

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 31, 2025

**NEW/RENEWAL ISSUE**

**BOND ANTICIPATION NOTES**

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

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



**\$42,740,111\***  
**CITY OF ITHACA**  
**TOMPKINS COUNTY, NEW YORK**  
**GENERAL OBLIGATIONS**  
**CUSIP BASE: 465650**  
**\$42,740,111\* Bond Anticipation Notes, 2025**  
(referred to herein as the "Notes")

**Dated: February 13, 2025**

**Due: February 13, 2026**

The Notes are general obligations of the City of Ithaca, Tompkins County, New York (the "City") all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

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

The Notes will be issued in registered book-entry form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository for the Notes and Noteholders will not receive certificates representing their ownership interest in the Notes. Individual purchases of such registered Notes may be made in minimum denominations of \$100,000 or integral multiples thereof, except for a necessary odd denomination 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 of the Notes 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 Underwriter and subject to the receipt of the approving legal opinions as to the validity of the Notes, of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York City. Certain legal matters with respect to the Notes will be passed upon for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, New York, New York. It is expected that delivery of the Notes will be made on or about February 13, 2025 in book-entry form in Jersey City, New Jersey through DTC.

February \_\_, 2025

**IN RECENT YEARS, COMPLETION OF THE CITY'S AUDITED FINANCIAL STATEMENTS HAVE BEEN DELAYED WHICH COULD AFFECT THE MARKETABILITY AND MARKET VALUE OF THE NOTES. SEE "THE CITY - INDEPENDENT AUDITS", "THE CITY - FINANCIAL STATUS", "THE CITY - OPERATING EXPECTATIONS FOR FISCAL YEARS 2021-2023" AND "RATING" HEREIN.**

**ROOSEVELT & CROSS INCORPORATED**

THE CITY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"). THE CITY WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS RELATED TO THE NOTES AS DEFINED IN THE RULE. SEE "APPENDIX-C, CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE NOTES" HEREIN.

\* Preliminary, subject to change.

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

# CITY OF ITHACA, NEW YORK

## CITY OFFICIALS

ROBERT G. CANTELMO

Mayor

## COMMON COUNCIL

KAYLA MATOS  
DAVID SHAPIRO  
PIERRE SAINT-PEREZ  
TIFFANY KUMAR  
PATRICK KUEHL

MARGARET FABRIZIO  
PHOEBE BROWN  
DUCSON NGUYEN  
CLYDE LEDERMAN  
KRIS HAINES-SHARP

\* \* \* \* \*

DEB MOHLENHOFF

City Manager

JESSICA WRIGHT

City Chamberlain



ALAN KARASIN

Director of Public Information  
and Technology and City Clerk

WENDY COLE

Acting City Controller

SCOTT ANDREW

Deputy Controller

VICTOR KESSLER, ESQ.

City Attorney

## MUNICIPAL ADVISOR



Fiscal Advisors & Marketing, Inc.  
250 South Clinton Street, Suite 502  
Syracuse, New York 13202  
(315) 752-0051

## BOND COUNSEL



Orrick, Herrington & Sutcliffe LLP  
51 West 52<sup>nd</sup> Street  
New York, New York 10019  
(212) 506-5000

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

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

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PREPARED WITH THE ASSISTANCE OF



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

**OFFICIAL STATEMENT**  
**OF THE**  
**CITY OF ITHACA**  
**TOMPKINS COUNTY, NEW YORK**  
**RELATING TO**  
**\$42,740,111\* Bond Anticipation Notes, 2025**

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Ithaca, Tompkins County, New York (the “City,” “County,” and “State,” respectively), in connection with the sale .by the City of its aggregate principal amount of \$42,740,111\* Bond Anticipation Notes, 2025 (referred to herein as the “Notes”)

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

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

**NATURE OF OBLIGATION**

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

Holders of any series of 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.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the City’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “*TAX LEVY LIMITATION LAW*” herein.

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\* Preliminary, subject to change.

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

“A pledge of the City’s faith and credit is both a commitment to pay and a commitment of the City’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the City’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

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

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

## THE NOTES

### Description of the Notes

The Notes are general obligations of the City and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the City is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See “*NATURE OF THE OBLIGATION*” and “*TAX LEVY LIMITATION LAW*” herein.

The Notes are dated February 13, 2025 and mature, without the option of prior redemption, on February 13, 2026. 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 registered in the name of Cede & Co. as nominee of DTC which will act as the securities depository for the Notes. See “*BOOK-ENTRY-ONLY SYSTEM*” herein.

**Purposes of Issue**

The Notes are issued pursuant to the Constitution and statutes of the State including among others, the Local Finance Law and various bond resolutions to provide funds for the following purposes and in the following amounts:

Authorization Date	Project	Amount		Amount of the Notes
		Outstanding	Paydown	
1/2/2019	Improvements to Hector St. Sidewalks/Bikeway	\$ 419,099	\$ 75,846	\$ 343,253
1/2/2019	Design/Construction of Black Diamond Trail Bridge	257,660	11,941	245,719
1/8/2020	Elmira Road Overlay & Traffic Signal Replacement	778,098	81,484	696,614
1/6/2021	Pedestrian Safety Improvements	163,253	6,318	156,935
1/6/2021	E. State St./MLK Jr. St. Design Improvements	268,620	16,876	251,744
1/6/2021	Cascadilla Boathouse Renovations	223,590	14,047	209,543
1/2/2019	Black Diamond Trail Bridge Over Flood Control Channel	944,467	43,768	900,699
1/5/2022	Cass Park Rink Renovations	445,258	25,137	420,121
1/5/2022	Trackless Sidewalk Snowplow	137,451	7,760	129,691
1/5/2022	Purchase Vacuum Truck	362,985	20,493	342,492
1/5/2022	Purchase Garbage Packer	169,391	9,563	159,828
1/5/2022	Police Vehicles & Equipment	143,671	143,671	-
1/5/2022	Fire Response Vehicle	51,264	1,822	49,442
1/5/2022	Cayuga Waterfront Design	575,991	182,709	393,282
1/5/2022	Fall Creek Dr. & Oak Ave. Safety Improvements	737,358	77,218	660,140
1/8/2020	Cass Park Rink Renovations	149,561	3,610	145,951
1/3/2018	East Hill Fire Station Design/Replacement	368,173	7,987	360,186
6/5/2019	Cecil A. Malone Dr. Bridge Replacement	1,245,048	57,698	1,187,350
1/6/2021	Acquisition of Pumper Vehicle	680,947	24,205	656,742
1/6/2021	Transit Improvements	140,945	14,760	126,185
1/4/2023	East Hill Fire Station Design/Replacement	2,000,000	44,943	1,955,057
1/4/2023	City Court Roof & Rooftop Unit Design	40,000	9,281	30,719
1/4/2023	E. State St./MLK Jr. St. Improvements	2,000,000	125,651	1,874,349
1/4/2023	Hector St. Culvert Design at Linderman Crk.	150,000	34,802	115,198
1/4/2023	N. Cayuga St. Bridge Design over Fall Creek	300,000	69,603	230,397
1/4/2023	Stewart Avenue Bridge Improvement Design	650,000	206,185	443,815
1/4/2023	Replacement & Upgrade of Network Switches	275,700	63,966	211,734
1/4/2023	Heavy Rescue Truck Replacement	850,000	27,834	822,166
1/4/2023	Police Dept. Patrol Vehicles & Equip.	316,000	154,146	161,854
1/4/2023	Purchase Maintenance Equipment	323,000	16,480	306,520
1/4/2023	Purchase Youth Bureau & Planning Vehicles	102,000	49,756	52,244
1/4/2023	Purchase Golf Course Top Dresser	25,000	2,266	22,734
1/4/2023	Meadow St. Water Main Replacement	920,000	8,063	911,937
1/4/2023	Meadow St. Sewer Main Replacement	880,000	7,713	872,287
1/4/2023	Black Diamond Trail Extension	270,000	62,644	207,356
1/4/2023	GIAC Gym Project	2,000,000	44,943	1,955,057
1/4/2023	South Albany Street Bridge Replacement	2,700,000	114,130	2,585,870
1/4/2023	Public Safety Fac. Design	150,000	34,802	115,198
1/3/2024	Cass Park Bathroom Renovation	50,000	-	50,000
1/3/2024	900 Block Stewart Ave. Curbing and Sidewalk	50,000	-	50,000
1/3/2024	Seneca St. Parking Garage Improvements	500,000	-	500,000
1/3/2024	Ithaca Fire Station Renovations	300,000	-	300,000
1/3/2024	Video Surveillance System	90,000	-	90,000
1/3/2024	Police Vehicles	282,000	-	282,000
1/3/2024	2024 Equipment & Vehicles	559,000	-	559,000
1/3/2024	IFD Fire Pumper Vehicle	1,000,000	-	1,000,000
1/3/2024	Design 510 First St/ Building Renovation (Water)	280,000	-	280,000
1/3/2024	Design 510 First St/ Building Renovation (Sewer)	420,000	-	420,000
1/3/2024	Raw Main Water Repair	325,000	-	325,000
1/3/2024	Water Meter Replacement	900,000	-	900,000
1/3/2024	East Hill Fire Station Design/Replacement Construction	7,000,000	-	7,000,000
1/3/2024	Transportation Safety Action Plan	600,000	-	600,000
1/3/2024	Smart Grant for Transportation	500,000	-	500,000
1/3/2024	Transportation Network Carbon Reduction	463,855	-	463,855
1/3/2024	E. State Street Culvert Replacement	250,000	-	250,000
1/3/2024	IAWWTF Boiler Room Improvements	1,853,537	-	1,853,537
1/3/2024	Cass Park Pool Deck Improvements	144,000	-	144,000
1/3/2024	Flood Mitigation	500,000	-	500,000
1/3/2024	East Hill Fire Station	-	-	4,880,000
1/3/2024	Smart Grant for Transportation	-	-	1,282,310
1/3/2024	Cass Park Pool	-	-	150,000
1/5/2022	Cayuga Waterfront Revitalization	-	-	50,000
<b>Totals:</b>		<b>\$ 38,281,922</b>	<b>\$ 1,904,121</b>	<b>\$ 42,740,111</b>

The proceeds of the Notes, along with \$1,904,121 available City funds, will redeem \$38,281,922 bond anticipation notes maturing on February 14, 2025 and provide \$6,362,310 new monies for the aforementioned purposes.

## No Optional Redemption

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

## BOOK-ENTRY-ONLY SYSTEM

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 110 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

### **Certificated Notes under Certain Circumstances**

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of \$100,000 or integral multiples thereof, except for a necessary odd denomination. Interest on the Notes will remain payable at maturity. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State to be named as fiscal agent by the City. The Notes will remain not subject to redemption prior to their stated final maturity date.

## **THE CITY**

### **General Information**

The City of Ithaca, with an area of six square miles and a current estimated population of 32,724 (2023 U.S. Census estimate), is located in upstate New York at the southern tip of Cayuga Lake. It is approximately 35 miles northwest of the City of Binghamton and 45 miles south – southwest of the City of Syracuse.

Established in 1888, the City serves as the Tompkins County Seat and its economic base is in education, research and manufacturing. It is also the commercial center for the surrounding agricultural and resort area. It is the home of Cornell University, the New York State College of Agriculture, Ithaca College and several preparatory schools.

The Ithaca campus of Cornell University has approximately 26,700 students and 11,600 employees. These employees generate an annual payroll of approximately \$200,000,000. Ithaca College, with approximately 4,100 students and 1,700 employees has an annual payroll of approximately \$17,500,000. These two institutions are stabilizing factors for the economy of the area.

Large industries and businesses located in the City include Borg Warner-Axiohm Corporation, Therm, Inc. and Verizon Telecommunications. Other industries in the surrounding area include Cargill, Inc., the New York State Electric and Gas Corporation and Emerson Power Transmission. In the surrounding farmland, dairy products account for approximately one-half of production, while the balance consists of poultry products, field crops and livestock.

The recreational facilities of the Cayuga Lake area in the center of the Finger Lakes Region, including three State Parks – Treman, Buttermilk Falls and Taughannock Falls, annually attract many thousands of visitors.



Transportation facilities are provided by various independent bus lines and air travel operating from the Tompkins County Airport. The City is also a terminus of the New York State Barge Canal. Major highways include New York State Routes #13, #34, #79, #96 and #366.

The City provides water supply and distribution and sanitary sewage collection and treatment services. The New York State Electric and Gas Company provides electric and gas service to the City.

Commercial banking services are provided by the Tompkins County Trust Company, Bank of America, N.A. and Manufacturers & Traders Trust Company (M&T Bank).

A \$600 million Science Technology Center was constructed in 1998 on the Cornell University Campus. Funded in part by the State of New York, Cornell and private businesses including IBM and Corning Glass, the Center now houses one of the world's largest super-computers bringing recognition to the City of Ithaca as the Silicon Valley of the East.

The Ithaca Urban Renewal Agency and the Tompkins County Industrial Development Agency have financed the construction of a seven story-parking garage for 700 cars with retail space on the ground floor. The debt is not a general obligation of the City itself, however, the City has certain financial responsibilities related thereto. See "*STATUS OF INDEBTEDNESS – Cayuga Garage Parking Project*" herein. Also financed is the construction of a creek walk and related items.

The City is anticipating the purchase of property in 2025 for the construction of a City Public Safety Facility. Construction of the facility would likely be within the next two to four years. Construction of a new East Hill Fire Station is underway and anticipated to be completed in summer 2025. A significant cost of the new fire station construction is expected to be offset from the sale of the City's older Fire Station in Collegetown. The net cost, after the sale of property, to build the East Hill Fire Station is expected to cost the City approximately \$4 million. See "*STATUS OF INDEBTEDNESS - Estimate of Obligations to be Issued*" herein.

Since 2003, the City has enjoyed growth of retail stores in the southwest area of the City. The area includes several larger and smaller retail stores and several restaurants.

The following projects have been completed, started construction or expect to start construction in the near future:

The former Ithaca Gun Factory site was recently sold for future development. Site remediation is complete on the old factory site. The Breeze Apartments have been proposed on the old factory site. The proposal is for a 27 unit building.

The City has also seen development of the following:

- Harold's Square – a 6-story mixed use building on the Commons. The project consists of a 126,000 square foot building with retail, office and up to 72 market rate apartment units.
- A new Hilton Canopy Hotel in downtown is a 6-story 120 room hotel.
- The "City Centre" Building in downtown is an 8-story building with have 193 apartments and 10,300 square feet of retail space.
- Tompkins Financial is a \$32 million building project for downtown to become the group's headquarters. The 7-story, 110,000 square foot project is located at 118 East Seneca Street.
- 232-236 Dryden Rd. – A pair of 4-story apartment buildings are planned.
- South Meadow St. Square – 22,000 square feet of added retail space.
- 201 College Ave. – a 5-story apartment building with 44 units of housing.
- 210 Linden Ave. – A 4-story mixed use building.
- 238 Linden Ave. – A 4-story short-term building.
- 701 Spencer St. – 23 studio apartments.
- 323 Taughannock Blvd. – Construction is complete for the 8 Townhouses.
- 325 College Ave. – a 6-story mixed use building. Construction has started.
- 159 Dryden – a 6-story mixed used building. Construction has started.
- 119-125 College Ave. – Townhouse Complex. Construction has started. 709-713 West Court St./326-328 N. Meadow – A 5-story mixed use building with affordable housing is under construction.
- 101 Pier Road, City Harbor – design for 7 acres of waterfront mixed-use project, including apartments, condos, and commercial space. The first constructed building is a 3-story, 60,000 ft. medical office facility. Construction is complete. Additional building construction will follow. The second phase is expected to start in 2024.
- 118 College Ave. – 3-4 story rental townhouses are complete.
- 126 College Ave. – A 4-story apartment building is complete. Cornell University – Adding 2,000 beds as part of their North Campus Project. The project includes dorms and dining. The project started construction in 2019. The \$160 million project is mostly in the City with some of the project located in the Town of Ithaca. The project is complete.
- A 5-story, 120-unit apartment building with gallery, studio and office space is complete at 130 Cherry Street.
- 411-415 College Ave. A 6-story mixed use building with commercial retail and residential is complete.

Currently approved or under review are the following projects:

- Clinton Street Apartments – a 36-unit apartment complex on Terrace Hill. This project is working its way through the approval process.
- The old Emerson Power Train Plant site, which is a 95-acre parcel in both the City and Town of Ithaca, is looking to be redeveloped by Shift Capital for planned unit development. The project has gained approval and has been renamed the Southworks. Environmental review was completed in 2019. The project will be completed in phases over a few years. Phase I of Southworks is expected to start construction in the near future. Phase I would renovate four buildings; two buildings of 179,000 square feet of mixed commercial and residential space and two buildings of 171,000 square feet of industrial/manufacturing space. The full project will have 915 new apartments, 185,000 square feet of commercial/office space and 260,000 square feet of manufacturing space.
- 310-312 N. Cayuga Street Library Place – The 86,700 square foot, 4-story building, will house 67 senior apartments and 1,200 square feet of retail. Construction is complete.
- 302-306 College Ave. – a mixed-used building with retail and apartments is proposed.
- 123-125 Eddy St. – A new two-family dwelling is planned on a currently vacant lot. 2021 Construction is planned.
- Several other Collegetown developments have started going through the planning and approval process.
- Two developments of the previous City Green Street Parking Garage have been completed. The project, Asteri Ithaca, was completed July 2024 and includes 218 units of affordable housing, 356 new parking spaces, a 49,000 square foot conference center and 2,000 square feet of retail.. The second development, called the Ithacan, is a market-rate 200-unit apartment building, 2 floors of parking and 10 floors of apartments is complete.
- 320-324 & 330 W. Buffalo St., 309 N. Plain St. – Redevelopment of the former Immaculate Conception School into both affordable housing and commercial space has been completed.
- Cayuga Park (Carpenter Business Park) includes 4 buildings of mixed-use, office, housing and retail. Phase I is complete and Phase II commenced construction in spring 2024 and construction continues.
- 311 College Ave. A 6-story mixed use building with retail and residential is proposed.
- 301B Eddy St. A 5-story apartment building is proposed.
- 114 Catherine St. A 3-story apartment building is proposed.
- West End Iron Works. 430-440 W. State St./Martin Luther King Jr. St. Construction is complete for 113,000 sq. ft. building including 129 apartments and 4,800 sq. ft. of retail.
- Catherine Commons. Catherine Street and College Ave. The proposed project would build a six building, 265,000 sqft mixed use development. It would include 360 housing units and commercial space.
- 815, S. Aurora St. – construction is underway for a new three building, 66-unit apartment project.
- 216 Lake St. – Plans are for a 71-unit apartment building. Plans are working through the approval prices A late 2022 construction start is projected.
- 401 East State St. State St. Apartments – plans call for a 6-story 340,000 sq ft. Building with 321 apartments and 235 internal parking spaces. Plans are in final approval.
- 228 Dryden Rd. The Ruby – A 4-story 40-unit apartment building is planned.
- 602 W. Buffalo St. – A 110-bedroom apartment building is planned.
- Agora – site for formal Greenstar space – West End – 600–700-person concert venue, retail, 40-60 room boutique hotel, 20-50 apartments, for-sale townhouses and waterfront amenities is proposed.
- The Helm on Inlet Island – two five-story mixed use buildings with parking are proposed.
- 116 N. Meadow St. – A 5-story 70 unit apartment building is proposed.
- Cornell’s McGraw Hall renovation – A \$110 million renovation project has site approval.
- Water’s Edge – Proposed project consists of the demolition of three existing Department of Transportation buildings and redevelop the 8 acre site into a mixed-use development. This will include two 5-story buildings along the Cayuga Inlet and two 4-story buildings with 450 residential units total and 10,000 sq. ft. of commercial space.

Note: Many of the above listed projects will replace outdated smaller structures.

Source: City officials.

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**Population Trends**

<u>Year</u>	<u>City of Ithaca</u>	<u>Tompkins County</u>	<u>New York State</u>
1970	26,226	75,337	18,236,882
1980	28,732	87,085	17,558,072
1990	29,541	94,097	17,990,455
2000	29,287	96,501	18,796,457
2010	30,014	101,564	19,378,102
2019	30,837	102,180	19,453,561
2020	31,853	105,740	20,201,249
2023 (estimate)	32,724	103,558	19,571,216

Source: U.S. Census Bureau Quickfacts.

**Selected Wealth and Income Indicators**

Per capita income statistics are available for the City, County and State. Listed below are select figures from the U.S. Census Bureau 2006-2010, 2016-2020 and 2019-2023 5-Year American Community Survey data.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
City of:						
Ithaca	\$ 17,346	\$ 23,537	\$ 32,133	\$ 65,935	\$ 98,542	\$ 122,065
County of:						
Tompkins	25,737	34,194	42,505	72,231	87,977	111,825
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Note: The 2020-2024 American Community Survey 5-Year estimates are not available as of the date of this Official Statement.

**Major Employers**

Some of the major employers located within and/or surrounding the City are as follows:

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Approximate Number Employed</u>
Cornell University	Education	9,100
Cayuga Medical Center at Ithaca	Health Center	1,800
Ithaca College	Education	1,300
Ithaca City School District	Education	1,200
Borg Warner-Axiohm Corporation	Manufacturing	1,000
Franziska Racker Center	Education/Learning Disability	870
Tompkins County	Government	840
Wegmans Food Market	Retail Grocery	840
Tompkins Cortland Community College	Education	450
City of Ithaca	Government	435

Note: Information as of January 21, 2025.

Source: City officials.

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## Unemployment Rate Statistics

The information set forth below with respect to the City, the Ithaca NY Metropolitan Statistical Area (“MSA”), the County of Tompkins and the State of New York is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the MSA, County or State is necessarily representative of the City, or vice versa.

### Annual Averages

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City of Ithaca, NY	5.0%	4.0%	4.0%	6.0%	4.0%	3.3%	3.6%
Ithaca, NY MSA	4.3	3.6	3.5	5.8	3.8	2.9	3.1
Tompkins County	4.3	3.6	3.5	5.8	3.8	2.9	3.1
New York State	4.6	4.1	3.9	9.8	7.1	4.3	4.2

### 2024 Monthly Figures

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
City of Ithaca, NY	4.0%	3.8%	3.6%	3.3%	4.4%	4.9%	4.7%	4.8%	3.5%	3.4%	3.5%	3.4%
Ithaca, NY MSA	3.5	3.4	3.2	2.9	3.5	3.8	3.9	3.9	2.9	2.9	3.0	3.0
Tompkins County	3.5	3.4	3.2	2.9	3.5	3.8	3.9	3.9	2.9	2.9	3.0	3.0
New York State	4.3	4.5	4.2	3.9	4.2	4.3	4.9	4.9	4.0	4.1	4.2	4.1

Note: Data are not seasonally adjusted. Data are preliminary and subject to revision.

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

## Building Permits

<u>Fiscal Year Ending December 31st:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>One &amp; Two Family Residential</u>						
Number of Permits	6	3	8	1	5	9
Estimated Value	\$ 1,200,000	\$ 550,000	\$ 2,717,520	\$ 363,165	\$ 2,311,835	\$ 2,968,697
<u>New Retail/Commercial/Industrial/Other Residential</u>						
Number of Permits	12	13	17	40	17	10
Estimated Value	\$ 116,343,650	\$ 96,839,767	\$ 75,900,994	\$ 61,126,242	\$ 25,763,557	\$ 13,133,500
<u>Repairs</u>						
Number of Permits	582	392	503	403	1,061	249
Estimated Value	\$ 5,475,834	\$ 9,916,026	\$ 15,961,444	\$ 120,971,322	\$ 91,657,508	\$ 6,531,376
<u>Others</u>						
Number of Permits	1,037	733	885	651	781	838
Estimated Value	\$ 39,270,180	\$ 34,704,063	\$ 36,478,766	\$ 12,162,210	\$ 2,388,278	\$ 64,162,631
<u>Yearly Total</u>						
Number of Permits	1,637	1,141	1,413	1,095	1,864	1,106
Estimated Value	\$ 162,289,664	\$ 142,009,856	\$ 131,058,724	\$ 194,622,939	\$ 122,121,178	\$ 86,796,204

Source: City Officials.

## Financial Organization

The City Controller is the Chief Fiscal Officer of the City and is responsible for the receiving and collecting of funds. It is the responsibility of the City Controller to receive, disburse and account for all financial transactions.

The City Chamberlain receives and collects all taxes, water and sewer charges and such other fees and rentals due to the City. In addition, the Chamberlain enforces the collection of delinquent property taxes and liens from unpaid fees, charges and rentals due to the city. The City Chamberlain is responsible for the custody, receipt and disbursement of City moneys and investments in accordance with such procedures as may be prescribed pursuant to law.

## **Form of City Government**

As of January 1, 2024, the City's local government is a Council-Manager form of government. The City Manager is appointed to a three-year term by the Common Council. The Mayor is elected at-large for a four-year-term. There are ten members of the Common Council who represent five wards in the City. Each ward elects two representatives to four-year staggered terms. The City Attorney serves at the pleasure of the City Manager.

## **Investment Policy**

Pursuant to the statutes of the State of New York, the City is permitted to invest only in the following investments: (1) special time deposits in, or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the City; (6) obligations of a 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.

Consistent with the above statutory limitations, it is the City's current policy to invest only in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the City may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian. The City does not invest in reverse repurchase obligations or similar derivative type investments.

## **Budgetary Procedures**

The department and agency heads present their budget requirements to the City Manager on or before August 1 each year for the following fiscal year. The City Manager prepares a tentative budget for the forthcoming year together with a budget message to the Common Council on or before the 1<sup>st</sup> day of October. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the City. The Common Council and the City Manager discuss and amend the City Manager's budget during October/November of each fiscal year. The Common Council establishes a date, time and place for the public hearings with public notice duly advertised of such hearing. The Common Council, at a regular or special meeting held after the last public hearing but not later than the 20<sup>th</sup> day of December shall by resolution adopt, or amend and adopt, the budget, which budget when adopted shall thereupon become the annual budget of the City for the ensuing fiscal year.

