATE
PURSUANT TO RULE 15c2-12 OF THE
SECURITIES AND EXCHANGE COMMISSION**

On the date hereof, the Issuer is issuing the Notes, and hereby undertakes, in accordance with the requirements of the Rule, as follows:

A. Definitions. As used in this Undertaking, the following terms have the meanings ascribed to such terms below:

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Issuer” means the City of Watertown, Jefferson County, New York.

“MSRB” means the Municipal Securities Rulemaking Board.

“Notes” means the Issuer’s \$4,644,000 Bond Anticipation Notes, 2025, dated June 26, 2025.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Undertaking” means this Event Notices Certificate.

B. Event Notices. The Issuer shall provide notice of any of the following events with respect to the Notes to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to rights of holders of the Notes, if material;
- (8) Bond or Note calls, if material, and tender offers;

- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Issuer, 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
- (16) 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.

For these purposes, any event described in the immediately preceding paragraph (12) 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 United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental 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.

C. Filings with the MSRB. All notices and other documents provided to the MSRB in accordance with this Undertaking shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

D. Limitations, Disclaimers, and Amendments. The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Notes within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Notes, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer’s financial results, condition, or prospects or

hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Notes at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY NOTE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Undertaking shall constitute a breach of or default on the Notes.

Nothing in this Undertaking is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Undertaking may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Undertaking, as so amended, would have permitted an underwriter to purchase or sell Notes in the primary offering of the Notes in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) a majority of the holders of the Notes consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Notes. The Issuer may also repeal or amend the provisions of this Undertaking if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Undertaking in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Notes in the primary offering of the Notes, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand this June 26, 2025.

City Comptroller