## **State Aid**

The City receives financial assistance from the State. In its budget for the 2025 fiscal year, approximately 4.33% of the operating revenues of the City are estimated to be received from the State as State aid. The State is not constitutionally obligated to maintain or continue State aid to the City and no assurance can be given that present State aid levels will be maintained in the future. 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 AND RISK FACTORS*" herein.) Furthermore, if a significant default or other financial crisis should occur in the affairs of New York State 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.

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

## Employees

The City provides services through approximately 450 full-time employees. The bargaining units, approximate number of members, and contract expiration dates are as follows:

<u>Number of Members</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
18	City Executive Association	December 31, 2025 <sup>(1)</sup>
86	DPW Unit of Tompkins County	December 31, 2025
115	Administration Unit of Tompkins County	December 31, 2028
63	Firefighters' Association	December 31, 2026
60	Police Benevolent Association	December 31, 2026
6	Assistant Fire Chiefs	December 31, 2026

<sup>(1)</sup> Negotiations are expected to commence June 2025.

Source: City officials.

## Status and Financing of Employee Pension 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"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems.

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

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

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% base on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- The time period for final average salary calculation is 3 years
- Tier 6 employees will vest in the system after five years of employment and will continue to make employee pension contributions throughout employment

The City’s payments to the Retirement Systems for the past five complete fiscal years, including the budgeted amount for the current fiscal year, are as follows:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2020	\$ 2,317,011	\$ 2,656,817
2021	2,306,525	2,962,636
2022	1,821,374	3,634,376
2023	2,038,264	3,188,973
2024	2,737,011	4,123,423
2025 (Budgeted)	3,545,581	4,600,845

Source: City officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. In 2012, the City offered an early retirement incentive that 12 employees opted into resulting in savings of \$203,000. The City has not offered an early retirement incentive since the 2012 fiscal year, and does not expect to for the 2025 fiscal year.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees’ and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

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

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

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

The City pays its pension payments in full in December. The City is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option. The Enacted 2013-14 State Budget included a provision that provided local governments, including the City, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. For 2014 and 2015 the rate was 12.0% for ERS and 20% for PFRS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this “smoothing” program would reduce near-term payments for employers but will require higher than normal contributions in later years.

The City is not participating in the Stable Rate Pension Contribution Option nor does it expect to do so in the foreseeable future.

The investment of monies and assumptions underlying same, of the Retirement System covering the City’s employees is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement System (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in

the future, requiring significantly increased contributions from the City which could affect other budgetary matters. Concerned investors should contact the Retirement System administrative staff for further information on the latest actuarial valuations of the Retirement System.

**Other Post-Employment Benefits**

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

The City has taken steps to address escalating post-retirement health care costs. In 2009, the City reduced costs by requiring retirees over 65 to use Medicare as primary insurance before using City health insurance. Also, in 2009, the City went to a single insurance carrier, resulting in additional savings. Since late 2008, the City’s vacancy review committee has monthly been reviewing all open positions to determine if the positions need to be filled. In addition, in 2012 the City implemented a retirement incentive program which 12 city staff took advantage of. Lastly, as part of the approved 2013 budget, the city left 25 positions unfunded. The combination of all of these items prevented layoffs through 2013. In 2014 only one layoff was realized and the 2015 through 2019 budgets did not include any layoffs. In all contract negotiations the City is looking for changes to the contribution rates at retirement.

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

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

The City contracted with Armory Associates LLC, an actuarial firm, to calculate its actuarial valuations under GASB 75. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

The table below outlines the changes to the Total OPEB Liability for the fiscal years ending December 31, 2020 and December 31, 2021, by source.

Balance at:	<u>December 31, 2019</u>	<u>December 31, 2020</u>
	<u>\$ 182,640,237</u>	<u>\$ 213,843,245</u>
<u>Changes for the year:</u>		
Service cost	6,057,221	8,991,536
Interest	7,635,124	6,033,428
Changes in benefit terms	-	-
Changes in assumptions or other inputs	25,588,108	25,566,754
Differences between expected and actual experience	(3,127,592)	-
Benefit payments	<u>(4,949,853)</u>	<u>(5,273,370)</u>
Net Changes	<u>\$ 31,203,008</u>	<u>\$ 35,318,348</u>
Balance at:	<u>December 31, 2020</u>	<u>December 31, 2021</u>
	<u>\$ 213,843,245</u>	<u>\$ 249,161,593</u>

Note: Actuarial valuations for the fiscal years ending December 31, 2022 through and including December 31, 2024 are not available as of the date of this Official Statement.

Source: Audited Financial Statements. The above table is not audited.



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

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

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

### **Other Information**

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the City Charter and the Local Finance Law.

The City is in compliance with the procedure for validation with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

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

The fiscal year of the City is the calendar year.

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

### **Independent Audits**

The City retains independent Certified Public Accountants. The financial affairs of the City are also subject to periodic compliance audits by the State Comptroller. (See "*New York State Comptroller Reports of Examination*" herein). Certain financial information may be found in the Appendices to this Official Statement.

The last audit report is for the fiscal year ended December 31, 2020 and may be found attached hereto as "APPENDIX – E" to this Official Statement.

The City's Annual Financial Report Update Document, which is unaudited and not prepared in accordance with General Accepted Accounting Principles ("GAAP"), for the fiscal year ended December 31, 2021 is expected to be available on or about February 20, 2025. The City's Audited Financial Statement for the fiscal year ended December 31, 2021 is expected to be completed on or about February 28, 2025.

The City's Annual Financial Report Update Document, which is unaudited and not prepared in accordance with GAAP, for the fiscal year ended December 31, 2022 is expected to be available on or about April 30, 2025. The City's Audited Financial Statement for the fiscal year ended December 31, 2022 is expected to be available on or about June 30, 2025.

The City's Annual Financial Report Update Document, which is unaudited and not prepared in accordance with GAAP, for the fiscal year ended December 31, 2023 is expected to be available on or about August 31, 2025. The City's Audited Financial Statement for the fiscal year ended December 31, 2023 is expected to be available on or about January 31, 2026.

The delay in reporting financial information is due to staffing shortages and retirements. Currently, the City is contracting for temporary help to assist with the City's current situation. The City has selected a new auditing firm to complete the Audited Financial Statements for the fiscal years ended December 31, 2022 and December 31, 2023. Work on these audits is expected to commence upon completion of the Audited Financial Statements for the fiscal year ended December 31, 2021. The City maintains day-to-day management of the City's finances including maintenance of books and records and these responsibilities have consequently limited the City's ability to complete audits in a timely manner. See "*Financial Status*" herein for additional information.

The City complies with the Uniform System of Accounts as prescribed for cities in New York State by the Office of the State Comptroller. Except for the accounting for fixed assets, this System conforms to generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units," and codified in Government Accounting, Auditing and Financial Reporting ("GAAFR"), published by the Governmental Accounting Standards Board ("GASB").

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

## Operating Expectations for Fiscal Years 2021-2023

### 2021 Operating Expectations

The following expectations of fiscal year end results are based on unaudited numbers and are subject to revision.

Summary unaudited information for the General Fund for the period ending December 31, 2021 is as follows:

Total Fund Balance at December 31, 2020:	\$ 10,543,949
Revenues:	64,401,561
Expenditures:	<u>60,098,234</u>
Excess (Deficit) Revenues Over Expenditures:	<u>\$ 4,303,327</u>
Total Projected Fund Balance at December 31, 2021:	<u>\$ 14,847,276</u>

Note: These projections are based upon certain current assumptions and estimates, and the audited results may vary therefrom. The anticipated Fund Balance at December 31, 2021 is inclusive of certain inventory, encumbrances, and other changes to fund balance other than just revenue and expense activity.

Source: City officials.

### 2022 Operating Expectations

The following expectations of fiscal year end results are based on unaudited numbers and are subject to revision.

Summary unaudited information for the General Fund for the period ending December 31, 2022 is as follows:

Total Fund Balance at December 31, 2021:	\$ 14,847,276
Revenues:	68,510,717
Expenditures:	<u>66,586,551</u>
Excess (Deficit) Revenues Over Expenditures:	<u>\$ 1,924,166</u>
Total Projected Fund Balance at December 31, 2022:	<u>\$ 16,771,442</u>

Note: These projections are based upon certain current assumptions and estimates, and the audited results may vary therefrom. The anticipated Fund Balance at December 31, 2022 is inclusive of certain inventory, encumbrances, and other changes to fund balance other than just revenue and expense activity.

Source: City officials.

### 2023 Operating Expectations

The following expectations of fiscal year end results are based on unaudited numbers and are subject to revision.

Summary unaudited information for the General Fund for the period ending December 31, 2023 is as follows:

Total Fund Balance at December 31, 2022:	\$ 16,771,442
Revenues:	73,890,875
Expenditures:	<u>70,502,983</u>
Excess (Deficit) Revenues Over Expenditures:	<u>\$ 3,387,892</u>
Total Projected Fund Balance at December 31, 2023:	<u>\$ 20,159,334</u>

Note: These projections are based upon certain current assumptions and estimates, and the audited results may vary therefrom. The anticipated Fund Balance at December 31, 2023 is inclusive of certain inventory, encumbrances, and other changes to fund balance other than just revenue and expense activity.

As of the date of this Official Statement, the City currently does not have unaudited anticipated results for the Fiscal Year Ending December 31, 2024.

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## **Financial Status**

Due to the lingering impact of COVID-19, the City has had many changes in personnel, through attrition, retirement, staff shortages and other changes. Sales tax, property tax and development permit fees have remained steady and continue to anchor the City's revenue collections. The City's overall financial situation has slowly improved over the last three years and City management expects the forthcoming Annual Financial Report Update Documents and Audited Financial Statements to confirm this trend. See "*Independent Audits*" herein for delayed availability of financial statements and "*Operating Expectations for Fiscal Years 2021-2023*" herein for information relating to unaudited anticipated results. As of the date of this Official Statement, the City currently does not have unaudited anticipated results for the Fiscal Year Ending December 31, 2024.

The City monitors the national economic situation as the City continues to be concerned about the impacts of various items at the national level affecting the City's local financial situation. The City and Cornell University renegotiated a new voluntary annual contribution Memorandum of Understanding ("MOU") with Cornell University in 2023. The new annual contribution from Cornell University increased from \$1,486,000 in 2022 to \$4,000,000 in 2023. The contribution amount of \$4,000,000 includes annual Consumer Price Index increases that began in 2024. The City's 2024 budget included an estimate of \$4,000,000 for the MOU contribution. The City's 2025 budget included an estimate of \$4,231,400 for the MOU contribution. The new MOU will run through June 30, 2039. The MOU also includes a 20% restricted use for eligible projects, services, and infrastructure to be determined by a joint City Cornell project selection committee for the City projects in and around the Cornell campus.

## **New York State Comptroller Reports of Examinations**

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

The State Comptroller's office has not released an audit of the City within the last five years. A routine audit by the State Comptroller's office is currently in process.

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

Note: Reference to website implies no warranty of accuracy of information therein nor inclusion herein by reference.

## **The State Comptroller's Fiscal Stress Monitoring System**

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller ("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 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.

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023	Not Filed <sup>(1)</sup>	N/A
2022	Not Filed <sup>(1)</sup>	N/A
2021	Not Filed <sup>(1)</sup>	N/A
2020	Not Filed <sup>(1)</sup>	N/A
2019	Not Filed <sup>(1)</sup>	N/A

<sup>(1)</sup> There is currently no applicable report of the State Comptroller for the City. In order to receive FSMS scores, local governments must report financial data to OSC and are required by law to file annually the Annual Financial Report Update Document within 120 days (about four months) of the end of the local governments fiscal year. The FSMS scores reported also include data from late filers who filed within eight months after the end of the fiscal year. In recent cases, financial data was filed but was not sufficiently complete to calculate FSMS scores. These filings are deemed “inconclusive” at the time of the FSMS score assignment. The City failed to file financial data in time to the State Comptroller to receive a fiscal stress score in the 2023, 2022, 2021, 2020, 2019, 2018, 2015, 2014, and 2013 reporting years. Due to the delayed delivery of audited financial statements, the City was unable to file on a timely basis. For further discussion on the delivery of audited financial statements please see “*Independent Audits*” and “*CONTINUING DISCLOSURE*” herein. In cases where local governments, such as the City, did not file its financial data as of the specified snapshot date, that entity is classified as “Not Filed”. Copies of certain Annual Financial Report Update Documents (unaudited statements) are also available by contacting the City or Fiscal Advisors & Marketing, Inc. or by accessing the Electronic Municipal Market Access website: [www.emma.msrb.org](http://www.emma.msrb.org).

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

Note: Reference to website implies no warranty of accuracy of information therein nor inclusion herein by reference.

### TAX INFORMATION

#### Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Taxable Assessed Valuation	\$ 2,226,546,099	\$ 2,240,147,928	\$ 2,439,935,327	\$ 2,561,841,772	\$ 2,794,955,255
New York State Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	\$ 2,226,546,099	\$ 2,240,147,928	\$ 2,439,935,327	\$ 2,561,841,772	\$ 2,794,955,255
Total Assessed Value	\$ 5,641,315,717	\$ 5,669,938,130	\$ 5,924,780,526	\$ 6,130,871,931	\$ 6,703,474,968
Tax Exemptions	\$ 3,414,494,618	\$ 3,429,790,202	\$ 3,484,845,199	\$ 3,569,030,159	\$ 3,908,519,713
Percentage of Tax Exemptions <sup>(1)</sup>	60.53%	60.49%	58.82%	58.21%	58.31%

<sup>(1)</sup> The average percentage of the tax-exempt portion of the City's total assessed value for the past five years is 59.27% which is mainly due to the presence of Cornell University.

#### Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General City	\$ 11.85	\$ 11.89	\$ 11.98	\$ 11.98	\$ 11.96

**Tax Levy and Tax Collection Record**

<u>Fiscal Year Ending December 31:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Tax Levy	\$ 26,384,571	\$ 26,635,359	\$ 29,230,425	\$ 30,690,864	\$ 33,427,665
Uncollected End of Year <sup>(1)</sup>	376,916	401,765	210,431	502,329	N/A
% Uncollected	1.43%	1.51%	0.72%	1.64%	N/A

<sup>(1)</sup> The City holds tax sales annually. See “Tax Collection Procedure” below.

**Tax Collection Procedure**

City taxes are collected in two equal installments. The first installment may be paid during January without penalty. A 5% penalty is added for payments received in February and an additional 1% per month thereafter through the end of October.

The second installment is payable in June without penalty. A penalty of 5% is added for payments made in July and an additional 1% for each month thereafter through October. Delinquent tax liens are foreclosed about two years after lien date pursuant to Article 11 of New York State Real Property Tax Law.

**Ten Largest Taxpayers – (2025 Tax Roll)**

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
NYSEG	Utility	\$ 76,912,638
VVA Phase I & II, LLC	Advertising/Marketing	36,690,000
VVA Phase III, LLC	Apartments	27,600,000
312 College Ave Assoc. 2 LLC	Apartments	25,500,000
HSRE Ithaca Lux & Lofts	Apartments	25,200,000
Student Agencies Prop.	Apartments	22,800,000
Collegetown Center, LLC	Apartments	22,500,000
VVA Phase IV, LLC	Apartments	21,480,000
Maguire Fam Lmted. Partnership	Commercial	20,790,000
Collegetown Plaza, LLC	Apartments	18,900,000

The ten largest taxpayers listed above have a total estimated assessed valuation of \$298,372,638 which represents approximately 10.7% of the City’s taxable assessed valuation for the 2025 fiscal year.

As of the date of this Official Statement, the City does not currently have any pending or outstanding tax certioraris that are reasonably expected or believed to have a material impact on the finances of the City.

Source: City tax rolls.

**Constitutional Tax Margin**

The Computation of Constitutional Tax Margin for the past eight fiscal years ending December 31<sup>st</sup> are as follows:

<u>Fiscal Year Ending December 31:</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Five Year Average Full Valuation.....	\$ 2,309,048,522	\$ 2,203,813,928	\$ 2,094,731,214	\$ 2,015,416,931
Tax Limit - 2% Five Year Average.....	46,180,970	44,076,279	41,894,624	40,308,339
Add: Exclusions from Tax Limit.....	11,224,162	10,091,530	9,726,466	8,753,583
Total Taking Power.....	\$ 57,405,132	\$ 54,167,809	\$ 51,621,090	\$ 49,061,922
Less: Total Levy.....	31,566,176	29,992,964	27,347,178	27,089,262
Constitutional Tax Margin.....	\$ 25,838,956	\$ 24,174,845	\$ 24,273,912	\$ 21,972,660

<u>Fiscal Year Ending December 31:</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Five Year Average Full Valuation.....	\$ 1,907,492,315	\$ 1,822,293,064	\$ 1,729,885,773	\$ 1,658,288,778
Tax Limit - 2% Five Year Average.....	38,149,846	36,445,861	34,597,715	33,165,776
Add: Exclusions from Tax Limit.....	9,417,675	8,952,314	8,387,443	8,215,393
Total Taking Power.....	\$ 47,567,521	\$ 45,398,175	\$ 42,985,158	\$ 41,381,169
Less: Total Levy.....	25,085,549	23,502,398	22,999,494	22,196,661
Constitutional Tax Margin.....	\$ 22,481,972	\$ 21,895,777	\$ 19,985,664	\$ 19,184,508

Source: City officials.

## City Sales Tax

As permitted by State Law, the City pre-empts 1.5% of the 3% County of Tompkins sales tax generated within the County. In addition, the County shares sales tax revenue with certain towns and villages. The distribution of the County to the City of sales tax is as follows:

- 1.50% distribution within City (New York State Law)
- 0.25% sharing of County 1% within the City (New York State Law)
- 0.25% additional according to the 1998 Sales Tax Agreement with Tompkins County for amount equal to the preceding year's actual 25% share of the additional State authorized 1% sales tax proceeds received by the City. As a result, the City's total aggregate share of sales tax is 2%. The Sales Tax Agreement was enacted on March 26, 1998 and continues indefinitely.

The total City receipts for the 2010-2024 fiscal years and budgeted amount for the 2025 fiscal year are shown in the table below:

<u>Fiscal Year</u>	<u>Budgeted Amount</u>	<u>Actual Amount</u>
2010	\$ 11,820,691	\$ 11,929,543
2011	12,289,000	12,414,740
2012	12,580,000	12,582,768
2013	12,940,806	12,846,512
2014	13,123,000	13,432,961
2015	13,425,000	13,315,151
2016	13,690,535	13,442,751
2017	13,700,000	14,254,220
2018	14,097,000	14,966,192
2019	14,915,787	15,472,051
2020	15,614,221	13,250,688
2021	13,842,871	15,748,095
2022	14,932,298	17,856,458
2023	17,108,600	18,016,269
2024	18,500,000	15,907,667 <sup>(1)</sup>
2025	18,900,000	N/A

<sup>(1)</sup> Sales tax received as of November 1, 2024. The above table is not audited.

Source: City officials.

## Additional Tax Information

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

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

The estimated total annual property tax bill of a \$350,000 median one family residential property located in the City is approximately \$11,040 including County, City and School District taxes.

The City assessment roll is estimated to be constituted as follows: 45.4% residential, 48.9% commercial, and 5.7% other.

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## TAX LEVY LIMITATION LAW

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

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It was set to expire on June 15, 2020 unless extended; legislation has since made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System, and the Teachers’ Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

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

The City tax levy for the 2020 fiscal year increased by 3.51% and did not exceed the property tax cap of 3.51%

The City tax levy for the 2021 fiscal year increased by 7.94% and exceeded the property tax cap of 1.18%

The City tax levy for the 2022 fiscal year decreased by 0.95% and did not exceed the property tax cap of 9.14%

The City tax levy for the 2023 fiscal year increased by 9.74% and exceeded the property tax cap of 4.00%.

The City tax levy for the 2024 fiscal year increased by 5.00% and exceeded the property tax cap of 2.21%.

The City tax levy for the 2025 fiscal year increased by 8.83% and exceeded the property tax cap of 5.51%.

The City Council votes to override the property tax cap annually but thereafter tries to stay under the cap once the budget is approved. Except for the 2018, 2021, 2023, 2024 and 2025 fiscal years, the City has not exceeded its tax cap.

## STATUS OF INDEBTEDNESS

### Constitutional Requirements

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

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

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

**Payment and Maturity.** Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute, or in the alternative, the weighted average maturity of the several objects or purposes for which it has contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Board of Legislators authorizes the issuance of bonds with 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, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the City and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

### **Statutory Procedure**

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

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

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

- (2) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or
- (3) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations  
and an action contesting such validity is commenced within twenty days after the date of such publication, or,
- (4) Such obligations are authorized in violation of the provisions of the Constitution.

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

Each bond 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.

The Common Council, as the finance board of the City, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may, and generally does, delegate the power to sell the obligations to the City Controller, the chief fiscal officer of the City, pursuant to the Local Finance Law.

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

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



**Debt Outstanding End of Fiscal Year**

<u>Fiscal Years Ending December 31<sup>st</sup>:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 113,190,000	\$ 124,988,997	\$ 123,420,075	\$ 115,525,000	\$ 108,015,000
Bond Anticipation Notes	30,109,842	19,930,906	16,307,737	29,799,886	43,873,270
Other Debt <sup>(1)</sup>	<u>793,543</u>	<u>496,376</u>	<u>189,610</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 144,093,385</u>	<u>\$ 145,416,279</u>	<u>\$ 139,917,422</u>	<u>\$ 145,324,886</u>	<u>\$ 151,888,270</u>

<sup>(1)</sup> Represents lease purchase obligations and does not constitute “debt” for constitutional purposes but does count toward the debt limit. See “Energy Performance Contract” herein. See also “Cayuga Garage Parking Project” and “Green Street Parking Garage” herein for certain required as well as contingent liabilities.

**Details of Outstanding Indebtedness**

The following table sets forth the indebtedness of the City evidenced by bonds and notes as of January 31, 2025:

<u>Type of Obligation</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2025-2046	\$ 105,335,000
<u>Bond Anticipation Notes</u>		
Various Purposes	February 14, 2025	38,281,922 <sup>(1)</sup>
Various Purposes	July 18, 2025	<u>5,591,348</u> <sup>(2)</sup>
	Total Indebtedness	<u>\$ 149,208,270</u>

<sup>(1)</sup> To be redeemed at maturity with the proceeds of the Notes and \$1,904,121 available City funds.

<sup>(2)</sup> To be redeemed at maturity with the proceeds of a future issuance of bond anticipation notes and/or serial bonds and as well as available City funds.

**Debt Statement Summary**

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared and shown as of January 31, 2025:

Average Full Valuation of Taxable Real Property .....	\$ 2,452,685,276
Debt Limit – 7% thereof .....	171,687,969

Inclusions:

Bonds .....	\$ 105,335,000
Bond Anticipation Notes.....	<u>43,872,270</u>
Total Inclusions .....	<u>\$ 149,208,270</u>

Exclusions:

Appropriations - Bonds.....	\$ 3,681,368
Appropriations – February 2025 BANs .....	1,904,121
Sewer Indebtedness <sup>(1)</sup> .....	888,951
Water Indebtedness <sup>(2)</sup> .....	<u>27,848,455</u>
Total Exclusions .....	<u>\$ 34,322,895</u>

Total Net Indebtedness Subject to Debt Limit ..... \$ 114,885,375

Net Debt-Contracting Margin ..... \$ 56,802,594

The percent of debt contracting power exhausted is ..... 66.92%

<sup>(1)</sup> Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law. The City’s application for this exclusion was approved and a certificate was issued January 31, 2014. Sewer debt can be excluded upon application to the State Comptroller office and the issuance of a certification for sewer debt exclusion. Should the City apply for another exclusion, it could exclude an additional \$25,231,581 of outstanding sewer debt decreasing the total net indebtedness of the City to \$89,653,794, increasing the net debt contracting margin to \$82,034,175 and decreasing the percent of debt contracting power exhausted to 52.22%.

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

Notes: After the issuance of the Notes, the City’s net indebtedness will be increased by \$4,733,189. See “THE NOTES – Purposes of Issue” for additional information.

See also “Cayuga Garage Parking Project” and “Green Street Parking Garage Project and Conference Center Project” herein regarding certain other required as well as contingent obligations and a parking sublease.

## **Bonded Debt Service**

A schedule of Bonded Debt Service may be found attached hereto as “APPENDIX – B” of this Official Statement.

## **Cash Flow Borrowings**

The City has not found it necessary to borrow revenue or tax anticipation notes for cash flow in recent years. The last such borrowing occurred in 2003.

The City is contemplating issuing approximately \$900,000 revenue anticipation notes in July 2025 in anticipation of the receipt of federal grants and State grant each in aid of energy assessment studies for environmental sustainability and related expenses.

The City does not anticipate that issuance of any other revenue or tax anticipation notes, or budget or deficiency notes will be necessary in the foreseeable future.

## **Estimate of Obligations to be Issued**

The City has a variety of projects which are continually being reviewed and evaluated. Additional borrowings depend on which projects the City elects to undertake. The City updates its five-year capital plan annually. The annual review occurs during the months of July through October. Generally, the City initially funds its capital program through the issuance of bond anticipation notes. Such notes are renewed, less applicable budgetary principal reductions, for 3 to 5 years and then such notes are converted to bonds.

As of the date of this Official Statement, the City has \$38,281,922 bond anticipation notes outstanding for various improvement projects which mature on February 14, 2025 and will be redeemed with the proceeds of the Notes and \$1,904,121 available City funds. Additionally, the City has \$5,591,348 bond anticipation notes outstanding which mature July 18, 2025 for various City projects.

The City will have a variety of various size projects over the next five years that will most likely require the City to issue debt. The City has two larger street projects in the Collegetown area that will need to be addressed by the City in the next few years however, the City anticipates completing most of this work with in-house Department of Public Works crews or by use of State funding so it is anticipated that financing would not be needed or would be limited. The larger projects facing the City relate to renovations or purchase of new City facilities, including Police Department (Public Safety), Fire Department and Parking Garages. In addition, the City will have General Fund and Water Fund expenses related to dam and flood mitigation improvements. The City is applying for various State and Federal sources to assist with project costs for flood mitigation and dam improvements. Local flood maps have been recently adjusted by the Federal Emergency Management Agency (FEMA) and will become effective within the next two years. The City was recently notified by FEMA that Phase I of the project has been approved which consists of mostly design work. Costs for the project range from \$1,000,000 to \$17,000,000 depending on the project and sources of funding available at the time of project approval.

The City also anticipates acquiring property within the City for a new Public Safety Facility. The City is in the early design stages of the project. The City expects to acquire property in 2025 with possible construction two to four year later.

The City’s annual goal is to reduce overall debt outstanding. Many of the City’s projects require upfront borrowing with reimbursement from Federal and State aid. As a result, the aid received reduces the City’s final cost for many projects to 20% or less. The City typically expects to add \$3-5 million in debt annually. To avoid financing for capital projects, the City used American Rescue Plan Act (ARPA) funding for some of the capital projects during the 2022, 2023 and 2024 fiscal years. The City received \$16,092,137 in ARPA funds in 2021 and 2022. The City received \$2,913,521 from the State in 2024. In the 2024-2025 State budget, the City was allocated additional Aid and Incentives for Municipalities (AIM) funding as well as increases in Consolidated Local Street and Highway Improvement Program (CHIPS) funding.

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## Cayuga Garage Parking Project

In 2003, the City entered into an agreement with a not-for-profit corporation (the “Corporation”) to construct an approximately 267,000 square foot seven-story parking garage containing approximately 700 parking spaces in the downtown area of the City known as the Cayuga Garage (the “Garage”). The parking facility construction was completed in late 2004. The Corporation contracts with a manager to operate the Garage. The revenues from the operation and maintenance of the Garage will not be sufficient to pay costs of operation and maintenance of the Garage and debt service on the obligations issued for the Garage by the Tompkins City Industrial Development Agency (the “IDA”). M&T Bank provides a letter of credit on this debt. The IDA has entered into agreements with the Corporation under which the IDA will agree to pay any shortfalls in such operation and maintenance and debt service costs. *The City has entered into an agreement with the IDA to provide assistance thereto with respect to the Garage and will pay to the IDA any amount which the IDA is required to pay to the Corporation as a shortfall in operation and maintenance and debt service costs for the Garage together with certain other costs* (the “Financial Assistance Agreement”).

The following table shows the annual appropriation for the Financial Assistance Agreement included in the City’s budgets for the fiscal years 2008 through 2025:

<u>Fiscal Year</u>	<u>Annual Appropriation</u>	<u>Fiscal Year</u>	<u>Annual Appropriation</u>
2008	\$1,422,979	2017	\$1,050,000
2009	1,192,951	2018	1,050,000
2010	870,000	2019	1,050,000
2011	840,000	2020	1,050,000
2012	840,000	2021	1,050,000
2013	860,000	2022	1,050,000
2014	860,000	2023	1,050,000
2015	1,011,000	2024	1,050,000
2016	1,075,000	2025	1,200,000

Source: City officials.

The term of the \$19,305,000 variable rate revenue bonds issued by the IDA in 2003 for the Garage extends until 2030. As of the date of this Official Statement, there are currently \$6,655,000 bonds outstanding for this project. A schedule of the repayment of the principal of the 2003A bonds is below. As noted above, the City’s annual appropriation is used to pay any shortfalls of operations and maintenance and debt service as part of the Financial Assistance Agreement.

<u>Payment Date</u>	<u>Sinking Fund Installment Amount</u>	<u>Payment Date</u>	<u>Sinking Fund Installment Amount</u>
<u>March 1st</u>	<u>Amount</u>	<u>March 1st</u>	<u>Amount</u>
2006	\$420,000	2019	\$760,000
2007	440,000	2020	790,000
2008	460,000	2021	830,000
2009	480,000	2022	870,000
2010	505,000	2023	910,000
2011	530,000	2024	950,000
2012	550,000	2025	995,000
2013	575,000	2026	1,040,000
2014	605,000	2027	1,090,000
2015	630,000	2028	1,135,000
2016	660,000	2029	1,175,000
2017	690,000	2030	1,220,000
2018	725,000		

Note: The Official Statement for the 2003A IDA bonds referenced above can be found at the following link:

<https://emma.msrb.org/MS215996-MS191304-MD371468.pdf>

**Green Street Parking Garage Project and Conference Center Project**

A project was undertaken to renovate the Green Street Garage Parking Facility including the addition of a 50,000 square foot conference center at a combined estimated cost of \$49,470,000 that was financed by the issuance of taxable lease revenue bonds by the Tompkins County Industrial Development Authority (the “IDA”). *The City has agreed to make up any shortfall in revenue to cover debt service, subject to appropriation.* On February 4, 2020, Tompkins County approved a resolution committing to pay the City 4% of its countywide hotel room occupancy tax collections for 30 years with the use of these funds restricted to the Conference Center Project. It is estimated with the growth in the City’s downtown development the subsidy is reasonably expected to decline over time.

\$14,965,000 revenue bonds were issued through the IDA on June 28, 2021 for the Green Street Parking Facility project. A debt service schedule for such bonds is shown below.

Fiscal Year	Principal	Interest	Total Debt Service	Capitalized Interest	Debt Service Reserve Fund	Annual Net Debt Service
2022	\$ -	\$ 465,991	\$ 465,991	\$ (465,991)	\$ -	\$ -
2023	-	465,991	465,991	(232,996)	-	232,996
2024	330,000	465,991	795,991	-	-	795,991
2025	335,000	459,391	794,391	-	-	794,391
2026	340,000	452,691	792,691	-	-	792,691
2027	350,000	445,891	795,891	-	-	795,891
2028	355,000	438,891	793,891	-	-	793,891
2029	365,000	431,791	796,791	-	-	796,791
2030	370,000	423,579	793,579	-	-	793,579
2031	380,000	414,884	794,884	-	-	794,884
2032	390,000	405,384	795,384	-	-	795,384
2033	400,000	395,244	795,244	-	-	795,244
2034	410,000	383,244	793,244	-	-	793,244
2035	425,000	370,944	795,944	-	-	795,944
2036	435,000	358,194	793,194	-	-	793,194
2037	450,000	345,144	795,144	-	-	795,144
2038	465,000	330,519	795,519	-	-	795,519
2039	480,000	315,406	795,406	-	-	795,406
2040	495,000	299,806	794,806	-	-	794,806
2041	510,000	283,719	793,719	-	-	793,719
2042	530,000	267,144	797,144	-	-	797,144
2043	545,000	249,256	794,256	-	-	794,256
2044	565,000	230,863	795,863	-	-	795,863
2045	585,000	211,794	796,794	-	-	796,794
2046	605,000	192,050	797,050	-	-	797,050
2047	625,000	171,631	796,631	-	-	796,631
2048	645,000	149,756	794,756	-	-	794,756
2049	670,000	127,181	797,181	-	-	797,181
2050	690,000	103,731	793,731	-	-	793,731
2051	715,000	79,581	794,581	-	-	794,581
2052	740,000	54,556	794,556	-	-	794,556
2053	765,000	27,731	792,731	-	(797,181)	(4,450)
<b>Total</b>	<b>\$ 14,965,000</b>	<b>\$ 9,817,970</b>	<b>\$ 24,782,970</b>	<b>\$ (698,987)</b>	<b>\$ (797,181)</b>	<b>\$ 23,286,802</b>

Note: The proceeds of the IDA bonds were used to provide funding for the construction of the garage, a debt service reserve fund, capitalized interest, and certain other costs incidental to the issuance of the bonds.

*The City entered into a 30-year parking sublease with Asteri Parking, LLC, the owner of the Green Street Parking Garage, setting the base rent equal to payments on the 2021A bonds above. See “LEASE between ASTERI PARKING, LLC and CITY OF ITHACA, NEW YORK” attached hereto as “APPENDIX – F”.*

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\$34,505,000 revenue bonds were issued through the IDA on June 28, 2021 for the conference center project. A debt service schedule for such bonds is shown below.

Fiscal Year	Principal	Interest	Total Debt Service	Capitalized Interest	Debt Service Reserve Fund	Annual Net Debt Service
2022	\$ -	\$ 1,118,968	\$ 1,118,968	\$ (1,118,968)	\$ -	\$ -
2023	-	1,118,968	1,118,968	(1,118,968)	-	-
2024	1,250,000	1,118,968	2,368,968	(559,484)	-	1,809,484
2025	710,000	1,093,968	1,803,968	-	-	1,803,968
2026	725,000	1,079,768	1,804,768	-	-	1,804,768
2027	740,000	1,065,268	1,805,268	-	-	1,805,268
2028	755,000	1,050,468	1,805,468	-	-	1,805,468
2029	770,000	1,034,613	1,804,613	-	-	1,804,613
2030	785,000	1,016,903	1,801,903	-	-	1,801,903
2031	805,000	997,278	1,802,278	-	-	1,802,278
2032	830,000	976,348	1,806,348	-	-	1,806,348
2033	855,000	950,618	1,805,618	-	-	1,805,618
2034	880,000	924,113	1,804,113	-	-	1,804,113
2035	910,000	896,833	1,806,833	-	-	1,806,833
2036	935,000	868,623	1,803,623	-	-	1,803,623
2037	965,000	839,638	1,804,638	-	-	1,804,638
2038	995,000	807,069	1,802,069	-	-	1,802,069
2039	1,030,000	773,488	1,803,488	-	-	1,803,488
2040	1,065,000	738,725	1,803,725	-	-	1,803,725
2041	1,100,000	702,781	1,802,781	-	-	1,802,781
2042	1,140,000	665,656	1,805,656	-	-	1,805,656
2043	1,180,000	625,756	1,805,756	-	-	1,805,756
2044	1,220,000	584,456	1,804,456	-	-	1,804,456
2045	1,260,000	541,756	1,801,756	-	-	1,801,756
2046	1,305,000	497,656	1,802,656	-	-	1,802,656
2047	1,350,000	451,981	1,801,981	-	-	1,801,981
2048	1,400,000	403,044	1,803,044	-	-	1,803,044
2049	1,450,000	352,294	1,802,294	-	-	1,802,294
2050	1,505,000	299,731	1,804,731	-	-	1,804,731
2051	1,560,000	245,175	1,805,175	-	-	1,805,175
2052	1,615,000	188,625	1,803,625	-	-	1,803,625
2053	1,675,000	128,063	1,803,063	-	-	1,803,063
2054	1,740,000	65,250	1,805,250	-	(1,806,833)	(1,583)
<b>Total</b>	<b>\$ 34,505,000</b>	<b>\$ 24,222,841</b>	<b>\$ 58,727,841</b>	<b>\$ (2,797,419)</b>	<b>\$ (1,806,833)</b>	<b>\$ 54,123,590</b>

Note: The proceeds of the IDA bonds were used to provide funding for the conference center project, a debt service reserve fund, capitalized interest, and certain other costs incidental to the issuance of the bonds.

The Conference Center is financed through taxable revenue bonds issued by the IDA in the amount of \$34,505,000 plus interest for a total debt service cost of \$54,123,590. Debt service commenced in 2021 with interest only due through April 1, 2024 and was offset during this period with capitalized interest. Principal payments commenced October 1, 2024 and are due annually through October 1, 2054. Interest remains payable semi-annually on April 1 and October 1 through the final maturity date.

*The City entered into a financial assistance and pledge agreement with the Downtown Local Development Corporation (“LDC”), to cover any net deficiency on the annual debt service. The City has pledged city room tax collected on a quarterly basis starting with collections in April 2021 to help offset the cost of activity. The financial assistance agreement is not a full faith and credit commitment by the City and does limit the City’s liability, as the agreement with the LDC is subject to annual appropriations by the City.*

The City has established two reserves starting in 2021 which are to be used only for the payment for the Conference Center activity and are funded annually by the excess of room tax revenues less required appropriations. As of December 31, 2024, the balance of these two reserves was \$1,100,000. The Conference Center commenced operation in 2024. Conservative estimates regarding operating Conference Center activity reflect annual deficits ranging from \$9,000 to \$355,000 for the period 2024 to 2030. These deficits would be covered by the reserves noted above. City room tax collections are running 44% ahead of projections to-date and has not been factored into the above deficits. See “FINANCING ASSISTANCE AND PLEDGE AND ASSIGNMENT AGREEMENT (CONFERENCE CENTER)” dated as of June 28, 2021 attached hereto as “APPENDIX – G” and “FUNDING AND FINANCIAL OVERSIGHT MULTI-PARTY AGREEMENT ITHACA COMMUNITY CENTER” attached hereto as “APPENDIX – H”.

The City has one reserve in place (Final Operating Reserve) to help cover items noted below and the other reserve is restricted fund balance from the collections of room tax that are the result of collections over the City’s annual budgeted estimates. The restricted fund balance can be used upon approval by Common Council. All City room tax collections must go toward all conference center costs, including the priority allocation being used to cover debt service in the case of a shortfall of revenue. While the intended source for debt service expenses for the Conference Center is City room tax, the City’s obligation to pay debt service under the financial assistance agreement entered into by the City is not limited to City room tax collections. The City sends a quarterly payment from room tax collections to the LDC to cover conference center payments. The LDC has executed a lease agreement for the conference center space and has a third-party contract with ASM Global, who will operate the center. The Conference Center Fiscal Oversight Committee is a group of financial partners, with majority City representation, which reviews the LDC budget. The Common Council approves the LDC’s recommended budget annually. The LDC has three reserve funds in place, including a capital reserve, a primary operating reserve and a working capital reserve.

As defined in “APPENDIX-H”, the “Final Operating Reserve” shall be used (i) to provide interim funding for construction expenses that are budgeted to be paid the Empire State Development Corporation (“ESD”) Grant; (ii) to reimburse an amount up to \$500,000 of the ESD Grant in the event the LDC defaults in its performance of requirements imposed by the ESD Grant; (iii) when needed to take Corrective Measures, as set forth in Section 9.1 of “APPENDIX-H”; (iv) to satisfy obligations incurred by the City pursuant to the Financial Assistance Agreement; and (v) otherwise serve as funding of last resort for the operations of the Conference Center, after depletion of the Primary Operating Reserve, Secondary Operating Reserve, and Tertiary Operating Reserve. The initial balance was \$400,000 and funded by room tax.

The annual cash flow projection for the conference center operating revenues and expenses, including the new City room tax for years 2021-2030 be found hereto as “APPENDIX – I”.

The Official Statement for the 2021 IDA bonds can be found at the following link.

<https://emma.msrb.org/P11503326-P11164171-P11579394.pdf>

**Energy Performance Contracts**

As of the date of this Official Statement, the City does not have Energy Performance Contracts outstanding.

**Asset Sales**

The City’s only anticipated property sale is the fire station in Collegetown which is already listed as part of the new fire station project.

The City’s collections for the sale of property since the 2020 fiscal year and budgeted for the current fiscal year are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 24,356
2021	124,872
2022	63,920
2023	68,000
2024	13,777
2025 (Budgeted)	50,000 <sup>(1)</sup>

<sup>(1)</sup> Represents miscellaneous City assets.

Source: City officials.

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**Estimated Overlapping Indebtedness**

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

<u>Local Government</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
Tompkins	6/28/2024 <sup>(2)</sup>	\$ 64,643,000	\$ 4,190,000 <sup>(3)</sup>	\$ 60,453,000	26.29%	\$ 15,893,094
School District:						
Ithaca City SD	12/19/2024 <sup>(2)</sup>	108,865,000	63,250,565 <sup>(4)</sup>	45,614,435	39.72%	<u>18,118,054</u>
Total:						<u>\$ 34,011,147</u>

- (1) Outstanding bonds and bond anticipation notes of the respective municipality. Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.
- (2) Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.
- (3) Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.
- (4) Includes estimated State Building Aid ratio of 58.1%.

**Debt Ratios**

The following table sets forth certain ratios related to the City's indebtedness as of January 31, 2025:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Gross Indebtedness <sup>(c)</sup> .....	\$ 149,208,270	\$ 4,559.60	5.34%
Net Indebtedness <sup>(c)</sup> .....	114,885,375	3,510.74	4.11
Gross Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	183,219,417	5,598.93	6.56
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	148,896,522	4,550.07	5.33

- (a) The 2023 population of the City is estimated to be 32,724. (See "THE CITY – Population Trends" herein.)
- (b) The City's full valuation of taxable real estate for the 2025 fiscal year is \$2,794,955,255. (See "TAX INFORMATION – Assessed Valuations" herein.)
- (c) See "Debt Statement Summary" herein.
- (d) The City's applicable share of Net Overlapping Indebtedness is estimated to be \$34,011,147. (See "Estimated Overlapping Indebtedness" herein.)

**SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT**

**General Municipal Law Contract Creditors' Provision.** Each Bond when duly issued and paid for will constitute a contract between the City and the holder thereof. Under current law, provision is made for contract creditors of the City to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the 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 be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

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

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

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

No current state law purports to create any priority for holders of the 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 rights of the owners of Notes to receive interest and principal from the City 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 holders of debt obligations issued by the City (including the Notes) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

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

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

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

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law, described below, enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

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

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the



terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder.” Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

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

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

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

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

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

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

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

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

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

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

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

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

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

**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 AND RISK FACTORS

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

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

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

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

The City is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received (“State Aid”). The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the State’s economy and financial condition and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefore. The City’s receipt of State aid may be delayed as a result of the State’s failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the City fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the City is authorized pursuant to the Local Finance Law to provide operating funds by borrowing

in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the City will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially 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 “*State Aid*” herein.)

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

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

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.

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

### **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. No assurances can be given that such security and operational control measures implemented would be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage City digital networks and systems and the costs of remedying any such damage could be substantial.

### **TAX MATTERS**

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

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the “original issue discount”). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for individual federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has covenanted to comply with certain restrictions designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted.

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the District or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

## LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX – E".

Certain legal matters will be passed on for the City by its City Attorney.

Certain legal matters will be passed on for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, New York, New York.

## LITIGATION

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

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City to restrain or enjoin the issuance, sale or delivery of the 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.

## CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the City will enter into an Undertaking to provide Material Event Notices, a description of which can be found in “APPENDIX – C”.

### Historical Compliance

Under a previous continuing disclosure undertaking, the City was required to file with Electronic Municipal Access Market website (“EMMA”) its annual Audited Financial Statements no later than the last business day of each succeeding fiscal year. The City’s Audited Financial Statements for the fiscal years ended December 31, 2019 through and including December 31, 2023 were not filed with EMMA in a timely manner. The City’s Audited Financial Statements for the fiscal years ended December 31, 2019 through and including December 31, 2023 were not completed by the end of the respective succeeding fiscal years because for a number of years the City had been operating without full staff in the Controller’s office. The City has filed Material Events Notices with EMMA due to the delay in completion of such audits.

Below is a chart listing the dates of the Audited Financial Statements completion and filing dates to EMMA for the fiscal years ending 2019 and 2020:

<u>Audit for Fiscal Year Ending</u>	<u>Audit Completion Date</u>	<u>Audit EMMA Filing Date</u>
December 31, 2019	February 26, 2021	March 4, 2021
December 31, 2020	January 23, 2023	January 25, 2023

A Failure to File Notice was submitted to EMMA on March 4, 2021 in relation to the City’s Audited Financial Statements for the fiscal year ended December 31, 2019. The Audited Financial Statements for the fiscal year ended December 31, 2019 were completed February 26, 2021 and were filed to EMMA on March 4, 2021.

The Annual Financial Report Update Document (unaudited) for the fiscal year ended December 31, 2020 was filed to EMMA on June 29, 2022, along with a Failure to File Notice. The Audited Financial Statements for the fiscal year ended December 31, 2020 were completed January 23, 2023 and were filed to EMMA on January 25, 2023.

A Failure to File Notice was submitted to EMMA on July 5, 2023 in relation to the City’s Audited Financial Statements for the fiscal year ended December 31, 2021. The Annual Financial Report Update Document (unaudited) and the Audited Financial Statements for the fiscal year ended December 31, 2021 are not available as of the date of this Official Statement and are expected to be completed on or about February 20, 2025 and February 28, 2025, respectively.

A Failure to File Notice was submitted to EMMA on January 9, 2024 in relation to the City’s Audited Financial Statements for the fiscal year ended December 31, 2022. The Annual Financial Report Update Document (unaudited) and the Audited Financial Statements for the fiscal year ended December 31, 2022 are not available as of the date of this Official Statement and are expected to be completed on or about April 30, 2025 and June 30, 2025, respectively.

A Failure to File Notice was submitted to EMMA on January 6, 2025 in relation to the City’s Audited Financial Statements for the fiscal year ended December 31, 2023. The Annual Financial Report Update Document (unaudited) and the Audited Financial Statements for the fiscal year ended December 31, 2023 are not available as of the date of this Official Statement and are expected to be completed on or about August 31, 2025 and January 31, 2026, respectively.

See “THE CITY – Independent Audits” herein for additional information.

On January 31, 2025, a voluntary event notice was submitted to EMMA in relation to the 2021 IDA bonds. See “*STATUS OF INDEBTEDNESS - Green Street Parking Garage Project and Conference Center Project*” herein.

On January 4, 2017, the City adopted Municipal Finance Disclosure and Continuing Disclosure Policies and Procedures to ensure proper compliance with SEC Rule 15c2-12 and other various securities laws.

## UNDERWRITING

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

## MUNICIPAL ADVISOR

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

## RATING

The Notes are not rated.

On March 14, 2024, Moody's Investors Service withdrew its underlying rating of the City's general obligation debt due to insufficient or otherwise inadequate information to support the maintenance of the ratings. See "*THE CITY – Independent Audits*" herein. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich St, New York, NY 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

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

## MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates in good faith, no assurance can be given that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the City management's beliefs as well as assumptions made by, and information currently available to, the City's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the City's files with the repositories. When used in City documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

Orrick, Herrington & Sutcliffe LLP, New York, New York Bond Counsel to the City, and Hawkins Delafield & Wood LLP, New York, New York counsel to the Underwriter express no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

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

Concurrently with the delivery of the Notes, the City will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the City.

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

The City hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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

The City's contact information is as follows: Wendy Cole, Acting City Controller, City of Ithaca, Ithaca City Hall, 108 East Green Street, Ithaca, New York 14850, Phone: (607) 274-6577, Fax: (607) 272-7348, Email: [wcole@cityofithaca.org](mailto:wcole@cityofithaca.org)

This Official Statement has been duly executed and delivered by the Acting City Controller of the City of Ithaca, Tompkins County, New York.

**CITY OF ITHACA**

**Dated: February \_\_, 2025**

**WENDY COLE**  
**Acting City Controller & Chief Fiscal Officer**

GENERAL FUND

Balance Sheets

Fiscal Year Ending December 31:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>ASSETS</u>					
Cash and cash equivalents - Unrestricted	\$ 6,029,452	\$ 6,435,728	\$ 6,987,152	\$ 10,273,218	\$ 10,150,446
Temporary Investments	1,713,817	1,718,616	1,722,961	1,731,372	1,739,836
Cash and cash equivalents - Restricted	387,677	357,865	358,801	363,734	365,779
Taxes Receivable (Net)	852,574	515,385	602,180	610,828	993,899
Due From Other Funds	821,153	622,847	980,582	979,116	1,145,694
Due From State and Federal Governments	61,878	301,863	247,398	136,140	1,451,043
Due From Other Governments	1,037,403	1,227,917	1,180,181	1,292,840	1,396,385
Other Receivables (Net)	584,398	654,923	417,649	834,915	613,314
Prepaid Expenses	1,000,257	987,623	990,317	1,019,153	1,040,995
Inventories	211,874	212,927	218,015	242,545	348,580
<b>TOTAL ASSETS</b>	<b>\$ 12,700,483</b>	<b>\$ 13,035,694</b>	<b>\$ 13,705,236</b>	<b>\$ 17,483,861</b>	<b>\$ 19,245,971</b>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 290,463	\$ 302,979	\$ 365,035	\$ 240,169	\$ 242,194
Notes Payable	-	-	-	-	-
Accrued Liabilities	-	-	-	-	45,483
Due to Other Funds	1,472,309	1,457,996	1,964,975	4,103,206	5,638,655
Due to Other Governments	675,950	826,561	844,739	1,052,460	1,056,683
Compensated Absences	119,922	119,922	119,922	119,922	119,922
Other Liabilities	436,262	509,599	597,031	739,892	601,186
Unearned Revenues	209,488	209,488	-	-	-
Unavailable Revenue	852,574	515,385	602,180	610,828	993,899
<b>TOTAL LIABILITIES</b>	<b>\$ 4,056,968</b>	<b>\$ 3,941,930</b>	<b>\$ 4,493,882</b>	<b>\$ 6,866,477</b>	<b>\$ 8,698,022</b>
<u>FUND EQUITY</u>					
Nonspendable	\$ 1,212,131	\$ 1,200,550	\$ 1,208,332	\$ 1,261,698	\$ 1,389,575
Restricted	387,677	357,865	358,801	363,734	365,779
Unreserved:					
Assigned	3,089,617	3,749,954	3,144,954	3,924,992	3,553,708
Unassigned	3,954,090	3,785,395	4,499,267	5,066,960	5,238,887
<b>TOTAL FUND EQUITY</b>	<b>\$ 8,643,515</b>	<b>\$ 9,093,764</b>	<b>\$ 9,211,354</b>	<b>\$ 10,617,384</b>	<b>\$ 10,547,949</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 12,700,483</b>	<b>\$ 13,035,694</b>	<b>\$ 13,705,236</b>	<b>\$ 17,483,861</b>	<b>\$ 19,245,971</b>

Source: 2016-2020 Audited financial reports of the City.  
This Appendix is not itself audited.



GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>REVENUES</b>					
Real Property Taxes	\$ 21,719,900	\$ 22,526,494	\$ 22,968,997	\$ 23,515,419	\$ 24,437,830
Real Property Tax Items	835,192	751,906	806,322	1,038,220	1,053,613
Non-Property Tax Items	13,820,223	14,564,608	15,376,254	15,867,676	13,590,512
Departmental Income	4,808,212	4,767,896	5,006,587	5,792,614	2,768,911
Intergovernmental Charges	3,820,403	3,783,546	4,018,005	4,112,964	4,239,722
Use of Money & Property	337,090	308,646	336,995	510,805	252,524
Licenses and Permits	1,312,713	1,028,764	1,430,048	1,456,092	2,228,306
Fines and Forfeitures	1,015,826	976,445	899,649	776,623	465,214
Sale of Property and Compensation for Loss	635,575	247,579	413,417	596,446	221,345
Miscellaneous	1,519,771	1,408,010	1,625,169	1,482,073	1,632,172
Interfund Revenues	235,892	224,162	205,984	189,790	1,020,000
Revenues from State Sources	3,648,058	4,107,544	3,429,975	3,777,908	3,472,487
Revenues from Federal Sources	392,399	646,920	616,510	531,926	94,849
Total Revenues	<u>\$ 54,101,254</u>	<u>\$ 55,342,520</u>	<u>\$ 57,133,912</u>	<u>\$ 59,648,556</u>	<u>\$ 55,477,485</u>
<b>EXPENDITURES</b>					
General Government Support	\$ 5,101,285	\$ 5,224,272	\$ 5,354,240	\$ 6,115,041	\$ 6,539,097
Public Safety	14,095,294	14,545,205	15,089,661	14,924,255	14,291,486
Transportation	5,058,542	5,333,246	5,499,967	5,817,198	4,990,943
Economic Opportunity and Development	61,000	61,000	61,000	61,000	61,000
Culture and Recreation	5,587,114	5,850,176	6,002,329	6,372,769	4,392,337
Home and Community Services	1,668,414	1,709,464	2,023,635	2,105,680	1,675,794
Employee Benefits	16,023,255	16,316,972	16,729,057	17,757,966	16,859,148
Debt Service	6,929,850	6,896,617	7,310,638	6,771,183	7,513,392
Total Expenditures	<u>\$ 54,524,754</u>	<u>\$ 55,936,952</u>	<u>\$ 58,070,527</u>	<u>\$ 59,925,092</u>	<u>\$ 56,323,197</u>
<b>Other Uses:</b>					
Interfund Transfers In	1,084,499	1,044,681	1,074,205	1,707,566	806,277
Interfund Transfers (out)	-	-	(20,000)	(25,000)	(30,000)
Total Other Financing Sources	<u>\$ 1,084,499</u>	<u>\$ 1,044,681</u>	<u>\$ 1,054,205</u>	<u>\$ 1,682,566</u>	<u>\$ 776,277</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>660,999</u>	<u>450,249</u>	<u>117,590</u>	<u>1,406,030</u>	<u>(69,435)</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	7,982,516	8,643,515	9,093,764	9,211,354	10,617,384
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 8,643,515</u>	<u>\$ 9,093,764</u>	<u>\$ 9,211,354</u>	<u>\$ 10,617,384</u>	<u>\$ 10,547,949</u>

Source: Audited financial reports of the City. This Appendix is not itself audited.

GENERAL FUND

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

Fiscal Years Ending December 31:	2020		2021	2022	2023
	Adopted Budget	Actual	Adopted Budget	Adopted Budget	Adopted Budget
<b>REVENUES</b>					
Real Property Taxes	\$ 25,312,005	\$ 24,437,830	\$ 27,439,571	\$ 27,848,359	\$ 30,540,425
Real Property Tax Items	-	1,053,613	-	-	-
Non-Property Tax Items	16,019,221	13,590,512	14,232,871	16,936,017	19,205,734
Departmental Income	9,744,895	2,768,911	8,698,904	8,838,509	9,730,668
Intergovernmental Charges	-	4,239,722	-	-	-
Use of Money & Property	583,000	252,524	360,000	335,000	538,000
Licenses and Permits	1,715,700	2,228,306	3,057,200	2,361,600	1,636,600
Fines and Forfeitures	905,000	465,214	780,000	720,000	620,000
Sale of Property and Compensation for Loss	250,500	221,345	243,500	274,000	340,000
Miscellaneous	1,451,527	1,632,172	1,472,735	1,523,333	1,635,000
Interfund Revenues	2,303,066	1,020,000	2,075,886	1,948,294	1,998,279
Revenues from State Sources	3,615,658	3,472,487	2,919,226	3,366,658	3,521,481
Revenues from Federal Sources	115,000	94,849	334,000	1,985,591	1,265,000
Total Revenues	\$ 62,015,572	\$ 55,477,485	\$ 61,613,893	\$ 66,137,361	\$ 71,031,187
<b>EXPENDITURES</b>					
General Government Support	\$ 6,809,308	\$ 6,539,097	\$ 6,691,185	\$ 8,477,438	\$ 8,874,508
Public Safety	15,038,395	14,291,486	14,392,175	14,809,679	16,078,407
Transportation	6,040,322	4,990,943	5,842,900	6,220,278	6,576,201
Economic Opportunity and Development	61,000	61,000	61,000	1,682,119	1,782,134
Culture and Recreation	6,299,386	4,392,337	6,250,829	6,454,461	6,980,672
Home and Community Services	2,072,183	1,675,794	1,930,136	2,103,671	2,184,371
Employee Benefits	18,862,136	16,859,148	19,148,758	19,000,772	20,730,726
Debt Service	7,487,520	7,513,392	7,266,910	7,056,943	7,492,011
Total Expenditures	\$ 62,670,250	\$ 56,323,197	\$ 61,583,893	\$ 65,805,361	\$ 70,699,030
Other Uses:					
Interfund Transfers In	-	806,277	-	-	-
Interfund Transfers (out)	(30,000)	(30,000)	(30,000)	(332,000)	(385,000)
Total Other Financing Sources	\$ (30,000)	\$ 776,277	\$ (30,000)	\$ (332,000)	\$ (385,000)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses					
	(684,678)	(69,435)	-	-	(52,843)
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	684,678	10,617,384	-	-	52,843
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ 10,547,949	\$ -	\$ -	\$ -

\* Restated

Source: Adopted budgets of the City and the 2020 Audited Financial Statement of the City.  
This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget

Fiscal Years Ending December 31:	2021	2022	2023	2024	2025
	Adopted Budget	Adopted Budget	Adopted Budget	Adopted Budget	Adopted Budget
<b>REVENUES</b>					
Real Property Taxes	\$ 27,439,571	\$ 27,579,541	\$ 30,540,425	\$ 32,610,864	\$ 35,527,690
Real Property Tax Items	-	-	-	-	-
Non-Property Tax Items	14,232,871	16,933,719	19,205,734	21,225,869	21,938,956
Departmental Income	8,698,904	8,838,509	9,730,668	10,113,256	10,880,666
Intergovernmental Charges	-	-	-	-	-
Use of Money & Property	360,000	335,000	538,000	1,087,500	1,138,000
Licenses and Permits	3,057,200	2,361,600	1,636,600	1,751,200	2,063,200
Fines and Forfeitures	780,000	720,000	620,000	600,000	400,000
Sale of Property and Compensation for Loss	243,500	274,000	340,000	432,000	362,000
Miscellaneous	1,472,735	1,523,333	1,635,000	4,135,000	4,287,852
Interfund Revenues	2,075,886	-	1,998,279	-	-
Revenues from State Sources	2,919,226	3,366,658	3,521,481	3,547,058	3,466,434
Revenues from Federal Sources	334,000	1,960,591	1,265,000	419,320	40,000
<b>Total Revenues</b>	<b>\$ 61,613,893</b>	<b>\$ 63,892,951</b>	<b>\$ 71,031,187</b>	<b>\$ 75,922,067</b>	<b>\$ 80,104,798</b>
<b>EXPENDITURES</b>					
General Government Support	\$ 6,691,185	\$ 8,259,510	\$ 8,874,508	\$ 9,715,620	\$ 11,045,061
Public Safety	14,392,175	14,809,679	16,078,407	16,772,234	18,304,887
Transportation	5,842,900	6,253,010	6,576,201	9,104,100	8,797,079
Economic Opportunity and Development	61,000	1,682,119	1,782,134	3,982,386	2,632,311
Culture and Recreation	6,250,829	6,405,461	6,980,672	7,421,945	8,158,019
Home and Community Services	1,930,136	2,062,647	2,184,371	2,369,233	2,401,737
Employee Benefits	19,148,758	18,979,876	20,730,726	22,699,804	23,652,291
Debt Service	7,266,910	7,056,943	7,492,011	7,997,741	9,488,746
<b>Total Expenditures</b>	<b>\$ 61,583,893</b>	<b>\$ 65,509,245</b>	<b>\$ 70,699,030</b>	<b>\$ 80,063,063</b>	<b>\$ 84,480,131</b>
Other Uses:					
Interfund Transfers in <sup>(1)</sup>	-	1,948,294	-	1,901,560	1,968,305
Interfund Transfers (out)	(30,000)	(332,000)	(385,000)	(316,000)	(652,110)
<b>Total Expenditures and Other Uses</b>	<b>\$ (30,000)</b>	<b>\$ 1,616,294</b>	<b>\$ (385,000)</b>	<b>\$ 1,585,560</b>	<b>\$ 1,316,195</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	(52,843)	(2,555,436)	(3,059,138)
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	-	-	52,843	2,555,436	3,059,138
Prior Period Adjustments (net)	-	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<sup>(1)</sup> Represents unneeded proceeds from capital projects.

Source: Annual budgets of the City. This Appendix is not itself audited.

CHANGES IN FUND EQUITY

Fiscal Year Ending December 31:	2016	2017	2018	2019	2020
<b>WATER FUND <sup>(1)</sup></b>					
Fund Equity - Beginning of Year	\$ 5,748,566	\$ 5,870,051	\$ 4,761,745	\$ 4,137,598	\$ 4,002,157
Prior Period Adjustments (net)	-	-	-	-	1,726
Revenues & Other Sources	5,138,125	5,495,668	6,057,302	6,758,249	7,318,575
Expenditures & Other Uses	5,016,640	6,603,974	6,681,449	6,891,965	6,346,425
Fund Equity - End of Year	\$ 5,870,051	\$ 4,761,745	\$ 4,137,598	\$ 4,003,882	\$ 4,976,033
<b>SEWER FUND <sup>(1)</sup></b>					
Fund Equity - Beginning of Year	\$ 4,319,638	\$ 5,056,624	\$ 5,747,656	\$ 6,528,489	\$ 6,900,400
Prior Period Adjustments (net)	-	-	-	-	2,358
Revenues & Other Sources	6,111,861	6,201,041	6,365,154	6,299,378	5,722,190
Expenditures & Other Uses	5,374,875	5,510,009	5,584,321	5,925,109	6,058,319
Fund Equity - End of Year	\$ 5,056,624	\$ 5,747,656	\$ 6,528,489	\$ 6,902,758	\$ 6,566,629
<b>NON-MAJOR GOVERNMENTAL FUNDS <sup>(1)</sup></b>					
Fund Equity - Beginning of Year	\$ 4,054,103	\$ 3,910,469	\$ 4,289,085	\$ 4,063,650	\$ 15,269,704
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	2,348,694	2,739,381	2,496,944	2,812,438	16,019,204
Expenditures & Other Uses	2,492,328	2,360,765	2,722,379	2,513,024	15,576,956
Fund Equity - End of Year	\$ 3,910,469	\$ 4,289,085	\$ 4,063,650	\$ 4,363,064	\$ 15,711,952
<b>SPECIAL GRANT</b>					
Fund Equity - Beginning of Year	\$ 2,074,073	\$ 2,055,258	\$ 1,877,460	\$ 1,636,250	\$ 1,249,916
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	1,997,847	1,721,856	1,705,571	2,071,010	2,732,986
Expenditures & Other Uses	2,016,662	1,899,654	1,946,781	2,457,344	2,195,728
Fund Equity - End of Year	\$ 2,055,258	\$ 1,877,460	\$ 1,636,250	\$ 1,249,916	\$ 1,787,174

Source: 2016-2020 Audited financial reports and the 2020 Annual Financial Report Update Document (Unaudited) of the City.

<sup>(1)</sup> Beginning with the 2020 Audited Financial Statements, the Water and Sewer Fund are included under Total Non-Major Governmental Revenues and no longer shown independently. Information for the fiscal year ending 2020 for the Water and Sewer Fund is from the 2020 Annual Financial Report (unaudited)

This Appendix is not itself audited.

**BONDED DEBT SERVICE**

Fiscal Year Ending December 31	Principal	Interest	Total
2025	\$ 7,625,000	\$ 2,932,209.75	\$ 10,557,209.75
2026	6,540,000	2,730,134.15	9,270,134.15
2027	6,490,000	2,538,592.85	9,028,592.85
2028	5,685,000	2,364,383.56	8,049,383.56
2029	5,830,000	2,206,109.45	8,036,109.45
2030	5,985,000	2,041,396.10	8,026,396.10
2031	6,165,000	1,870,785.95	8,035,785.95
2032	6,345,000	1,692,510.26	8,037,510.26
2033	6,235,000	1,512,655.95	7,747,655.95
2034	6,430,000	1,330,040.90	7,760,040.90
2035	6,095,000	1,149,527.96	7,244,527.96
2036	5,980,000	974,077.50	6,954,077.50
2037	4,945,000	822,431.25	5,767,431.25
2038	4,075,000	699,143.75	4,774,143.75
2039	2,950,000	604,518.75	3,554,518.75
2040	3,030,000	524,725.00	3,554,725.00
2041	3,110,000	441,240.63	3,551,240.63
2042	3,190,000	354,140.63	3,544,140.63
2043	3,280,000	264,003.13	3,544,003.13
2044	2,405,000	185,806.25	2,590,806.25
2045	2,470,000	119,771.88	2,589,771.88
2046	2,045,000	51,971.88	2,096,971.88
2047	1,110,000	12,425.00	1,122,425.00
<b>TOTALS</b>	<b>\$ 108,015,000</b>	<b>\$ 27,422,602.51</b>	<b>\$ 135,437,602.51</b>

Note: The totals above do not include Cayuga Street Parking Garage bonds nor Green Street Parking Garage and Conference Center bonds. See also “Cayuga Garage Parking Project” and “Green Street Parking Garage Project and Conference Center Project” herein regarding certain other required contingent obligations and a parking sublease. The City does not have Energy Performance Contracts or other lease purchase obligations outstanding as of the date of this Official Statement.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2005			2013 Series A			2024		
	EFC Bonds			Public Improvements			Refunding of 2007		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 80,000	\$ 41,276.40	\$ 121,276.40	\$ 690,000	\$ 314,530.00	\$ 1,004,530.00	1,285,000	16,062.50	\$ 1,301,062.50
2026	80,000	38,077.20	118,077.20	710,000	293,530.00	1,003,530.00	-	-	-
2027	85,000	34,862.00	119,862.00	735,000	271,855.00	1,006,855.00	-	-	-
2028	85,000	31,428.86	116,428.86	755,000	249,505.00	1,004,505.00	-	-	-
2029	90,000	27,987.20	117,987.20	775,000	226,555.00	1,001,555.00	-	-	-
2030	90,000	24,325.10	114,325.10	800,000	202,930.00	1,002,930.00	-	-	-
2031	95,000	20,645.00	115,645.00	825,000	178,555.00	1,003,555.00	-	-	-
2032	95,000	16,722.46	111,722.46	850,000	153,430.00	1,003,430.00	-	-	-
2033	100,000	12,799.90	112,799.90	870,000	127,630.00	997,630.00	-	-	-
2034	105,000	8,670.90	113,670.90	900,000	101,080.00	1,001,080.00	-	-	-
2035	105,000	4,335.46	109,335.46	925,000	73,705.00	998,705.00	-	-	-
2036	-	-	-	955,000	45,027.50	1,000,027.50	-	-	-
2037	-	-	-	975,000	15,112.50	990,112.50	-	-	-
TOTALS	\$ 1,010,000	\$ 261,130.48	\$ 1,271,130.48	\$ 10,765,000	\$ 2,253,445.00	\$ 13,018,445.00	\$ 1,285,000	\$ 16,062.50	\$ 1,301,062.50

Fiscal Year Ending Dec 31st	2016			2016		
	Public Improvements			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 480,000	\$ 454,506.25	\$ 934,506.25	\$ 585,000	\$ 355,875.00	\$ 940,875.00
2026	495,000	439,881.25	934,881.25	600,000	344,025.00	944,025.00
2027	505,000	424,881.25	929,881.25	605,000	331,975.00	936,975.00
2028	530,000	409,356.25	939,356.25	615,000	319,775.00	934,775.00
2029	540,000	393,306.25	933,306.25	630,000	307,325.00	937,325.00
2030	555,000	376,881.25	931,881.25	640,000	294,625.00	934,625.00
2031	575,000	359,931.25	934,931.25	660,000	281,212.50	941,212.50
2032	600,000	342,306.25	942,306.25	670,000	266,662.50	936,662.50
2033	620,000	324,006.25	944,006.25	690,000	251,362.50	941,362.50
2034	640,000	305,106.25	945,106.25	705,000	233,025.00	938,025.00
2035	665,000	285,531.25	950,531.25	725,000	211,575.00	936,575.00
2036	685,000	265,281.25	950,281.25	750,000	189,450.00	939,450.00
2037	710,000	244,356.25	954,356.25	775,000	166,575.00	941,575.00
2038	735,000	222,681.25	957,681.25	795,000	143,025.00	938,025.00
2039	760,000	200,256.25	960,256.25	820,000	118,800.00	938,800.00
2040	790,000	177,006.25	967,006.25	845,000	93,825.00	938,825.00
2041	815,000	152,421.88	967,421.88	875,000	68,025.00	943,025.00
2042	835,000	126,640.63	961,640.63	900,000	41,400.00	941,400.00
2043	865,000	100,078.13	965,078.13	930,000	13,950.00	943,950.00
2044	890,000	72,656.25	962,656.25	-	-	-
2045	925,000	44,296.88	969,296.88	-	-	-
2046	955,000	14,921.88	969,921.88	-	-	-
TOTALS	\$ 15,170,000	\$ 5,736,290.63	\$ 20,906,290.63	\$ 13,815,000	\$ 4,032,487.50	\$ 17,847,487.50

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2017 A			2017 B			2018		
	Refunding of 2008A & 2010A			Refunding of 2008B, 2009 & 2010B			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 790,000	\$ 104,750.00	\$ 894,750.00	\$ 605,000	\$ 224,909.60	\$ 829,909.60	\$ 815,000	\$ 407,175.00	\$ 1,222,175.00
2026	835,000	64,125.00	899,125.00	625,000	204,851.95	829,851.95	840,000	382,350.00	1,222,350.00
2027	865,000	21,625.00	886,625.00	645,000	183,663.35	828,663.35	865,000	356,775.00	1,221,775.00
2028	-	-	-	660,000	161,074.70	821,074.70	895,000	330,375.00	1,225,375.00
2029	-	-	-	680,000	136,873.50	816,873.50	920,000	303,150.00	1,223,150.00
2030	-	-	-	695,000	111,184.75	806,184.75	950,000	275,100.00	1,225,100.00
2031	-	-	-	715,000	84,135.95	799,135.95	975,000	246,225.00	1,221,225.00
2032	-	-	-	740,000	55,495.30	795,495.30	1,005,000	216,525.00	1,221,525.00
2033	-	-	-	485,000	30,838.55	515,838.55	1,035,000	185,925.00	1,220,925.00
2034	-	-	-	500,000	10,465.00	510,465.00	1,070,000	154,350.00	1,224,350.00
2035	-	-	-	-	-	-	1,100,000	121,800.00	1,221,800.00
2036	-	-	-	-	-	-	1,135,000	88,275.00	1,223,275.00
2037	-	-	-	-	-	-	1,170,000	53,700.00	1,223,700.00
2038	-	-	-	-	-	-	1,205,000	18,075.00	1,223,075.00
<b>TOTALS</b>	<b>\$ 2,490,000</b>	<b>\$ 190,500.00</b>	<b>\$ 2,680,500.00</b>	<b>\$ 6,350,000</b>	<b>\$ 1,203,492.65</b>	<b>\$ 7,553,492.65</b>	<b>\$ 13,980,000</b>	<b>\$ 3,139,800.00</b>	<b>\$ 17,119,800.00</b>

Fiscal Year Ending Dec 31st	2019 A			2019 B			2021		
	Public Improvements			Public Improvements			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 845,000	\$ 332,537.50	\$ 1,177,537.50	\$ 275,000	\$ 209,981.25	\$ 484,981.25	\$ 785,000	\$ 264,431.25	\$ 1,049,431.25
2026	870,000	311,100.00	1,181,100.00	285,000	203,106.25	488,106.25	800,000	254,525.00	1,054,525.00
2027	890,000	288,543.75	1,178,543.75	290,000	195,981.25	485,981.25	595,000	245,806.25	840,806.25
2028	915,000	264,281.25	1,179,281.25	300,000	188,731.25	488,731.25	605,000	238,306.25	843,306.25
2029	940,000	237,600.00	1,177,600.00	310,000	181,231.25	491,231.25	615,000	230,681.25	845,681.25
2030	970,000	208,950.00	1,178,950.00	315,000	173,481.25	488,481.25	625,000	222,931.25	847,931.25
2031	1,000,000	179,400.00	1,179,400.00	325,000	165,606.25	490,606.25	640,000	215,025.00	855,025.00
2032	1,030,000	148,950.00	1,178,950.00	335,000	157,481.25	492,481.25	650,000	206,150.00	856,150.00
2033	1,060,000	117,600.00	1,177,600.00	345,000	149,106.25	494,106.25	660,000	196,325.00	856,325.00
2034	1,095,000	85,275.00	1,180,275.00	355,000	140,481.25	495,481.25	675,000	186,312.50	861,312.50
2035	1,130,000	51,900.00	1,181,900.00	365,000	131,606.25	496,606.25	685,000	176,112.50	861,112.50
2036	1,165,000	17,475.00	1,182,475.00	375,000	122,481.25	497,481.25	695,000	165,762.50	860,762.50
2037	-	-	-	385,000	112,637.50	497,637.50	710,000	155,225.00	865,225.00
2038	-	-	-	395,000	102,050.00	497,050.00	720,000	144,050.00	864,050.00
2039	-	-	-	405,000	90,693.75	495,693.75	735,000	131,768.75	866,768.75
2040	-	-	-	415,000	79,050.00	494,050.00	745,000	118,818.75	863,818.75
2041	-	-	-	425,000	67,118.75	492,118.75	760,000	104,700.00	864,700.00
2042	-	-	-	440,000	54,900.00	494,900.00	775,000	89,350.00	864,350.00
2043	-	-	-	450,000	41,700.00	491,700.00	790,000	73,700.00	863,700.00
2044	-	-	-	465,000	28,200.00	493,200.00	800,000	57,800.00	857,800.00
2045	-	-	-	475,000	14,250.00	489,250.00	815,000	41,650.00	856,650.00
2046	-	-	-	-	-	-	830,000	25,200.00	855,200.00
2047	-	-	-	-	-	-	845,000	8,450.00	853,450.00
<b>TOTALS</b>	<b>\$ 11,910,000</b>	<b>\$ 2,243,612.50</b>	<b>\$ 14,153,612.50</b>	<b>\$ 7,730,000</b>	<b>\$ 2,609,875.00</b>	<b>\$ 10,339,875.00</b>	<b>\$ 16,555,000</b>	<b>\$ 3,553,081.25</b>	<b>\$ 20,108,081.25</b>

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2021			2022		
	Refunding Bonds			Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 120,000	\$ 65,600.00	\$ 185,600.00	\$ 270,000	\$ 140,575.00	\$ 410,575.00
2026	125,000	60,800.00	185,800.00	275,000	133,762.50	408,762.50
2027	130,000	55,800.00	185,800.00	280,000	126,825.00	406,825.00
2028	135,000	50,600.00	185,600.00	190,000	120,950.00	310,950.00
2029	140,000	45,200.00	185,200.00	190,000	116,200.00	306,200.00
2030	150,000	39,600.00	189,600.00	195,000	111,387.50	306,387.50
2031	155,000	33,600.00	188,600.00	200,000	106,450.00	306,450.00
2032	165,000	27,400.00	192,400.00	205,000	101,387.50	306,387.50
2033	165,000	20,800.00	185,800.00	205,000	96,262.50	301,262.50
2034	175,000	14,200.00	189,200.00	210,000	91,075.00	301,075.00
2035	180,000	7,200.00	187,200.00	215,000	85,762.50	300,762.50
2036	-	-	-	220,000	80,325.00	300,325.00
2037	-	-	-	220,000	74,825.00	294,825.00
2038	-	-	-	225,000	69,262.50	294,262.50
2039	-	-	-	230,000	63,000.00	293,000.00
2040	-	-	-	235,000	56,025.00	291,025.00
2041	-	-	-	235,000	48,975.00	283,975.00
2042	-	-	-	240,000	41,850.00	281,850.00
2043	-	-	-	245,000	34,575.00	279,575.00
2044	-	-	-	250,000	27,150.00	277,150.00
2045	-	-	-	255,000	19,575.00	274,575.00
2046	-	-	-	260,000	11,850.00	271,850.00
2047	-	-	-	265,000	3,975.00	268,975.00
<b>TOTALS</b>	<b>\$ 1,640,000</b>	<b>\$ 420,800.00</b>	<b>\$ 2,060,800.00</b>	<b>\$ 5,315,000</b>	<b>\$ 1,762,025.00</b>	<b>\$ 7,077,025.00</b>



## MATERIAL EVENT NOTICES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the City has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

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

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

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

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

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

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

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

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

See “CONTINUING DISCLOSURE – Historical Compliance” for an overview of the City’s past historical compliance.

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**CITY OF ITHACA, NEW YORK**  
**AUDITED FINANCIAL STATEMENTS**  
**For the Fiscal Year Ending December 31, 2020**

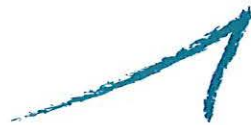
**Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.**

# **CITY OF ITHACA**

**Ithaca, New York**

## **FINANCIAL REPORT**

**For the Year Ended  
December 31, 2020**



**insero&co**

Certified Public Accountants | Business Advisors

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# *CITY OF ITHACA*

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## INDEPENDENT AUDITORS' REPORT

Common Council  
City of Ithaca  
Ithaca, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ithaca (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INSERO & Co. CPAs, LLP

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ithaca, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

During the year ended December 31, 2020, the City adopted Government Accounting Standards Board (GASB) Statement No. 84, "Fiduciary Activities." As discussed in Note 18 to the financial statements, net position of the fiduciary funds as of December 31, 2019 was restated. Our opinion is not modified with respect to this matter.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; budgetary comparison information; Schedule of Changes in the City's Total OPEB Liability and Related Parties; Schedule of City Contributions - NYSLRS Pension Plans; Schedule of City's Proportionate Share of the Net Pension Liability; and notes to required supplementary information on pages 4-41 and 56-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements.



The non-major fund financial statements and the SEFA are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the non-major fund financial statements and the SEFA are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2023, on our consideration of the City of Ithaca's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
January 23, 2023

# *CITY OF ITHACA*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

Our discussion and analysis of the City of Ithaca's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the City's financial statements, which begin on page 5.

### **FINANCIAL HIGHLIGHTS**

- Assets of the City plus deferred outflows of resources were less than liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$62,300,275 (net deficit). Unrestricted net position showed a deficit of \$163,999,708. This deficit is due to the net liability for other postemployment benefits of \$200,814,376.
- The City complies with Governmental Accounting Standards Board (GASB) Statement No. 68, as amended. As a result, the City reported a net pension liability of \$10,084,230.
- The City's expenses were \$4,569,322 more than the \$80,309,251 generated in tax and other revenues for all governmental program activities.
- The City invested \$17,254,862 in capital assets during the year. This investment included \$1,506,989, in buildings and improvements, \$1,677,091 in machinery and equipment, as well as \$14,070,782 for infrastructure.
- Outstanding debt was \$122,996,281 at year end, an increase of \$4,311,087.
- The General Fund recorded an operating decrease of \$69,435 in 2020 and operating increase of \$1,406,030 in 2019. The General Fund had a fund balance of \$10,547,949 at year end.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of basic financial statements. The Statement of Net Position and Statement of Activities (pages 5-7) provide information about the City as a whole and present a longer-term view of the City's finances. Governmental Fund financial statements start on page 8. These statements, for Governmental Activities, tell how services were financed in the short-term, as well as what remains for future spending. Governmental Fund financial statements also report the City's operations in more detail than the Government-wide financial statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information essential to a full understanding of the data provided in the financial statements.

# CITY OF ITHACA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

In addition to basic financial statements, the annual report contains other information in the form of budgetary comparison schedules for the General Fund, as well as combining statements for funds that are not considered Major Funds and, therefore, are not presented individually in the basic financial statements. Other information consists of the Schedule of Changes in the City's Total Other Postemployment Benefits (OPEB) Liability (related to the City's liability for retiree health), which is reported as other postemployment benefits, and schedules related to the City's proportionate share of retirement systems' liabilities.

### **Reporting the City as a Whole**

Our analysis of the City as a whole begins on page 5, with the Government-wide financial statements. The Statement of Net Position and Statement of Activities report information about the City and about its activities in a way that helps answer the question of whether the City, as a whole, is better or worse off as a result of the year's activities. These statements include *all* assets, liabilities, and deferred outflows and inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the City's net position and changes in it. One can think of the City's net position, the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. One will need to consider other nonfinancial factors however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the Statement of Net Position and Statement of Activities, the City reports:

**Governmental Activities** - Most of the City's services are reported in this category, including public safety, transportation, home and community services, and general administration. Property and sales taxes, and state and federal grants, finance most of these activities.

**Discretely Presented Component Units** - The City includes a separate legal entity in its report: the Ithaca Area Wastewater Treatment Facility. Although legally separate, this "component unit" is important because the City has a majority equity interest in the Facility. The Facility is reported as a discretely reported component unit. Complete financial statements can be obtained from the City Controller's Office.

### **Reporting the City's Most Significant Funds**

#### **Governmental Fund Financial Statements**

Analysis of the City's Major Funds begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds not on the City as a whole. Some funds are required to be established by New York State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants.

# CITY OF ITHACA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

- **Governmental Funds:** All of the City's services are reported in the Governmental Funds, which focus on how money flows in and out of those funds, and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund financial statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. The relationship (or differences) between Governmental Activities (reported in the Government-wide financial statements) and Governmental Funds is explained in a reconciliation following the Governmental Fund financial statements.
- **The City as Trustee:** The City is the trustee, or fiduciary, for other assets held on behalf of others. All of the City's Fiduciary Activities are reported in a separate Statement of Fiduciary Net Position on page 11. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring the assets reported in this fund are used for their intended purposes.
- **Blended Component Unit:** The City includes one separate legal entity in its report, the Ithaca Urban Renewal Agency (IURA), which is reported as a blended component unit as the Special Grant Fund. Although legally separate, this "component unit" is important because the City is financially accountable for it. Complete financial statements for the IURA can be obtained by contacting the IURA at 108 East Green Street, Ithaca, NY 14850.

### THE CITY AS A WHOLE

A portion of the City's net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources subject to external restrictions on how they may be used and are reported as restricted. The remaining category of total resources is unrestricted. Included in unrestricted net position is the City's equity interest in two joint ventures totaling \$12,757,356.

Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the City's Governmental Activities.

# CITY OF ITHACA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

*Figure 1*

<i>Net Position</i>	<i>Governmental Activities and Total Government</i>		<i>Dollar Change</i>
	<i>2020</i>	<i>2019</i>	
<i>Current Assets</i>	\$ 64,573,358	\$ 57,971,707	\$ 6,601,651
<i>Noncurrent Assets</i>	25,406,683	24,266,919	1,139,764
<i>Capital Assets, Net</i>	191,837,439	185,244,076	6,593,363
<b><i>Total Assets</i></b>	<b>281,817,480</b>	<b>267,482,702</b>	<b>14,334,778</b>
<b><i>Total Deferred Outflows of Resources</i></b>	<b>58,479,166</b>	<b>25,130,822</b>	<b>33,348,344</b>
<i>Current Liabilities</i>	37,982,702	27,486,094	10,496,608
<i>Noncurrent Liabilities</i>	338,979,197	292,316,998	46,662,199
<b><i>Total Liabilities</i></b>	<b>376,961,899</b>	<b>319,803,092</b>	<b>57,158,807</b>
<b><i>Total Deferred Inflows of Resources</i></b>	<b>25,635,022</b>	<b>30,541,385</b>	<b>(4,906,363)</b>
<i>Net Investment in Capital Assets</i>	85,090,329	81,463,271	3,627,058
<i>Restricted</i>	16,609,104	31,031,513	(14,422,409)
<i>Unrestricted</i>	(163,999,708)	(170,225,737)	6,226,029
<b><i>Total Net (Deficit)</i></b>	<b>\$ (62,300,275)</b>	<b>\$ (57,730,953)</b>	<b>\$ (4,569,322)</b>

Current assets consist of \$30,319,292 in unrestricted cash, \$16,883,915 of cash restricted for various purposes, receivables of \$17,370,151, and other miscellaneous items. Noncurrent assets consist of cash restricted for future noncurrent expenses of \$6,418,795, long-term portion of loans receivable of \$6,230,532, and the City's equity interest in joint ventures of \$12,757,356. The increase in current assets is primarily due to timing of receivables and payables, less cash used for capital projects compared to 2019. Noncurrent assets increased mainly due to an increase in the equity interest in joint venture. Capital assets, net of accumulated depreciation, increased as a result of the City's investment in buildings and infrastructure exceeding depreciation expense.

The fluctuations in deferred outflows and deferred inflows of resources related to pensions and OPEB are due to the net difference between projected and actual investment earnings on pension plan investments and changes in assumptions.

# CITY OF ITHACA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

Included in current liabilities are bond anticipation notes (BANs) payable of \$23,089,539, the current portion of long-term liabilities of \$6,671,037, and various payables of \$8,222,126. Current liabilities increased largely because more BANs were issued in 2020 compared to 2019. Noncurrent liabilities consist of bonds payable of \$92,859,966, compensated absences of \$3,076,139, other postemployment benefits payable of \$210,863,908, pension liabilities of \$31,683,523, and lease obligations of \$495,661. Noncurrent liabilities increased based on the increase in pension liabilities and other postemployment benefits.

Net investment in capital assets increased due to the change in capital-related debt and the use of proceeds of that debt exceeding the change in capital assets. Restricted net position consists of \$3,687,440 for debt service, \$8,316,698 for home and community service programs, \$4,579,629 for future capital projects, and \$25,337 for cultural and recreational programs.

Figure 2 demonstrates the operations of the City's activities.

*Figure 2*

<i>Changes in Net Position</i>	<i>Governmental Activities and Total Government</i>		<i>Dollar Change</i>
	<i>2020</i>	<i>2019</i>	
<b>REVENUES</b>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 24,237,314	\$ 26,959,313	\$ (2,721,999)
<i>Operating Grants and Contributions</i>	2,795,596	3,294,741	(499,145)
<i>Capital Grants and Contributions</i>	6,569,074	5,570,955	998,119
<i>General Revenues:</i>			
<i>Property Taxes and Tax Items</i>	26,374,594	25,443,669	930,925
<i>Nonproperty Taxes</i>	13,590,512	15,867,676	(2,277,164)
<i>State Sources</i>	3,270,076	3,479,448	(209,372)
<i>Use of Money and Property</i>	283,177	578,997	(295,820)
<i>Change in Equity Interest in Joint Venture</i>	743,308	322,330	420,978
<i>Other</i>	2,445,600	1,302,604	1,142,996
<b>Total Revenues</b>	<b>\$ 80,309,251</b>	<b>\$ 82,819,733</b>	<b>\$ (2,510,482)</b>
<b>PROGRAM EXPENSES</b>			
<i>General Governmental Support</i>	10,537,691	11,193,889	(656,198)
<i>Public Safety</i>	30,597,565	28,736,057	1,861,508
<i>Transportation</i>	11,691,494	10,210,610	1,480,884
<i>Economic Assistance and Opportunity</i>	61,000	61,000	-
<i>Culture and Recreation</i>	8,443,774	12,754,077	(4,310,303)
<i>Home and Community Services</i>	19,923,181	18,433,049	1,490,132
<i>Interest on Debt</i>	3,623,868	4,145,747	(521,879)
<b>Total Expenses</b>	<b>\$ 84,878,573</b>	<b>\$ 85,534,429</b>	<b>\$ (655,856)</b>
<b>(DECREASE) IN NET POSITION</b>	<b>\$ (4,569,322)</b>	<b>\$ (2,714,696)</b>	<b>\$ (1,854,626)</b>

# CITY OF ITHACA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

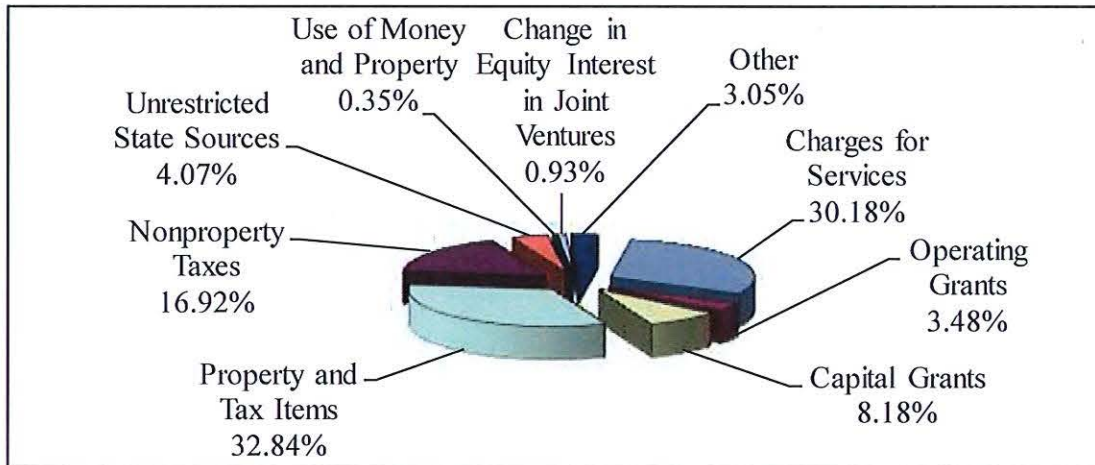
### Governmental Activities

Charges for services showed a decrease due to decreased charges for one hour parking and recreational permits. Capital grants and contributions increased due to increased DASNY funding in 2020 compared to 2019.

Property tax and tax items increased 3.7% compared to an increase of 3.2% in 2019. Nonproperty taxes decreased 14.4% due to lower sales tax caused by the effects of COVID-19. The decrease in state sources is due to a more stagnant housing market for COVID-19, which led to a decrease in mortgage tax revenue. The change in the City's equity interest in joint ventures is dependent on those entities' yearly operating results. See Note 14 for more information about the City's joint ventures.

Public safety expenses increased over the prior year due to increased costs associated with fire protection and dog control. Transportation expenses increased due to increased spending on the maintenance of roads and bridges. Culture and recreation expenses were down due to a decrease in youth services and recreation due to COVID-19. Interest on debt decreased as a result of changes in the amortization of debt service.

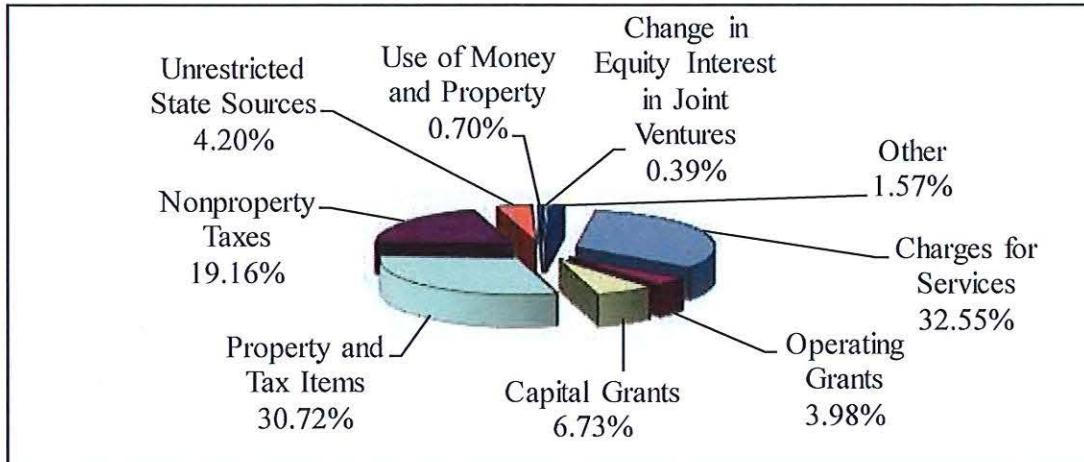
*Figure 3  
Revenue by Source - 2020*



# CITY OF ITHACA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

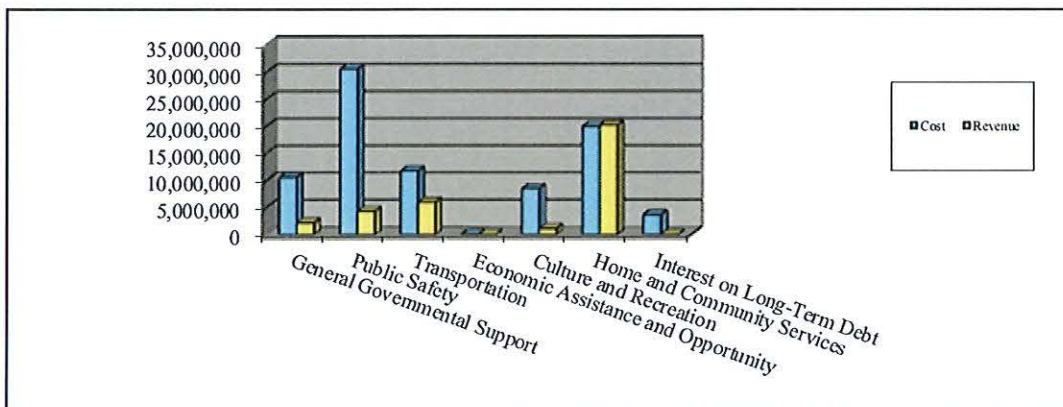
### Revenue by Source - 2019



The cost of all Governmental Activities in 2020 in the Statement of Activities was \$84,878,573. However, as shown in the Statement of Activities, the amount ultimately financed for these activities through City property and payments in lieu of taxes was \$51,276,589, because some of the cost was paid by those who directly benefited from the programs (\$24,237,314) or by other governments and organizations that subsidized certain programs with grants and contributions (\$9,364,670). Overall, City governmental program revenues, including fees for services and grants, were \$33,601,984. The City paid for the remaining “public benefit” portion of Governmental Activities with \$46,707,267 in taxes and other revenues, such as interest and general entitlements.

Total cost and revenue comparison of the Governmental Activities for each of the City’s largest programs is presented below. Note that the City’s home and community service activities, which provide water and sewer services, include debt service costs in their fee structures. Because debt service costs are not expenses of this function, excess revenue generated by these activities is used to make debt principal and interest payments.

**Figure 4**  
**Program Cost and Revenue Comparison - Governmental Activities**  
**2020**

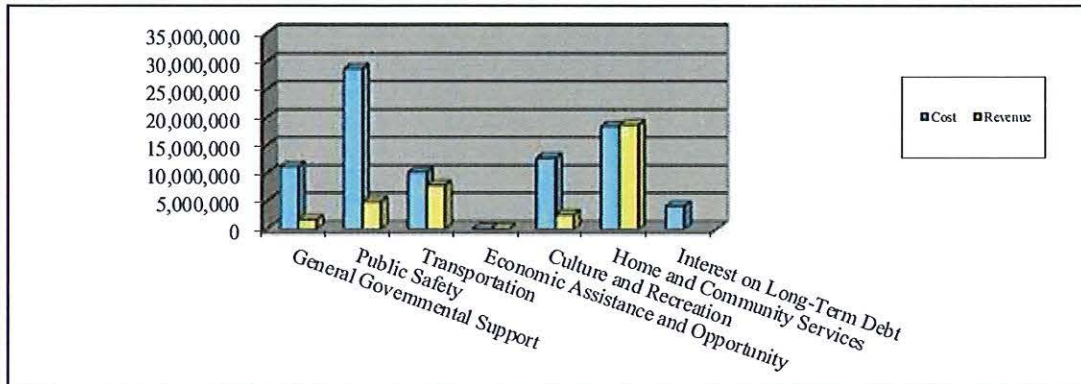




# CITY OF ITHACA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

### Program Cost and Revenue Comparison - Governmental Activities 2019



### THE CITY'S FUNDS

As the City completed the year, its Governmental Funds, as presented in the balance sheets on page 7, reported a combined fund balance less than last year's total, primarily as a result of the issuance of additional short-term debt in the Capital Fund.

Figure 5 shows changes in fund balance for the year for the City's funds.

**Figure 5**  
**Governmental Funds**  
**Fund Balance at Year Ending December 31,**

Governmental Fund Balances	Governmental Activities and Total Government		Dollar Change
	2020	2019	
General Fund	\$ 10,547,949	\$ 10,617,384	\$ (69,435)
Special Grant Fund	1,787,174	1,249,916	537,258
Capital Projects Fund	11,935,412	17,720,798	(5,785,386)
<i>Non-Major Funds:</i>			
Water Fund	4,728,483	4,003,882	724,601
Sewer Fund	6,481,995	6,902,758	(420,763)
Refuse and Garbage Fund	(403,294)	(379,152)	(24,142)
Urban Renewal Agency Fund	125,000	125,000	-
Misc. Special Revenue Fund	25,337	25,253	84
Sidewalk Improvement District Fund	518,280	461,843	56,437
Stormwater Drainage Fund	499,719	479,409	20,310
Debt Service Fund	3,687,440	3,602,000	85,440
Permanent Fund	48,992	48,711	281
<b>Totals</b>	<b>\$ 39,982,487</b>	<b>\$ 44,857,802</b>	<b>\$ (4,875,315)</b>

# CITY OF ITHACA

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

### General Fund Budgetary Highlights

Over the course of the year, the Common Council as well as the management of the City revised the City General Fund budget several times. These budget amendments consist of transfers between functions, encumbrances from the prior fiscal year, and acceptance of grant awards.

Revenue available for appropriation was less than the final budgeted amount by \$4,592,464. Transfers in were budgeted for \$2,108,642; however, only \$806,277 was actually transferred. The actual charges to appropriations (expenditures) were below the final budget amounts by \$6,211,177.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At December 31, 2020, the City had \$369,864,418, net of accumulated depreciation of \$178,026,979, invested in a broad range of capital assets, including buildings, machinery and equipment, roads and bridges. This amount represents a net increase (including additions of \$17,254,862 and depreciation expense of \$10,661,499) over 2019.

*Figure 6  
Capital Assets, Net of Depreciation*

	<i>Governmental Activities and Total Government</i>		<i>Dollar Change</i>
	<i>2020</i>	<i>2019</i>	
<i>Land</i>	\$ 12,058,257	\$ 12,058,257	\$ -
<i>Buildings and Improvements</i>	49,489,397	50,947,517	(1,458,120)
<i>Equipment</i>	9,107,645	8,905,466	202,179
<i>Infrastructure</i>	121,182,140	113,332,836	7,849,304
<b><i>Totals</i></b>	<b>\$ 191,837,439</b>	<b>\$ 185,244,076</b>	<b>\$ 6,593,363</b>

#### Debt Administration

Debt (bonds, BANs, and lease obligations payable), considered a liability of Governmental Activities, increased over the prior year, as shown in *Figure 7*. Of the amount of bonds, BANs, and capital leases outstanding, \$117,398,002 is subject to the constitutional debt limit and represented 88% of the City's statutory debt limit. The City's bond rating was assigned an Aa2 by Moody's. More detailed information about the City's liabilities is presented in Notes 9 and 10 to the financial statements.

*Figure 7  
Outstanding Debt at Year Ended*

	<i>Governmental Activities and Total Government</i>		<i>Dollar Change</i>
	<i>2020</i>	<i>2019</i>	
<i>BANs</i>	\$ 23,089,539	\$ 11,948,132	\$ 11,141,407
<i>Serial Bonds</i>	99,113,200	105,655,639	(6,542,439)
<i>Lease Obligation Payable</i>	793,542	1,081,423	(287,881)
<b><i>Totals</i></b>	<b>\$ 122,996,281</b>	<b>\$ 118,685,194</b>	<b>\$ 4,311,087</b>

# *CITY OF ITHACA*

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City considered many factors when developing and adopting the budget for fiscal year ending December 31, 2021. Two of these factors were state and local economies. The unemployment rate in Tompkins County continues to be the lowest in the state. However, the City and State are expecting a difficult and uncertain economic environment for the next few years mostly related to COVID-19 impacts. In addition, New York State retirement costs continue to be high, although lower rates are forecast for the short-term. Higher health care costs, a high debt load and related debt service costs, higher labor costs, uncertain sales tax collections, heavy infrastructure needs, and level state aid payments are all factors that will strain future budgets. Projects inside the City slated for development continue to be active, which continues to be a positive sign for the future. While it will take time to complete these projects, future development and related property taxes for the City look strong in the near term.

The following is a summary of currently known facts, decisions, or conditions expected to have a significant effect on the City's financial position:

- **Sales Tax:** We continue to see strong commercial development even with COVID-19. COVID-19 did negatively impact our 2020 sales tax revenues. However, sales tax collections rebounded better than anticipated in 2021. Our original budget for 2021 was \$13,843,000. Our 2021 estimate for sales tax collections is \$15,748,000. The increase of \$1,905,000 is most likely related to post COVID-19 impacts on our local economy. Consumers had greater availability to stimulus funding. In addition, prices for goods started to climb at the end of 2021. In our 2022 budget for sales tax, we estimated to collect \$14,932,000. We budgeted more conservatively in this area due to the many uncertainties facing the economy, including inflation, supply chain and staffing issues. We are hopeful that the increasing activity of development inside the City will outpace the uncertainty of the economy and be reflective in a continued higher sales tax collection trend.
- **Taxable Assessments/Tax Rates:** Based on the continued increase in development in the City and an active housing market, we expect to see increasing assessments over the next few years. 2021 taxable assessments will increase by 7.21%, and 2022 taxable assessments are expected to increase by 0.61%. Assessments are slowly shifting from residential to commercial. Our tax rate for 2021 increased to \$11.85 per \$1,000 assessed value. The 2022 tax rate increased to \$11.89 per \$1,000 assessed value.
- **Building Permits:** In 2021, we budgeted \$2,785,000 in building permit revenue. We collected \$1,681,000 in building permits during 2021. Our 2022 budget for building permits is \$2,070,000. Development is strong in the Collegetown area and is picking up in the inlet area of the City. In addition, Cornell University is becoming active with projects again. This is a difficult revenue to budget as it is dependent on projects outside the City's control. We anticipate building permit revenue to continue to be active through 2023 and then we do expect this revenue source to slow down within three to five years. COVID-19 has impacted the development activity in the City with delaying some projects and increasing overall project costs for other projects.

# *CITY OF ITHACA*

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

- **Cornell University Contribution:** The City and Cornell University signed an amended memorandum of understanding in November 2003 related to Cornell University's annual contribution to the City. The current memorandum runs through 2023-2024. Cornell University contributions are now adjusted by the Consumer Price Index (CPI). The total 2021 contribution increased by 1.4% due to a positive and increasing CPI. The 2021 contribution was \$1,419,333. 60% of the contribution is allocated to fire services to help offset the fire department's operational costs. Our 2022 estimate reflects a 2% increase in the contribution.
- **Employee Pension Rates:** Our 2021 employee retirement pension actual amount is \$5,269,161, which is fully budgeted. This represents an approximate \$295,333 increase from 2020 contribution levels. New York pension rates are expected to remain high for the next few years. Overall, the City expects current staffing levels to remain steady in the near future with increasing labor costs. In addition, the City expects a fairly significant staff turnover in the next five years due to an aging workforce.
- **Health Insurance Costs:** Health Insurance costs continue to increase. The estimated premium cost for health insurance is expected to increase 5% in 2022 but will be partially offset by employee contributions. Our premium rates increased 5% in 2021. 2021 health insurance premium claim costs will exceed \$14 million prior to employee contributions. We continue to participate in a health insurance consortium which has, and will, stabilize our premium rates for the future. We continue to look at various opportunities to make changes to our current health plan in hopes of realizing further cost savings and cost control measures. Our participation in the consortium has saved the City significant premium cost since its establishment in 2011. The Affordable Care Act has increased our health costs and will continue to impact costs moving forward. Due to strong financial performance, the consortium was able to give a premium holiday for December 2020. As a result, the consortium did not bill premium for December and total premium claim costs totaled under \$13 million for 2020. Both the City and the employees benefited from the holiday.
- **State Revenue Aid:** New York State cut the City's annual state general revenue aid in the early 1990s by over \$1 million. Since that time the City has struggled to recover financially. Aid payment to the City remained fairly constant until 2005 when general revenue aid started increasing. Although the State promised increased aid to municipalities for several more years, the weaker economy has made it impossible for the state to keep that promise. State aid began decreasing in 2009 and is expected to remain flat or decrease over the next few years. In 2020, due to COVID-19 impacts, the state originally withheld 20% from our expected amount of \$2,610,000 for the City. However, in the end New York State did allocate the full 20% to the City. The state again proposed a 20% withholding of state aid for 2021, but did fully fund our aid at \$2,610,000. In 2022, we budgeted for the full \$2,610,000 state aid payment from the state. If you consider inflation over time, our aid payment should be approximately \$5,400,000 in 2021. We believe New York State needs to adjust the aid formula to account for tax exempt property and inflation.

# *CITY OF ITHACA*

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

- **Debt Service Costs:** The debt load for the City continues to be high. Our outstanding debt, including installment debt, at December 31, 2021 will be \$145,416,279. Recent large projects include the Water Treatment Plant rebuild, completed in 2018, the Commons Pedestrian Mall Improvement Project, and various upgrades to the Wastewater Treatment Facility. We have leveraged large amounts of state and federal aid for many of the City's more recent projects, including the Commons, Wastewater, and various Bridge and Street Projects. This aid has helped keep the City's overall project cost as low as possible. Larger capital projects facing the City in the next few years include upgrades to many of the City's buildings; including parking garage structures and city infrastructure. We continue to work on reducing our overall debt load. However, with many infrastructure improvements necessary in the City and the on-going need to limit tax rate growth, reducing debt will be a challenge.
- **Cayuga Parking Garage:** Under a complex agreement, the City is obligated to pay the deficit of operations related to the Cayuga Street Parking Garage. The Project had a total construction cost of \$19 million. The outstanding bonds for the garage at December 31, 2021 will be \$9,385,000. The bonds will mature in 2030. The 2021 annual appropriation for the garage is \$1,050,000. This is the same amount paid in 2020.
- **Tax Exempt Property:** The City has an exceptionally high exempt property rate, primarily related to Cornell University. Since 1991, the tax-exempt rate in the City has ranged from 56% to 72%. For 2021, the percentage of tax-exempt property inside the City is 59.51%. The 2022 tax exempt rate will be approximately 59%. As a result of the high rate, the remaining tax base must pick up a majority of the overall City operating costs. The City continues to discuss this issue with both Cornell University and New York State to find some mitigation to the problem. However, this ongoing issue leaves the City with a higher tax rate.
- **Economy:** The national, state, and local economies will continue to have various impacts on the City's financial status moving forward. With continued uncertain times, both positive and negative impacts can be expected. The local economy is currently a bit stronger than it has been in recent years. We are working hard to develop a sustainable financial plan for the City that will allow us to maintain a solid financial base during future uncertain economic times. The COVID-19 impacts have been significant to our revenue sources such as sales tax and parking revenue and now are impacting our expenses with higher pricing, supply chain issues and various staffing issues. We expect the COVID-19 impact to linger on the local economy for a few years.
- **Labor Units:** The City has six total labor units; CSEA Administrative, CSEA DPW, Ithaca Paid Firefighters Association (IPFFA), IFD Chief Officers Unit (COU), Police Benevolent Association (PBA), and the Executive Association. In 2021, we have current agreements in place with CSEA Admin and the Executive Association. At the end of 2021, the City and PBA came to a binding arbitration contract award for the years 2014 - 2023. Retroactive payments for the PBA contract will take place in 2022. During 2021 and 2022, we are still in negotiations with the CSEA DPW Unit, IPFFA, COU, and Executive Association. Labor costs will have a significant impact on future City expenses.

# *CITY OF ITHACA*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

- **Property Tax Cap:** New York State has imposed a property tax cap on all of the State's municipalities. The tax cap limits the total tax levy set by local governments. The cap is the lesser of 2% or the current rate of inflation. The 2022 property cap for the City will be in the range of 9.5%, which is higher than the 2020 cap. This property tax cap puts a limit on the City's largest revenue source, property taxes. The cap can be exceeded by an override approval by 60% of the governing body.
- **American Rescue Plan Act (ARPA):** The Act was signed into law on March 11, 2021 and provides funds to municipalities for COVID-19 fiscal recovery. The City is considered an Entitlement City under the Act and will receive \$16,092,137 in funds under the Act. The funds are restrictive in nature and must be fully expended by December 31, 2026. The City will receive the funds in two payments of equal value, one in May 2021 and the other one in May of 2022. As the funding is one-time funding, the City will carefully expend the funds over the next few years with long-term investments in mind.
- **Room Tax:** The City established a new Hotel Room Occupancy Tax Law in earlier 2021 to support the new Conference Center located at the western part of the old Green Street Parking Garage. The Conference Center, which is part of the Asteri Ithaca Project, will begin construction in 2022 and be completed in 2024. The new 5% Room Tax is for lodging properties located in the City of Ithaca and collection of the tax will begin April 1, 2021. Room tax revenue is expected to bring in approximately \$1,230,000 in 2022.
- **Asteri Ithaca Project:** As part of a revitalization of Ithaca's downtown area, the Vecino Group is the developer of the new parking garage, conference center, and affordable housing project to be located at the former site of the Green Street Parking Garage. The development will include a 55,000 square foot Conference Center, 181 units of affordable housing, and 350 public parking spaces. The financing agreement for the parking, cost \$14,965,000, will be a similar agreement to the Cayuga Parking Garage agreement, except that the City will operate and maintain the garage. An annual appropriation will be needed to support the garage operations. The Conference Center, cost \$34,505,000, will be supported by the City's 5% room tax and backed by the City.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact Steven P. Thayer, City Controller, First Floor, City Hall, 108 East Green Street, Ithaca, New York 14850.

# CITY OF ITHACA

## STATEMENT OF NET POSITION DECEMBER 31, 2020

	Primary Government Governmental Activities	Component Unit Ithaca Area Wastewater Treatment Facility
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 30,319,292	\$ 3,931,913
Restricted Cash and Cash Equivalents	16,883,915	1,841,308
Investments	1,739,836	-
Taxes Receivable, Net	993,899	-
Due From State and Federal Governments	6,976,693	-
Due From Other Governments	1,483,777	197,947
Other Receivables, Net	3,632,401	87,377
Loans Receivable, Short-Term Portion	250,000	-
Inventory	1,079,414	-
Prepaid Expenses	1,214,131	29,326
<b>Total Current Assets</b>	<b>64,573,358</b>	<b>6,087,871</b>
<b>Noncurrent Assets</b>		
Restricted Cash and Cash Equivalents	6,418,795	251,767
Loans Receivable, Long-Term Portion	6,230,532	-
Equity Interest in Joint Ventures	12,757,356	-
Capital Assets:		
Land and Construction in Progress	12,058,257	7,000
Depreciable Capital Assets, Net	179,779,182	29,708,522
<b>Total Noncurrent Assets</b>	<b>217,244,122</b>	<b>29,967,289</b>
<b>Total Assets</b>	<b>281,817,480</b>	<b>36,055,160</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charge on Refunding	1,195,319	-
Pensions	22,719,329	568,416
Other Postemployment Benefits	34,564,518	590,091
<b>Total Deferred Outflows of Resources</b>	<b>58,479,166</b>	<b>1,158,507</b>

*See Notes to Financial Statements*

# CITY OF ITHACA

## STATEMENT OF NET POSITION (Continued) DECEMBER 31, 2020

	Primary Government Governmental Activities	Component Unit Ithaca Area Wastewater Treatment Facility
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 4,590,708	\$ 1,873,528
Accrued Liabilities	46,392	-
Due to Other Governments	1,345,326	417,633
Bond Anticipation Notes Payable	23,089,539	7,292,685
Accrued Interest Payable	1,601,055	812,900
Other	638,645	1,200
<b>Current Portion of Long-Term Liabilities</b>		
Bonds Payable	6,253,234	575,322
Lease Obligations Payable	297,881	-
Compensated Absences	119,922	-
<b>Total Current Liabilities</b>	<b>37,982,702</b>	<b>10,973,268</b>
<b>Long-Term Liabilities</b>		
Bonds Payable	92,859,966	14,984,131
Lease Obligations Payable	495,661	-
Other Postemployment Benefits Liability	210,863,908	2,979,337
Net Pension Liability - Proportionate Share	31,683,523	799,320
Compensated Absences	3,076,139	-
<b>Total Long-Term Liabilities</b>	<b>338,979,197</b>	<b>18,762,788</b>
<b>Total Liabilities</b>	<b>376,961,899</b>	<b>29,736,056</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	1,120,036	25,178
Other Postemployment Benefits	24,514,986	326,616
Deferred Charge on Refunding	-	7,459
<b>Total Deferred Inflows of Resources</b>	<b>25,635,022</b>	<b>359,253</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	85,090,329	8,704,692
Restricted, Nonexpendable, for Home and Community Services	48,992	-
Restricted, Expendable, for Home and Community Services	8,267,706	-
Restricted, Expendable, for Capital	4,579,629	251,767
Restricted, Expendable, for Culture and Recreation	25,337	-
Restricted, Expendable, for Debt	3,687,440	-
Unrestricted (Deficit)	(163,999,708)	(1,838,101)
<b>Total Net Position (Deficit)</b>	<b>\$ (62,300,275)</b>	<b>\$ 7,118,358</b>

*See Notes to Financial Statements*



# CITY OF ITHACA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Ithaca Area Wastewater Treatment Facility
<b>Primary Government</b>						
<b>Governmental Activities</b>						
General Governmental Support	\$ 10,537,691	\$ 464,915	\$ 1,691,269	\$ -	\$ (8,381,507)	\$ -
Public Safety	30,597,565	4,167,849	106,155	-	(26,323,561)	-
Transportation	11,691,494	2,019,806	-	3,914,599	(5,757,089)	-
Economic Assistance and Opportunity	61,000	-	-	-	(61,000)	-
Culture and Recreation	8,443,774	977,705	104,693	-	(7,361,376)	-
Home and Community Services	19,923,181	16,607,039	893,479	2,654,475	231,812	-
Interest on Debt	3,623,868	-	-	-	(3,623,868)	-
<b>Total Governmental Activities</b>	<b>\$ 84,878,573</b>	<b>\$ 24,237,314</b>	<b>\$ 2,795,596</b>	<b>\$ 6,569,074</b>	<b>(51,276,589)</b>	<b>-</b>
<b>Component Unit</b>						
Ithaca Area Wastewater Treatment Facility	\$ 6,033,898	\$ 3,644,496	\$ 1,147,585	\$ 15,000		(1,226,817)
<b>Total Component Units</b>	<b>\$ 90,912,471</b>	<b>\$ 3,644,496</b>	<b>\$ 3,943,181</b>	<b>\$ 6,584,074</b>	<b>(51,276,589)</b>	<b>(1,226,817)</b>
<b>GENERAL REVENUES</b>						
Real Property Taxes					25,320,981	-
Real Property Tax Items					1,053,613	-
Nonproperty Tax Items					13,590,512	-
Use of Money and Property					283,177	7,571
Sale of Property and Compensation for Loss					150,368	4,326
Miscellaneous Local Sources					2,295,232	1,080
State Sources					3,270,076	-
Change in Equity Interest in Joint Ventures					743,308	-
<b>Total General Revenues and Contributions</b>					<b>46,707,267</b>	<b>12,977</b>
Change in Net Position					(4,569,322)	(1,213,840)
Net Position (Deficit) - Beginning					(57,730,953)	8,332,198
<b>Net Position (Deficit) - Ending</b>					<b>\$ (62,300,275)</b>	<b>\$ 7,118,358</b>

*See Notes to Financial Statements*

# CITY OF ITHACA

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2020

	Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
	General	Special Revenue Funds Special Grant Fund	Capital Projects Fund		
<b>ASSETS</b>					
Cash and Cash Equivalents - Unrestricted	\$ 10,150,446	\$ 89,542	\$ 17,526,472	\$ 2,552,832	\$ 30,319,292
Cash and Cash Equivalents - Restricted	365,779	1,787,174	16,249,171	4,900,586	23,302,710
Temporary Investments	1,739,836	-	-	-	1,739,836
Taxes Receivable, Net	993,899	-	-	-	993,899
Due From Other Funds	1,145,694	-	784,503	9,503,810	11,434,007
Due From State and Federal Governments	1,451,043	-	5,511,282	14,368	6,976,693
Due From Other Governments	1,396,385	-	8,000	79,392	1,483,777
Other Receivables, Net	613,314	20,498	55,652	2,942,937	3,632,401
Inventory	348,580	-	-	730,834	1,079,414
Prepaid Expenses	1,040,995	-	-	173,136	1,214,131
Loans Receivable, Net	-	6,480,532	-	-	6,480,532
<b>Total Assets</b>	<b>\$ 19,245,971</b>	<b>\$ 8,377,746</b>	<b>\$ 40,135,080</b>	<b>\$ 20,897,895</b>	<b>\$ 88,656,692</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 242,194	\$ 109,131	\$ 1,240,705	\$ 2,998,678	\$ 4,590,708
Accrued Liabilities	45,483	909	-	-	46,392
Due to Other Funds	5,638,655	-	4,141,806	1,653,546	11,434,007
Due to Other Governments	1,056,683	-	-	288,643	1,345,326
Bond Anticipation Notes Payable	-	-	22,817,157	-	22,817,157
Compensated Absences	119,922	-	-	-	119,922
Other Liabilities	601,186	-	-	37,459	638,645
<b>Total Liabilities</b>	<b>7,704,123</b>	<b>110,040</b>	<b>28,199,668</b>	<b>4,978,326</b>	<b>40,992,157</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	993,899	6,480,532	-	207,617	7,682,048
<b>FUND BALANCES</b>					
<b>Fund Balances</b>					
Nonspendable	1,389,575	-	-	952,962	2,342,537
Restricted	365,779	1,787,174	11,935,412	7,926,627	22,014,992
Assigned	3,553,708	-	-	7,240,660	10,794,368
Unassigned	5,238,887	-	-	(408,297)	4,830,590
<b>Total Fund Balances</b>	<b>10,547,949</b>	<b>1,787,174</b>	<b>11,935,412</b>	<b>15,711,952</b>	<b>39,982,487</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 19,245,971</b>	<b>\$ 8,377,746</b>	<b>\$ 40,135,080</b>	<b>\$ 20,897,895</b>	<b>\$ 88,656,692</b>

*See Notes to Financial Statements*

# CITY OF ITHACA

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2020

**Total Governmental Fund Balances** **\$ 39,982,487**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets	\$ 369,864,418	
Accumulated Depreciation	<u>(178,026,979)</u>	191,837,439

Equity interests in joint ventures are not reported in the fund financial statements because they do not represent current resources. These are the investments in the City's joint ventures.		12,757,356
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		7,682,048
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The City's proportionate share of the collective net pension liability is not reported in the Governmental Funds.		
Net Pension Liability - Proportionate Share		(31,683,523)

Deferred outflows of resources represent a consumption of net position that applies to future periods and, therefore, are not reported in the Governmental Funds. Deferred inflows of resources represent an acquisition of net position that applies to future periods and, therefore, are not reported in the Governmental Funds.

Deferred Charge on Refunding	\$ 1,195,319	
Deferred Outflows of Resources - Pensions	22,719,329	
Deferred Inflows of Resources - Pensions	(1,120,036)	
Deferred Outflows of Resources - Other Postemployment Benefits	34,564,518	
Deferred Inflows of Resources - Other Postemployment Benefits	<u>(24,514,986)</u>	32,844,144

Certain accrued expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in Governmental Funds.

Accrued Interest Payable	\$ (1,601,055)	
Premium on BANs	(272,382)	
Other Postemployment Benefits Payable	(210,863,908)	
Compensated Absences	<u>(3,076,139)</u>	(215,813,484)

Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.		(99,113,200)
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Lease obligations payable are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(793,542)</u>
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**Net Position (Deficit) of Governmental Activities** **\$ (62,300,275)**

*See Notes to Financial Statements*

# CITY OF ITHACA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Funds Special Grant Fund	Capital Projects Fund		
<b>REVENUES</b>					
Real Property Taxes	\$ 24,437,830	\$ -	\$ -	\$ -	\$ 24,437,830
Real Property Tax Items	1,053,613	-	-	-	1,053,613
Nonproperty Tax Items	13,590,512	-	-	877,676	14,468,188
Departmental Income	2,768,911	-	-	14,691,549	17,460,460
Intergovernmental Charges	4,239,722	-	-	16,858	4,256,580
Use of Money and Property	252,524	3,114	-	33,014	288,652
Licenses and Permits	2,228,306	-	-	51,562	2,279,868
Fines and Forfeitures	465,214	-	-	-	465,214
Sale of Property and Compensation for Loss	221,345	-	7,700	21,743	250,788
Miscellaneous Local Sources	1,632,172	1,307,593	1,013,354	1,000	3,954,119
Interfund Revenues	1,020,000	-	-	23,420	1,043,420
State Sources	3,472,487	-	2,951,573	-	6,424,060
Federal Sources	94,849	892,279	3,388,849	-	4,375,977
<b>Total Revenues</b>	<b>55,477,485</b>	<b>2,202,986</b>	<b>7,361,476</b>	<b>15,716,822</b>	<b>80,758,769</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General Governmental Support	6,539,097	-	-	1,312,419	7,851,516
Public Safety	14,291,486	-	-	-	14,291,486
Transportation	4,990,943	-	-	-	4,990,943
Economic Assistance and Opportunity	61,000	-	-	-	61,000
Culture and Recreation	4,392,337	-	-	-	4,392,337
Home and Community Services	1,675,794	2,195,728	-	8,366,664	12,238,186
Employee Benefits	16,859,148	-	-	2,025,724	18,884,872
<b>Debt Service</b>					
Principal	5,272,788	-	-	1,991,073	7,263,861
Interest	2,240,604	-	-	1,881,076	4,121,680
Capital Outlay	-	-	12,494,081	-	12,494,081
<b>Total Expenditures</b>	<b>56,323,197</b>	<b>2,195,728</b>	<b>12,494,081</b>	<b>15,576,956</b>	<b>86,589,962</b>
Excess of Revenues (Expenditures)	(845,712)	7,258	(5,132,605)	139,866	(5,831,193)
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers In	806,277	-	-	30,000	836,277
Interfund Transfers (Out)	(30,000)	-	(806,277)	-	(836,277)
Premiums on Obligations	-	-	-	272,382	272,382
BANs Redeemed From Appropriations	-	530,000	153,496	-	683,496
<b>Total Other Financing Sources (Uses)</b>	<b>776,277</b>	<b>530,000</b>	<b>(652,781)</b>	<b>302,382</b>	<b>955,878</b>
Net Changes in Fund Balances	(69,435)	537,258	(5,785,386)	442,248	(4,875,315)
Fund Balances, Beginning	10,617,384	1,249,916	17,720,798	15,269,704	44,857,802
<b>Fund Balances, Ending</b>	<b>\$ 10,547,949</b>	<b>\$ 1,787,174</b>	<b>\$ 11,935,412</b>	<b>\$ 15,711,952</b>	<b>\$ 39,982,487</b>

*See Notes to Financial Statements*

# CITY OF ITHACA

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (4,875,315)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the sale of capital assets increase financial resources. The net effect is a loss on sale of capital assets on the Government-wide Statement of Activities vs. proceeds from the sale of capital assets on the Governmental Fund financial statements. This is the amount by which capital outlay exceeded depreciation expense and disposals in the current period.

Capital Outlay, Net of Disposals	\$ 17,254,862	
Depreciation Expense	<u>(10,661,499)</u>	\$ 6,593,363

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	10,553
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Equity interests in joint ventures are not reported in the fund financial statements because they do not represent current resources. This is the change in investment in the City's joint ventures.	743,308
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Certain amounts are accrued in the Statement of Net Position but not in the Governmental Funds because they are not due and payable. This is the change in such accruals.	940,327
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Changes in the City's proportionate share of net pension liabilities have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the City's deferred outflows and deferred inflows related to pensions do not affect current financial resources and are, also, not reported in the Governmental Funds.

Deferred Inflows of Resources - Pensions	\$ 2,333,691	
Deferred Outflows of Resources - Pensions	14,055,305	
Deferred Outflows of Resources - Other Postemployment Benefits	19,464,293	
Deferred Inflows of Resources - Other Postemployment Benefits	2,572,672	
Net Pension Liability - Proportionate Share	<u>(22,429,994)</u>	15,995,967

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which the issuance of new debt and BANs redeemed exceeded repayment of debt principal.

BANs Redeemed From Appropriations	\$ (683,496)	
Premium on Debt Issued	(272,382)	
Principal Payments	<u>7,263,861</u>	6,307,983

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.

Change in Accrued Interest Payable	\$ 228,832	
Change in Compensated Absences	(163,888)	
Change in Other Postemployment Benefits Payable	(30,619,432)	
Amortization of Premium and Deferred Amounts on Refunding of Serial Bonds	78,701	
Amortization of Premium on Bond Anticipation Notes	<u>190,279</u>	<u>(30,285,508)</u>

Change in Net Position of Governmental Activities	<u>\$ (4,569,322)</u>
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*See Notes to Financial Statements*

# ***CITY OF ITHACA***

## **STATEMENT OF FIDUCIARY NET POSITION DECEMBER 31, 2020**

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and Cash Equivalents - Unrestricted	<u>\$ 774,821</u>
<b>Total Assets</b>	<u><u>\$ 774,821</u></u>
<b>NET POSITION</b>	
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 774,821</u>
<b>Total Net Position</b>	<u><u>\$ 774,821</u></u>

*See Notes to Financial Statements*

# *CITY OF ITHACA*

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Miscellaneous	<u>\$ 162,273</u>
<b>Total Additions</b>	<u>162,273</u>
<b>DEDUCTIONS</b>	
Custodial Activities	<u>42,741</u>
<b>Total Deductions</b>	<u>42,741</u>
Change in Net Position	<u>119,532</u>
Net Position - Beginning of Year, as Restated	<u>655,289</u>
<b>Net Position - End of Year</b>	<u><u>\$ 774,821</u></u>

*See Notes to Financial Statements*

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

***Note 1*** **Summary of Significant Accounting Policies**

The financial statements of the City of Ithaca (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Financial Reporting Entity**

The City, which was established in 1888, is governed by its Charter, General City Law and other general laws of the State of New York and various local laws. The Common Council is the legislative body responsible for overall operations; the Mayor serves as chief executive officer, and the Controller serves as the chief fiscal officer.

The following basic services are provided: public safety (police and fire), highways and streets, sanitation, health, culture and recreation, public improvements, planning and zoning, and general administration.

All Governmental Activities and functions performed for the City are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended.

- The primary government, which is the City;
- Organizations for which the primary government is financially accountable; and
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended by GASB Statements No. 39, and No. 85 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following has been included in the City's reporting entity.



# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Financial Reporting Entity - Blended Component Unit**

##### **Ithaca Urban Renewal Agency**

Based on the foregoing criteria and the significant factors presented below, the Ithaca Urban Renewal Agency (the Agency) is included in the reporting entity and is reflected as such as blended component unit in the financial statements, reported as a special revenue fund. The Agency is a public benefit corporation established in 1965 as an urban renewal agency. The Agency has a corporate identity separate from the City and is independently funded, but works in close conjunction with the City to revitalize urban neighborhoods and strengthen the local economy. The Agency is composed of the Mayor and four members appointed by the Mayor with the concurring approval of the Common Council. The Director of Planning and Development for the City of Ithaca serves as the Executive Director of the Agency.

Through a variety of means, including site acquisition and disposition, the Agency works to implement the Urban Renewal Plan that seeks to stabilize neighborhoods and enhance the vitality of the downtown and community. Through the City, the Agency applies for and receives various grants to address community development needs. On an annual basis, the Agency manages the City's HUD Entitlement Grant award of Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) funds to undertake activities in the areas of housing, community facilities, public services, and economic development that benefit Ithaca's low and moderate-income neighborhoods and households, or eliminate blighting conditions. In addition, the Agency administers various economic development loan programs, the Cherry Street Industrial Park, and leases to facilitate private/public real estate projects. Separate financial statements for the IURA can be obtained by contacting the IURA at 108 East Green Street, Ithaca, NY 14850.

#### **Financial Reporting Entity - Joint Ventures**

##### **Ithaca Area Wastewater Treatment Facility**

In 1981, the City, Town of Ithaca, and Town of Dryden executed an agreement whereby the parties agreed to jointly own and operate a sewage treatment plant and related facilities. Board members of each municipality jointly act as the governing body for the joint venture. The Facility is intended to be self-sustaining. However, any shortfall is to be provided by equal share contributions from the participants. See Note 14 for additional disclosure regarding this joint venture. Because the City holds a majority interest, the Facility is also reported as a discretely presented component unit.

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Financial Reporting Entity - Joint Ventures - Continued**

##### **Tompkins Consolidated Area Transit (TCAT)**

Tompkins Consolidated Area Transit (TCAT) was formed under a consolidation agreement between the City, Tompkins County, and Cornell University effective April 1, 1998. The agreement shall remain in force until October 9, 2021. TCAT began operations on January 1, 1999, with its purpose to provide public transportation in Tompkins County and surrounding areas. As of January 1, 2005, TCAT was reorganized as a 501(c)(3). However, the structure of the Board of Directors (Board), and the interest of each party was not changed. TCAT is governed by a Board of Directors consisting of nine voting members with three members being appointed by each participant in the venture. The General Manager of TCAT is a non-voting ex-officio member of the Board. In addition, the nine voting members of the Board select five additional non-voting, ex-officio members. Interest of each party in surpluses, losses, property, and in debt acquired by TCAT shall be shared equally. Each party makes an annual contribution of equal amounts to the venture. See Note 14 for additional disclosure regarding this joint venture.

##### **Financial Reporting Entity - Related Organizations**

Although the following organizations, functions, or activities are related to the City, they are not included in the City's reporting entity because the City does not meet the criteria for manifestation of oversight as defined by the GASB.

##### **Ithaca Housing Authority**

The Ithaca Housing Authority (Authority) was created pursuant to §447 of the Public Housing Law. Its general purpose is to provide housing for low-income residents of the City. Members of the Board of Commissioners are appointed by the Mayor. Specific reasons for excluding the Authority from the City's reporting entity are as follows: The Authority's Board of Commissioners control employment of personnel; the City cannot significantly influence the Authority's operations; the City has no budgetary authority; the Authority controls surpluses and deficits; the City has no responsibility for the Authority's debt; and the Authority's Board of Commissioners controls fiscal management.

##### **Ithaca City School District**

Essentially, the primary function of the Ithaca City School District (School District) is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function. Specific reasons for excluding the School District from the City's reporting entity are as follows: The City cannot significantly influence the School District's operations; the City has no budgetary authority; the School District controls surpluses and deficits; the City has no responsibility for the School District's debt; and the School District's Board of Education controls fiscal management.

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Basic Financial Statements**

The City's basic financial statements include both Government-wide (reporting the City as a whole) and Governmental Fund financial statements (reporting the City's Major Funds). The Government-wide and Governmental Fund financial statements categorize primary activities as either governmental or business-type. The City's general governmental support, education, public safety, health, transportation, highways and streets, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities.

#### **Basic Financial Statements - Government-Wide Financial Statements**

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government. Government-wide financial statements do not include the activities reported in the Fiduciary Funds. This Government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

In the Government-wide Statement of Net Position, the Governmental Activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted.

The Statement of Activities reports both the gross and net cost for each of the City's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipient of the goods or services offered by the program, grants, and contributions - that are restricted to meeting the program or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the City. The City does not allocate indirect costs. Indirect costs are reported in the function entitled "General Governmental Support." Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

#### **Governmental Fund Financial Statements**

The financial transactions of the City are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflow of resources, reserves, fund equity, revenues, and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The City records its transactions in the funds described as follows.

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Governmental Fund Financial Statements - Continued**

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based on determination of financial position and changes in financial position under the modified accrual basis of accounting. The following funds are the City's Governmental Funds.

#### **Major Funds**

- General Fund - Principal operating fund; includes all operations not required to be recorded in other funds.

#### **Special Revenue Funds**

- Special Grant Fund - Accounts for Community Development Block Grant activities.
- Capital Projects Fund - Accounts for financial resources to be used for the acquisition, construction, or renovation of major capital facilities, or equipment.

#### **Non-Major Funds**

- Special Revenue Funds
  - Water Fund - Accounts for revenues derived from charges for water consumption and the application of such revenues toward related operating expenses and debt retirement.
  - Sewer Fund - Accounts for revenues derived from charges for sewer usage and benefited assessments, and the application of such revenues toward related operating expenses and debt retirement.
  - Refuse and Garbage Fund - Accounts for revenues derived from charges for garbage, refuse, and recycling consumption, and the application of such revenues toward related operating expenses.
  - Urban Renewal Agency Fund - Accounts for money advanced for the Center Ithaca Project.

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Governmental Fund Financial Statements - Continued**

#### **Non-Major Funds - Continued**

- Miscellaneous Fund - Accounts for assets held in the capacity of a trustee for assets to benefit the City's parks program.
- Sidewalk Improvement District Fund - Accounts for revenues derived from property assessments for sidewalk improvement.
- Stormwater Drainage Fund - Accounts for revenues derived from property assessments for water and sewer drainage.
- Debt Service Fund - Accounts for current payments of principal and interest on general obligation debt and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.
- Permanent Fund - Reports all trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The City uses this fund to report funds provided for cemetery maintenance.

#### **Fiduciary Funds**

Fiduciary Fund Types are used to account for assets held by the local government in a trustee or custodial capacity. The following is the City's Fiduciary Fund:

- Custodial Fund - Accounts for money and/or property received and held in the capacity of trustee, custodian, or agent.

#### **Basis of Accounting/Measurement Focus**

Basis of accounting refers to when revenues and expenditures and the related assets, liabilities and deferred inflows of resources are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, such as, expenditures or expenses.

#### **Accrual Basis**

The Government-wide financial statements and Fiduciary Fund financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows, liabilities, and deferred inflows, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Modified Accrual Basis**

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The City considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year. All other revenues deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when received. Exceptions to this general rule are that 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as an expenditure when paid.

#### **Unearned Revenues**

The City reports unearned revenues on its Statement of Net Position. On the Statement of Net Position, unearned revenue arises when resources are received by the City before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the City has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

#### **Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions and Other Postemployment Benefits (OPEB) in the Statements of Net Position. The types of deferred outflows related to pensions and OPEB are described in Notes 8 and 11, respectively. The government also has a deferred charge on refunding reported in the Government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Deferred Outflows and Inflows of Resources - Continued**

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of deferred inflows of resources, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund Balance Sheet. The governmental funds report unavailable revenues from loans receivable, water and sewer rents receivable not collected by year end, and property taxes not received within 60 days after year end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to pensions and OPEB which are described in Notes 8 and 11, respectively.

#### **Inventory**

Inventory is valued at cost utilizing the first-in, first-out method for the General, Water, and Sewer Funds.

#### **Property Taxes**

Real property taxes are levied annually by the City no later than December 31, and become a lien on January 1. City taxes are collected in two installments, the first due in January and the second due in June. The City collects county taxes from January 1 through May 31. Collected county taxes are remitted to the county on a monthly basis.

Unpaid county taxes are enforced pursuant to Article II of Real Property Tax Law. The county retains all right, title, and interest in any unpaid county taxes. Unpaid City taxes and unpaid school taxes plus advertising costs and accrued penalties are foreclosed two years after lien date pursuant to Article II of Real Property Tax Law. Should both the county and the City have liens on a particular property, either may foreclose. The foreclosure is subject to the other's lien. The City and the county, based on the tax liens each holds, share proceeds from the sale of the property.

#### **Receivables**

Property tax receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the City to reimburse it for expenditures incurred pursuant to state and federally funded programs. Other receivables represent amounts owed to the City including sewer rents, water rents, rehabilitation loans, and assessments. No provision has been made for uncollectible accounts reported as other receivables, as it is believed that such amounts would be immaterial. All receivables net of estimated allowances for uncollectible amounts are expected to be collected within the subsequent fiscal year.

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Cash and Cash Equivalents**

For financial statement purposes, all highly liquid investments with initial maturities of three months or less are considered cash equivalents.

#### **Capital Assets**

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Governmental capital assets purchased or acquired with an original cost of over \$5,000 for buildings and infrastructure assets and \$2,500 for machinery and equipment, and having a useful life of greater than one year are capitalized. The estimated useful lives for governmental capital assets are as follows:

Buildings and Improvements	10 - 45 Years
Machinery and Equipment	5 - 25 Years
Infrastructure	10 - 60 Years

No interest on construction in progress has been capitalized.

#### **Insurance**

The City assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

#### **Vacation, Sick Leave, and Compensatory Absences**

City employees are granted vacation, sick leave, and other leave benefits as defined in agreements between the City and the representative units.

The City recognizes a liability for vacation leave and other compensated absences with similar characteristics and additional salary-related payments as the benefits are earned by the employees, based on the rendering of past service and the probability the employees will be compensated for the benefits through paid time off or some other means. This includes vacation leave and other compensated absences with similar characteristics earned but not used during the current or prior periods and for which employees can receive compensation in a future period. Amounts do not include leave expected to lapse and do include leave that (new) employees will (eventually) qualify for.



# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Vacation, Sick Leave, and Compensatory Absences - Continued**

In addition, the City recognizes a liability for vesting sick leave and other compensated absences with similar characteristics and additional salary-related payments as employees earn benefits and to the extent it's probable that the City will compensate the employees for the benefits through cash payments (which may be conditioned on the employees' termination or retirement), rather than be taken as absences due to illness or other contingencies.

A portion of the compensated absence liability recognized is attributable to the value of sick leave converted into payment for employees' share of postemployment health care insurance premiums.

The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the Governmental Funds inasmuch as it will be funded from current financial resources. The Statement of Net Position records this current portion, as well as amounts to be paid from future financial resources.

#### **Other Postemployment Benefits (OPEB)**

In addition to providing pension benefits, the City provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with employment contracts. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The City recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. The actual contribution (versus expected contribution) paid on behalf of 293 retirees for the year was \$5,706,226 and recorded as an expenditure in the General Fund. For additional information, see Note 11.

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Health Insurance**

The City participates in an employee health insurance plan, the Greater Tompkins County Municipal Health Insurance Consortium (Consortium). The Consortium was organized in 2010 as an Article 5-G General Municipal Law (GML) municipal corporation to provide health insurance benefits for its member municipalities. The term "Municipal Corporation," as defined by §119-N of the GML, includes a county, city, town, or village. The Consortium's general objectives are to formulate, develop, and administer, on behalf of the member participants, an adequate program of insurance in a cost effective manner. Municipalities joining the Consortium must remain members for a minimum of three years; a participant may withdraw with written notice prior to October 3rd of each plan year. Municipalities applying for membership in the Consortium may do so with two-thirds approval of the Board. Consortium underwriting and rate setting policies have been established after consultation with third party administration. Consortium members are subject to supplemental assessment in the event of deficiencies. Premium assessments are determined annually, and should assets of the Plan be exhausted, members would be responsible for the Consortium's liabilities. Plan membership currently includes 39 municipalities. The Consortium uses reinsurance agreements to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the primary liability of the Consortium as direct insurer of the risks reinsured.

#### **Use of Estimates**

The presentation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Certain assets are classified on the Balance Sheet as restricted because their use is limited. The proceeds of bond and note sales can only be used for the stated purpose of the borrowing. Property taxes collected for debt service payments are legally restricted for that purpose. Community Development Block Grant Funds must be used only for approved programs. Cemetery perpetual care funds cannot be expended. However, the interest earnings can be spent for cemetery maintenance functions. It is the City's policy to spend the interest earnings each fiscal year.

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Equity Classifications - Government-Wide Financial Statements**

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

#### **Equity Classifications - Governmental Fund Financial Statements**

Governmental Fund equity is classified as fund balance. Proprietary Fund equity is classified the same as in the Government-wide financial statements. Any capital gains or interest earned on reserve fund resources becomes part of the respective reserve fund. While a separate bank account is not necessary for each reserve fund, a separate identity for each reserve fund must be maintained.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the City’s legally adopted reserves are reported here.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government’s highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Equity Classifications - Governmental Fund Financial Statements - Continued**

- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The City has not adopted any resolutions to commit fund balance. Currently, fund balance is assigned by the City Controller for encumbrances and designations and the Common Council, by resolution, approves fund balance appropriations for next year's budget. The City has not formally adopted a policy defining the order in which to apply expenditures against fund balances. However, the City's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

#### **Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

#### **New Accounting Standards**

The City adopted and implemented, as applicable, the following current Statements of the GASB effective for the year ended December 31, 2020:

- GASB has issued Statement No. 84, "Fiduciary Activities," effective for the year ended December 31, 2020.
- GASB has issued Statement No. 90, "Majority Equity Interests" effective for the year ended December 31, 2020. As a result, the Ithaca Area Wastewater Treatment Facility is now reported as a discretely presented component unit as well as a joint venture.

# *CITY OF ITHACA*

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### *Note 1*    **Summary of Significant Accounting Policies - Continued**

#### **Future Changes in Accounting Standards**

- GASB has issued Statement No. 87, “Leases,” effective for the year ended December 31, 2020, delayed by GASB Statement No. 95 to December 31, 2022.
- GASB has issued Statement No. 89, “Accounting for Interest Cost Incurred Before the End of a Construction Period,” effective for the year ending December 31, 2022.
- GASB has issued Statement No. 91, “Conduit Debt Obligations,” effective for the year ending December 31, 2023.
- GASB has issued Statement No. 92, “Omnibus 2020,” effective for the year ended December 31, 2020, delayed by GASB Statement No. 95 to December 31, 2022.

City management will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

### *Note 2*    **Stewardship, Compliance, and Accountability**

#### **Deficit Fund Balances**

The Refuse and Garbage Fund had a deficit fund balance of \$403,294 due to the current and previous years’ excess of expenditures over revenue. The City continues to review the trash tag fee structure, yard waste expense, and route changes to find increasing revenue sources and cost efficiencies to balance the Solid Waste Fund. The General Fund will continue to provide funds necessary to balance the budget in the future. The current deficit reflects an increase of \$24,142.

#### **Deficit Net Position**

At December 31, 2020, the City’s Statement of Net Position had an unrestricted net deficit of \$163,999,708. This is a result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability (see Note 11). The deficit is not expected to be eliminated during the normal course of operations.

# *CITY OF ITHACA*

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### *Note 3* **Cash and Investments**

The City's investment policies are governed by New York State statutes. In addition, the City has its own written investment policy. City monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Controller is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least the cost of the repurchase agreement.

Deposits and investments are valued at cost or cost plus interest. Total financial institution (bank) balances at December 31, 2020, per the banks, were \$59,192,607, which were insured, and collateral, where required, was held by the City's agent in the City's name.

Cash restricted for General, Water, and Sewer Fund reserves are \$365,779, \$1,700,836, and \$2,513,014, respectively. Other restricted cash consists of \$16,249,171 in the Capital Fund for unspent debt proceeds, \$1,787,174 in the Special Grant Fund for community development projects, \$48,992 in the Permanent Fund, \$634,744 in the Debt Service Fund, and \$3,000 in the Miscellaneous Fund.

Investments consisted of a one year certificate of deposit with a cost and fair value of \$1,739,836 at December 31, 2020.

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 4 State and Federal Aid Receivables**

State and federal aid receivables at December 31, 2020 consisted of the following, which are stated at net realizable value. The City has deemed the amounts to be fully collectible.

<u>Description</u>	<u>Amount</u>
NYS DOT	\$ 5,395,984
NYS OCA	155,936
DASNY	235,675
Sales Tax	434,392
Other	754,706
	<u>\$ 6,976,693</u>

**Note 5 Property Taxes**

At December 31, 2020, total real property tax assets of \$993,899 are offset by deferred tax revenue of \$993,899 in the General Fund. In the Statement of Net Position, these assets are not deferred.

**Note 6 Sales Taxes and Collection**

The City, under the general authority of Article 29 of the Tax Law, imposes a 0.5% sales and compensating use tax. The County of Tompkins, by similar authority, also imposes a 0.5% sales tax within the City and a 3% sales tax in the towns outside the City.

Both the City and County imposed tax are administered and collected by the State Tax Commission in the same manner as that relating to the state imposed 4% (June 1, 2005) sales and compensating use tax.

Net collections, meaning monies collected after deducting expenses of administration and collections and amounts refunded or to be refunded, but inclusive of any applicable penalties and interest, are paid by the state to the City and the county, respectively. In 2020, direct payments from this source aggregated \$13,250,688, and were credited to the General Fund. These funds were used to finance general City expenses.

Net collections of the 1.5% sales tax imposed within the City by the County are retained by the County, and, together with 0.5% of the tax levied in the towns outside of the City, or 2.0%, are applied to the reduction of taxes levied on a countywide basis.

The County of Tompkins increased sales tax collected within the County to 8%. The City, under the 1% increased sales tax, receives 0.25% of the 1% increase.

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 7 Capital Assets**

A summary of changes in capital assets at December 31, 2020 follows:

<u>Governmental Activities</u>	<u>Balance at 12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/2020</u>
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 12,058,257	\$ -	\$ -	\$ 12,058,257
Total Non-Depreciable Capital Assets	<u>12,058,257</u>	<u>-</u>	<u>-</u>	<u>12,058,257</u>
<b>Depreciable Capital Assets:</b>				
Buildings and Improvements	108,748,825	1,506,989	-	110,255,814
Machinery and Equipment	27,100,785	1,677,091	(401,393)	28,376,483
Infrastructure	205,103,082	14,070,782	-	219,173,864
Total Depreciable Capital Assets	<u>340,952,692</u>	<u>17,254,862</u>	<u>(401,393)</u>	<u>357,806,161</u>
Total Historical Cost	<u>353,010,949</u>	<u>17,254,862</u>	<u>(401,393)</u>	<u>369,864,418</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	(57,801,308)	(2,965,109)	-	(60,766,417)
Machinery and Equipment	(18,195,319)	(1,474,912)	401,393	(19,268,838)
Infrastructure	(91,770,246)	(6,221,478)	-	(97,991,724)
Total Accumulated Depreciation	<u>(167,766,873)</u>	<u>(10,661,499)</u>	<u>401,393</u>	<u>(178,026,979)</u>
<b>Total</b>	<u><u>\$ 185,244,076</u></u>	<u><u>\$ 6,593,363</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 191,837,439</u></u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General Governmental Support	\$ 103,993
Public Safety	976,931
Transportation	6,277,358
Culture and Recreation	1,319,181
Home and Community Services	<u>1,984,036</u>
<b>Total</b>	<u><u>\$ 10,661,499</u></u>



# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 8* Pension Obligations - New York State and Local Employees' Retirement System (ERS) (PFRS)**

#### **Plan Descriptions and Benefits Provided**

##### **Employees' Retirement System (ERS) (PFRS) (System)**

The City participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), which are collectively referred to as the New York State and Local Retirement System (the System). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

##### **Summary of Significant Accounting Policies**

The System's financial statements from which the System's fiduciary respective net position is determined are prepared using the accrual basis of accounting. System member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. For detailed information on how investments are valued, please refer to the System's annual reports.

# *CITY OF ITHACA*

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (PFRS) - Continued**

**Contributions**

The City's contributions for the current year and two preceding System years were equal to 100% of the contributions required, and were as follows:

	<b>2020</b>	<b>2019</b>	<b>2018</b>
ERS	\$ 2,091,119	\$ 2,048,507	\$ 2,029,500
PFRS	2,649,259	2,559,719	2,561,044

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2020, the City reported the following liability for its proportionate share of the net pension liability for the System. Net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from a report provided to the City by the System.

	<b>ERS</b>	<b>PFRS</b>
Actuarial Valuation Date	April 1, 2019	April 1, 2019
Net Pension Liability	\$ 26,480,579,097	\$ 5,344,937,333
City's Proportionate Share	14,989,396	16,694,127
Plan's Total Net Pension Liability	0.0566052%	0.3123353%

For the year ended December 31, 2020, the City recognized pension expense of \$5,049,094 and \$5,819,394 for ERS and PFRS, respectively, in the financial statements.

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (PFRS) - Continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued**

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	<b>ERS</b>	<b>PFRS</b>
<b>Deferred Outflows of Resources</b>		
Differences Between Expected and Actual Experience	\$ 882,187	\$ 1,111,653
Changes of Assumptions	301,815	1,426,944
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	7,684,293	7,517,891
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	141,244	10,907
City's Contributions Subsequent to the Measurement Date	1,649,782	1,992,613
<b>Total Deferred Outflows of Resources</b>	<b>\$ 10,659,321</b>	<b>\$ 12,060,008</b>
<b>Deferred Inflows of Resources</b>		
Differences Between Expected and Actual Experience	\$ -	\$ 279,625
Changes of Assumptions	260,613	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	-
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	211,550	368,248
<b>Total Deferred Inflows of Resources</b>	<b>\$ 472,163</b>	<b>\$ 647,873</b>

City contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	<b>ERS</b>	<b>PFRS</b>
2021	\$ 1,405,294	\$ 1,973,034
2022	2,139,980	2,195,719
2023	2,765,663	2,795,823
2024	2,226,439	2,358,806
2025	-	96,140
Thereafter	-	-

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### **Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (PFRS) - Continued**

#### **Actuarial Assumptions**

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2020	March 31, 2020
Actuarial Valuation Date	April 1, 2019	April 1, 2019
Interest Rate	6.8%	6.8%
Salary Scale	4.2%	5.0%
Cost of Living Adjustments	1.3%	1.3%
Inflation Rate	2.5%	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System Experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### *Note 8* Pension Obligations - New York State and Local Employees' Retirement System (ERS) (PFRS) - Continued

#### Actuarial Assumptions - Continued

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	<u>NYSLRS</u> March 31, 2020
<b>Asset Type</b>	
Domestic Equities	4.1%
International Equities	6.2%
Real Estate	5.0%
Private Equity/Alternative Investments	6.8%
Absolute Return Strategies	3.3%
Opportunistic Portfolio	4.7%
Real Assets	6.0%
Cash	0.0%
Inflation-Indexed Bonds	0.5%
Mortgages and Bonds	0.8%

#### Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (PFRS) - Continued**

**Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or higher than the current rate:

<u>ERS</u>	<u>1% Decrease (5.8%)</u>	<u>Current Assumption (6.8%)</u>	<u>1% Increase (7.8%)</u>
City's Proportionate Share of the Net Pension Liability	\$ 27,509,775	\$ 14,989,396	\$ 3,458,075
<u>PFRS</u>	<u>1% Decrease (5.8%)</u>	<u>Current Assumption (6.8%)</u>	<u>1% Increase (7.8%)</u>
City's Proportionate Share of the Net Pension Liability	\$ 29,849,439	\$ 16,694,127	\$ 4,913,247

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows:

Valuation Date	<u>Dollars in Thousands</u>	<u>Dollars in Thousands</u>
	<u>ERS</u>	<u>PFRS</u>
	March 31, 2020	March 31, 2020
Employers' Total Pension Liability	\$ 194,596,261	\$ 35,309,017
Plan Net Position	(168,115,682)	(29,964,080)
<b>Employers' Net Pension Liability</b>	<b>\$ 26,480,579</b>	<b>\$ 5,344,937</b>
Ratio of Plan Net Position to the Employers' Total Pension Liability	86.4%	84.9%

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) (PFRS) - Continued**

**Current Year Changes**

Changes in the net pension liability and deferred outflows and inflows of resources for the year ended December 31, 2020 resulted in the following effect on net position:

<b>ERS</b>	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
Net Pension Liability	\$ (3,913,416)	\$ (11,075,980)	\$ (14,989,396)
Deferred Outflows of Resources	3,420,540	7,238,781	10,659,321
Deferred Inflows of Resources	(1,432,830)	960,667	(472,163)
<b>Total</b>	<b>\$ (1,925,706)</b>	<b>\$ (2,876,532)</b>	<b>\$ (4,802,238)</b>

<b>PFRS</b>	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
Net Pension Liability	\$ (5,340,113)	\$ (11,354,014)	\$ (16,694,127)
Deferred Outflows of Resources	5,243,484	6,816,524	12,060,008
Deferred Inflows of Resources	(2,020,897)	1,373,024	(647,873)
<b>Total</b>	<b>\$ (2,117,526)</b>	<b>\$ (3,164,466)</b>	<b>\$ (5,281,992)</b>

**Note 9 Short-Term Debt**

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund to finance capital projects. Principal payments on BANs must be made annually.

State law requires BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided stipulated annual reductions of principal are made.

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 9 Short-Term Debt - Continued**

**Summary of Bond Anticipation Notes**

As of December 31, 2020, the bond anticipation notes, including issue and maturity dates and interest rates, consisted of the following:

Description of Issue	Year of Issue	Final Maturity	Interest Rate	Payable to Maturity
<b>City of Ithaca</b>				
Public Improvement	2020	2021	1.50%	\$ 2,836,257
Public Improvement	2020	2021	2.00%	19,980,900
Subtotal Bond Anticipation Notes				22,817,157
Add Unamortized Premium				272,382
<b>Total City of Ithaca Bond Anticipation Notes</b>				<b>\$ 23,089,539</b>
<b>IWWTP</b>				
Waste Water Improvement	2020	2021	1.50%	\$ 102,685
Waste Water Improvement	2020	2021	2.00%	7,190,000
<b>Total IAWWTP Bond Anticipation Notes</b>				<b>\$ 7,292,685</b>

**Housing and Urban Development Debt - BAN**

The City redeemed a Neighborhood Housing Initiative Program BAN in the amount of \$530,000 at an interest rate of 2.35% per annum, on April 10, 2020.

The BAN was issued to provide funding for the Agency's Neighborhood Housing Initiative Program. The liability is recorded in the IURA's financial statements. The City has guaranteed the payment of the note's principal and interest.

The principal and interest payments are reflected in the City's financial statements. Under Article XVIII §4 of the State Constitution, the City is permitted to guarantee principal of and interest on the City Urban Renewal Agency's bonds.



# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### **Note 9 Short-Term Debt - Continued**

Revenue anticipation notes (RANs) are typically issued to provide working capital. There were no RANs issued or redeemed during 2020.

Interest on short-term debt for the year ended December 31, 2020 is as follows:

<b>Interest Paid</b>	\$ 484,039
Less: Interest Accrued in the Prior Year	(340,379)
Plus: Interest Accrued in the Current Year	410,273
Less: Amortization of BAN Premium	<u>(190,279)</u>
<b>Total</b>	<u><u>\$ 363,654</u></u>

### **Note 10 Long-Term Debt and Liabilities**

At December 31, 2020, the total outstanding indebtedness of the City, not including the debt of the IAWWTP aggregated \$121,271,818. Of this amount, \$117,398,002 was subject to the constitutional debt limit and represented approximately 88% of its debt limit.

#### **Serial Bonds**

The City borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Statement of Net Position. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others, for the liquidation of the long-term liabilities. Statutory Installment Bonds are sometimes issued directly with a financial institution or investor and are not offered for public sale. There are no terms that present additional risk to the City associated with these direct borrowings or placements.

On September 3, 2014, the City issued \$9,945,000 of general obligation bonds, with interest rates ranging between 2.00% and 4.00%, pursuant to a Refunding Bond Resolution duly adopted by the Council on July 2, 2014. The City issued the bonds to advance refund \$10,360,000 of the \$12,175,000 outstanding balance of the 2007 serial bonds with interest rates of 4.00% to 4.25%. The City used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$10,360,000 in bonds is considered defeased and the liability has been removed from the City's financial statements. The present value of the total debt service savings to the City was \$728,360 at the date of issuance. The outstanding principal of the defeased bonds was \$-0- at December 31, 2020.

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 10* Long-Term Debt - Continued**

#### **Serial Bonds - Continued**

On March 16, 2017, the City issued \$18,860,000, of general obligation bonds, with interest rates ranging between 1.06% and 4.19%, pursuant to a Refunding Bond Resolution duly adopted by the Council on January 4, 2017. The City issued the bonds to advance refund \$17,893,600 of the outstanding balance of the 2008, 2009, and 2010 serial bonds with interest rates of 3.75% to 6.75%. The City used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$17,893,600 in bonds is considered defeased and the liability has been removed from the City's financial statements. The outstanding principal of the defeased bonds was \$-0- at December 31, 2020.

#### **Other Long-Term Debt and Liabilities**

In addition to the above long-term debt, the City had the following non-current liabilities:

- **Compensated Absences** - Represents the unfunded value of the liability for compensated absences and is liquidated in the General, Water, Sewer, and Refuse and Garbage Funds.
- **Lease Obligations Payable** - Represents the amount outstanding on a capital lease for energy improvements. The gross amount of assets in the Statement of Net Position recorded under capital leases is \$4,746,465, which is recorded under buildings. The associated accumulated amortization, which is reported in depreciation expense, of these assets, is \$1,840,112. Lease obligations are liquidated in the General Fund.

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### *Note 10* Long-Term Debt - Continued

#### Changes in Indebtedness and Other Long-Term Liabilities

The following is a summary of changes in the City's indebtedness and long-term liabilities for the year ended December 31, 2020:

<u>Description</u>	<u>Balance 12/31/19</u>	<u>New Issues/ Additions</u>	<u>Maturities/ Payments</u>	<u>Balance 12/31/20</u>	<u>Due Within One Year</u>
General Obligation and Statutory Installment Bonds	\$ 103,953,603	\$ -	\$ (6,292,484)	\$ 97,661,119	\$ 6,086,862
Add Premium	1,702,036	-	(249,955)	1,452,081	166,372
Total Bonds	<u>105,655,639</u>	<u>-</u>	<u>(6,542,439)</u>	<u>99,113,200</u>	<u>6,253,234</u>
Deferred Charges	<u>(1,366,573)</u>	<u>-</u>	<u>171,254</u>	<u>(1,195,319)</u>	<u>121,771</u>
BANs	11,757,853	11,742,800	(683,496)	22,817,157	22,817,157
Add Unamortized Premium	190,279	272,382	(190,279)	272,382	272,382
Total BANs	<u>11,948,132</u>	<u>12,015,182</u>	<u>(873,775)</u>	<u>23,089,539</u>	<u>23,089,539</u>
Lease Obligations Payable	1,081,423	-	(287,881)	793,542	297,881
Compensated Absences	<u>3,032,173</u>	<u>163,888</u>	<u>-</u>	<u>3,196,061</u>	<u>119,922</u>
<b>Total</b>	<u><u>\$ 120,350,794</u></u>	<u><u>\$ 12,179,070</u></u>	<u><u>\$ (7,532,841)</u></u>	<u><u>\$ 124,997,023</u></u>	<u><u>\$ 29,882,347</u></u>

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### Note 10 Long-Term Debt - Continued

#### Summary of Serial Bonds

As of December 31, 2020, serial bonds, including issue and maturity dates and interest rates, consisted of the following:

<u>Description of Issue</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Payable to Maturity</u>
2013 Public Improvement	2013	2037	3.00%	\$ 10,972,130
2013 Public Improvement	2013	2023	2.00%	60,000
2013 Public Improvement	2013	2035	3.00%	2,219,410
2014 Refunding Bonds	2007	2025	4.13%	5,975,000
2016 Public Improvement	2016	2046	2.25%	12,505,290
2016 Public Improvement	2016	2043	2.00%	13,355,000
2017 Refunding Bonds	2017	2034	1.06%	15,134,019
2018 Public Improvement	2018	2038	3.00%	17,010,000
2019 Public Improvement	2019	2045	2.25%	5,759,610
2019 Public Improvement	2019	2036	2.25%	14,670,660
Subtotal Bonds				97,661,119
Add Premium				1,452,081
<b>Total Bonds</b>				<b>\$ 99,113,200</b>
<b>IAWWTP</b>				
Phosphorous Removal	2005	2035	3.35%	\$ 1,300,000
Energy Upgrades	2013	2037	3.00%	2,352,870
Plant Improvements	2013	2035	3.00%	95,590
Septage Improvements	2016	2046	2.25%	2,823,110
Energy Upgrades	2016	2046	2.25%	1,424,200
Energy Upgrades	2016	2046	2.25%	342,400
Energy Improvements	2016	2043	2.00%	2,680,000
2017 Refunding Bonds	2017	2034	1.06%	610,981
2019 Public Improvement	2019	2045	2.25%	3,480,390
2019 Public Improvement	2019	2036	2.25%	419,340
Subtotal Bonds				15,528,881
Add Premium				30,572
<b>IAWWTP Total Bonds</b>				<b>\$ 15,559,453</b>

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### Note 10 Long-Term Debt - Continued

#### Summary of Serial Bonds - Continued

Additions and deletions to compensated absences are shown net, as it is impractical to determine these amounts separately.

#### Debt Maturity Schedule

The following table summarizes the City's future debt service requirements as of December 31, 2020:

Year Ending December 31,	Bonds		Bonds and BANs	
	Principal	Interest	Principal	Interest
2021	\$ 6,086,862	\$ 2,902,677	\$ 28,904,019	\$ 3,490,179
2022	6,141,810	2,688,235	6,141,810	2,194,120
2023	6,349,173	2,471,255	6,349,173	2,094,930
2024	5,854,838	2,270,848	5,854,838	1,848,083
2025	5,935,403	2,095,374	5,935,403	1,681,628
2026-2030	22,952,723	8,336,315	22,952,723	6,284,631
2031-2035	23,455,940	5,013,109	23,455,940	4,132,647
2036-2040	13,418,890	1,958,025	13,418,890	2,362,181
2041-2045	6,769,530	588,614	6,769,530	1,028,093
2046	695,950	10,882	695,950	180,673
<b>Total</b>	<b>\$ 97,661,119</b>	<b>\$ 28,335,334</b>	<b>\$ 120,478,276</b>	<b>\$ 25,297,165</b>

The following is a statement of installment purchase debt with corresponding maturity schedules.

Description of Issue	Date of Issue	Final Maturity	Interest Rate	Payable to Maturity
2007 Energy Improvements	2007	2022	4.03%	\$ 239,438
Water Meter Replacement	2009	2023	2.68%	554,104
<b>Total</b>				<b>\$ 793,542</b>

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 10 Long-Term Debt - Continued**

The following table summarizes the City's future lease obligation requirements as of December 31, 2020:

<b>Year Ending December 31,</b>	<b>Capital Lease</b>	
	<b>Principal</b>	<b>Interest</b>
2021	\$ 297,881	\$ 23,338
2022	306,051	13,740
2023	189,610	5,085
<b>Total</b>	<b>\$ 793,542</b>	<b>\$ 42,163</b>

The following table summarizes the future debt service requirements of the Wastewater Treatment Plant joint venture, less interest subsidies, as of December 31, 2020:

<b>Year Ending December 31,</b>	<b>Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2021	\$ 573,138	415,971
2022	598,190	401,642
2023	620,827	386,348
2024	635,162	370,280
2025	654,597	353,234
2026-2030	3,277,277	1,505,103
2031-2035	3,564,060	1,113,978
2036-2040	2,826,110	637,725
2041-2045	2,520,470	231,375
2046	259,050	4,043
<b>Total</b>	<b>\$ 15,528,881</b>	<b>\$ 5,419,699</b>

Interest on long-term debt for the year ended December 31, 2020 is as follows:

<b>Interest Paid</b>	\$ 3,637,641
Less: Interest Accrued in the Prior Year	(1,489,508)
Plus: Interest Accrued in the Current Year	1,190,782
Plus: Amortization of Deferred Amounts	171,254
Less: Amortization of Premium	(249,955)
<b>Total</b>	<b>\$ 3,260,214</b>

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### *Note 11* Postemployment Benefits Other Than Pensions (OPEB)

#### General Information about the OPEB Plan

Plan Description - The City's defined OPEB plan provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The plan is a single employer defined benefit healthcare plan administered by the Town. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Common Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements, as there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The City provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under.

The specifics of each contract are on file at the City offices and are available upon requests.

Employees Covered by Benefit Terms - At December 31, 2020, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	293
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees	<u>393</u>
<b>Total</b>	<b><u><u>686</u></u></b>

#### Total OPEB Liability

The City's total OPEB liability of \$210,863,908 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate	2.74%
Single Discount Rate	2.74%
Salary Scale	3.00%
Dental Trend Rate	4.00%
Marital Assumption	80.00%
Health Care Trend Rate	6.00% for 2020, decreasing to an ultimate rate of 3.94% in 68 years.

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued**

**Total OPEB Liability - Continued**

The discount rate is based on Bond Buyer Weekly 20-Bond Go Index.

Mortality rates were based on the Scale MP-2014 and projected forward with Scale MP-2021 (generational mortality) published by the pension mortality study released by the Society of Actuaries.

Termination rates were based on the experience under the New York State and Local Retirement System.

Retirement rates are based on the experience under the New York State and Local Retirement System.

The actuarial assumptions used in the December 31, 2020 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

	<b>Total OPEB Liability</b>
<b>Balance at December 31, 2019</b>	<b>\$ 180,244,476</b>
<b>Changes for the Year</b>	
Service Cost	5,972,830
Interest Cost	7,528,749
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(3,084,017)
Changes in Assumptions or Other Inputs	25,231,606
Benefit Payments	(5,029,736)
	<b>30,619,432</b>
<b>Balance at December 31, 2020</b>	<b>\$ 210,863,908</b>

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or higher than the current discount rate:

<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
<b>(1.74%)</b>	<b>(2.74%)</b>	<b>(3.74%)</b>
\$ 252,010,101	\$ 210,863,908	\$ 178,818,015

Changes of assumptions and the inputs reflect a change in the discount rate from 4.10% at the measurement date of December 31, 2019 to 2.74% at December 31, 2020.



# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### *Note 11* Postemployment Benefits Other Than Pensions (OPEB) - Continued

#### **Total OPEB Liability - Continued**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or higher than the current healthcare cost trend rate:

<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
\$ 175,416,809	\$ 210,863,908	\$ 257,536,280

#### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2020, the City recognized OPEB expense of \$13,803,520.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ -	\$ 10,327,562
Changes in Assumptions or Other Inputs	29,343,466	14,187,424
Contributions Subsequent to Measurement Date	5,221,052	-
<b>Total</b>	<b>\$ 34,564,518</b>	<b>\$ 24,514,986</b>

City contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Fiscal Year Ending December 31,</b>	<b>Amount</b>
2021	\$ 302,212
2022	302,212
2023	302,212
2024	271,937
2025	1,388,509
2026	2,261,398

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued**

**Current Year Changes**

The following is a summary of current year activity:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
OPEB Liability	\$ (180,244,476)	\$ (30,619,432)	\$ (210,863,908)
Deferred Outflows of Resources	15,100,225	19,464,293	34,564,518
Deferred Inflows of Resources	(27,087,658)	2,572,672	(24,514,986)
<b>Total</b>	<b>\$ (192,231,909)</b>	<b>\$ (8,582,467)</b>	<b>\$ (200,814,376)</b>

**Note 12 Interfund Receivables and Payables**

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources, primarily to provide services, which are routine annual events for the budget and accounting process.

Interfund receivables and payables at December 31, 2020 were as follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>	<b>Interfund Revenue</b>	<b>Interfund Expense</b>
General Fund	\$ 1,145,694	\$ 5,638,655	\$ 806,277	\$ 30,000
Capital Projects Fund	784,503	4,141,806	-	806,277
Non-Major Funds	9,503,810	1,653,546	30,000	-
<b>Total</b>	<b>\$ 11,434,007</b>	<b>\$ 11,434,007</b>	<b>\$ 836,277</b>	<b>\$ 836,277</b>

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### Note 13 Fund Equity

#### Fund Balances - Fund Balance Detail

At December 31, 2020, fund balance in the governmental funds was comprised of the following:

	<u>General Fund</u>	<u>Special Grant Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>
<b>Nonspendable</b>				
Prepaid Expenses	\$ 1,040,995	\$ -	\$ -	\$ 173,136
Inventory	348,580	-	-	730,834
Permanent Fund Balance	-	-	-	48,992
<b>Total Nonspendable Fund Balance</b>	<b><u>\$ 1,389,575</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 952,962</u></b>
<b>Restricted</b>				
Capital Reserves	\$ 365,779	\$ -	\$ -	\$ 4,213,850
Unspent Grant Funds	-	1,787,174	-	-
Miscellaneous	-	-	-	25,337
Capital Projects	-	-	11,935,412	-
Debt	-	-	-	3,687,440
<b>Total Restricted Fund Balance</b>	<b><u>\$ 365,779</u></b>	<b><u>\$ 1,787,174</u></b>	<b><u>\$ 11,935,412</u></b>	<b><u>\$ 7,926,627</u></b>
<b>Assigned</b>				
Encumbered for:				
General Government	\$ 759,474	\$ -	\$ -	\$ -
Public Safety	210,558	-	-	-
Transportation	950	-	-	-
Culture and Recreation	76,093	-	-	-
Home and Community Services	259,183	-	-	119,397
Assigned for Insurance	1,739,153	-	-	-
Assigned for Workers' Compensation	100,000	-	-	-
Assigned for Refuse and Garbage Deficit	408,297	-	-	-
Remaining Fund Balance:				
Transportation	-	-	-	513,392
Home and Community Services	-	-	-	6,607,871
<b>Total Assigned Fund Balance</b>	<b><u>\$ 3,553,708</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,240,660</u></b>

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### Note 13 Fund Equity - Continued

#### Reconciliation Between Restricted Fund Balance and Restricted Net Position

Restricted fund balances and restricted net position differ because loans receivable in the Special Grant Fund are deferred in the fund financial statements and reported as restricted in the Statement of Net Position. Additionally, fund balance in the Permanent Fund is reported as restricted, nonexpendable in the Statement of Net Position and nonspendable in the fund financial statements.

Restricted Fund Balance in the Fund Financial Statements	\$ 22,014,992
Add Loans Receivable in the Special Grant Fund	6,480,532
Add Permanent Fund Balance	48,992
Less Unspent Debt Proceeds	<u>(11,935,412)</u>
<b>Restricted Net Position in the Government-Wide Financial Statements</b>	<b><u>\$ 16,609,104</u></b>

#### Miscellaneous Fund Equity

Fund equity for the Miscellaneous Fund includes funds established for the following purposes:

Purpose	
Cemetery Maintenance	\$ 3,000
Stewart Park Landscaping	20,155
Stewart Park Carousel	1,597
Rick Gray Memorial	<u>585</u>
<b>Total</b>	<b><u>\$ 25,337</u></b>

### Note 14 Joint Ventures

The following is the activity undertaken jointly with another municipality. Except for their equity interest in the joint ventures, these activities are excluded from the financial statements of the participating municipalities. Separate financial statements are issued for the joint ventures and may be obtained from their administrative offices.

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### Note 14 Joint Ventures - Continued

#### **Tompkins Consolidated Area Transit (TCAT)**

TCAT was formed under a consolidation agreement between the City, Tompkins County, and Cornell University effective April 1, 1998. The agreement shall remain in force until October 9, 2021. TCAT began operations on January 1, 1999, with its purpose to provide public transportation in Tompkins County and surrounding areas. As of January 1, 2005, TCAT was reorganized as a §501(c)(3). However, the structure of the Board of Directors, and the interest of each party was not changed. Significant provisions of the agreement are as follows:

- TCAT is governed by a Board of Directors (Board) consisting of nine voting members with three members being appointed by each participant in the venture. The General Manager of TCAT is a non-voting ex-officio member of the Board. In addition, the nine voting members of the Board select five additional non-voting, ex-officio members.
- Interest of each party in surpluses, losses, property, and debt acquired by TCAT shall be shared equally.
- Each party makes an annual contribution of equal amounts to the venture. The City's contribution for 2020 was \$910,432. For 2021, the contribution will be \$910,432.
- The financial statements of TCAT are audited annually and may be obtained from their administrative office. The following is an audited summary of financial information included in financial statements for the joint venture as of December 31, 2020:

	<b>Year Ended</b>
	<b><u>12/31/20</u></b>
Total Assets	\$ 35,646,992
Total Liabilities	10,121,523
Joint Venture Equity	25,525,469
Total Revenues	21,056,047
Total Expenses	17,289,671

#### **Ithaca Area Wastewater Treatment Plant**

The following is an activity undertaken jointly with other municipalities. The financial statements of the Ithaca Area Wastewater Treatment Plant may be obtained from their administrative office.

# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### Note 14 Joint Ventures - Continued

#### Ithaca Area Wastewater Treatment Plant - Continued

The City and Towns of Ithaca and Dryden jointly own the Ithaca Area Wastewater Treatment Plant. The venture operates under the terms of an agreement dated 1981. The agreement is for a period of 25 years. An updated agreement was signed in 2003 and remains in effect until 2035, the year debt associated with phosphorous removal is paid off. Significant provisions of the agreement are as follows:

- The Boards of each municipality jointly act as the governing body for the joint venture.
- Debt for capital cost is issued by each participant in the following ratios:

City of Ithaca	57.14%
Town of Ithaca	40.88%
Town of Dryden	1.98%

Debt issued by the City for the joint venture is shown in Notes 9 and 10.

- The governing body has established charges at rates intended to be self-sustaining to cover all operating costs and debt service. Any shortfall in revenues produced by such charges is to be provided by equal share contributions from the participants.

The following is an audited summary of financial information included in the basic financial statements issued for the joint venture:

	<b>Year Ending</b> <b>12/31/20</b>
Total Assets	\$ 36,372,691
Deferred Outflows of Resources	1,151,048
Total Liabilities	29,736,056
Deferred Inflows of Resources	351,794
Joint Venture Equity	7,435,889
Total Revenues	4,820,058
Total Expenditures	5,716,367

### Note 15 Public Entity Risk Pool

#### Risk Financing

The City participates in a Plan sponsored by the Tompkins County Greater Tompkins Health Consortium. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 15* Public Entity Risk Pool - Continued**

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended December 31, 2020, the City incurred premiums or contribution expenditures totaling \$10,768,503. Plan financial statements may be obtained from the Greater Tompkins County Municipal Health Insurance Consortium, at 125 East Court Street, Ithaca, New York, 14850.

### **General Information**

The City is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

### **Judgments and Claims**

The City and/or its agencies are named in several lawsuits, some of which are for substantial amounts. Most of these claims are either adequately covered by insurance or, in the opinion of City officials, will not result in material judgments against the City or will not be pursued and, therefore, are not expected to have a material effect on the basic financial statements.

### **State and Federally Assisted Programs**

The City receives many different state and federal grants to be used for specific purposes. These grants are generally conditioned on compliance with certain statutory, regulatory and/or contractual requirements. The City makes every effort to comply with all applicable requirements. However, because these grants are audited from time to time, it is possible that the City will be required, upon audit, to repay portions of the grant monies received and recorded as revenue in a prior year. City officials do not anticipate material grant-in-aid disallowances, and no provision, therefore, is reflected in the basic financial statements.

### **Other Contingencies**

As described in Note 14, the City is a partner in TCAT, a joint venture, and shares equally in surpluses or losses. The City may, in the future, be required to provide additional resources to finance its share of any operating deficits of TCAT. However, that amount, if any, for the year ended December 31, 2020 is undeterminable as of this report date.

# ***CITY OF ITHACA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

### ***Note 16* Letter of Credit**

Under its third-party agreement for workers' compensation, the City is required to maintain a \$525,000 letter of credit as collateral for payment of workers' compensation obligations. At December 31, 2020, the City had not utilized this letter of credit.

### ***Note 17* Subsequent Events**

On February 19, 2021, the City issued \$27,170,900 of BANs due February 18, 2022. The proceeds of the notes, along with \$192,757 in available funds, will partially redeem and renew a \$7,889,000 portion of the \$27,170,900 BAN, 2020 Series A, which mature on February 19, 2021 and provide \$7,411,075 in new monies for various purposes.

On February 19, 2021, the City issued \$18,668,997 of Public Improvement (Serial) Bonds with various years of maturity: February 15, 2022-2047. The proceeds of the bonds, along with \$612,903 in available funds, will redeem a \$19,281,900 portion of the outstanding \$27,170,900 BAN, Series A, which will mature on February 19, 2021, and issued for various purposes.

On April 14, 2021, the City issued \$18,668,997 of Public Improvement Refunding (Serial) Bonds with various years of maturity: August, 2021-2035. The Bonds are being issued pursuant to the Constitution and statutes of New York State, including particularly §90.00 of the Local Finance Law, a refunding bond resolution adopted by the Common Council of the City on December 2, 2020 (the "Refunding Bond Resolution") and other proceedings and determinations related thereto. The Refunding Bond Resolution authorizes the refunding of all or a portion of the \$2,195,000 outstanding principal amount maturing in the years 2022-2035, both inclusive, of the Public Improvement (Serial) Bonds, 2013 Series C, originally issued by the City in the aggregate principal amount of \$3,044,137 (the "Refunded Bonds") and authorizes issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

On July 23, 2021, the City issued \$4,823,588 of BANs due July 22, 2022. The proceeds of the notes, along with \$125,354 in available funds will partially redeem and renew a \$2,938,942 BAN maturing July 23, 2021 and provide \$2,020,000 in new monies for various purposes.

On February 17, 2022, the City issued \$11,705,493 of BANs due February 17, 2023. The proceeds of the notes, along with \$2,960,190 in available funds will partially redeem and renew a \$9,184,243 portion of the \$15,107,318 BAN, 2021, which mature on February 18, 2022 and provide \$5,481,440 in new monies for various purposes.



# CITY OF ITHACA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### *Note 17* Subsequent Events - Continued

On February 17, 2022, the City issued \$5,755,075 of Public Improvement (Serial) Bonds with various years of maturity: February 15, 2023-2047. The proceeds of the bonds, along with \$168,000 in available funds, will redeem a \$5,923,075 portion of the outstanding \$15,107,318 2021 BAN which will mature on February 18, 2022 and issued for various purposes.

On July 21, 2022, the City issued \$4,602,244 of BANs due July 21, 2023. The proceeds of the notes, along with \$1,731,344 in available funds will partially redeem and renew a \$4,823,588 BAN maturing July 22, 2022 and provide \$1,510,000 in new monies for various purposes.

American Rescue Plan Act (ARPA): The Act was signed into law on March 11, 2021 and provides funds to municipalities for Coronavirus fiscal recovery. The City is considered an Entitlement City under the Act and will receive \$16,092,137 in funds under the Act. The funds are restrictive in nature and must be fully expended by December 31, 2026. The City will receive the funds in two payments of equal value, one in May 2021 and the other one in May of 2022.

### *Note 18* Restatement

During the year, the City adopted GASB Statement No. 84. Net position of the City's fiduciary funds has been restated to reflect the following:

<u>Custodial Fund</u>	
Net Position Beginning of Year	\$ -
GASB Statement No. 84 Implementation	<u>655,289</u>
Net Position Beginning of Year, as Restated	<u><u>\$ 655,289</u></u>

# CITY OF ITHACA

## BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Encumbrances	Variance Fav./(Unfav.)
<b>REVENUES</b>					
Real Property Taxes	\$ 24,443,600	\$ 24,443,600	\$ 24,437,830	\$ -	\$ (5,770)
Real Property Tax Items	868,405	868,405	1,053,613	-	185,208
Nonproperty Tax Items	16,019,221	16,019,221	13,590,512	-	(2,428,709)
Departmental Income	5,345,743	5,345,743	2,768,911	-	(2,576,832)
Intergovernmental Charges	4,399,152	4,399,152	4,239,722	-	(159,430)
Use of Money and Property	583,000	583,000	252,524	-	(330,476)
Licenses and Permits	1,715,700	1,715,700	2,228,306	-	512,606
Fines and Forfeitures	905,000	905,000	465,214	-	(439,786)
Sale of Property and Compensation for Loss	250,500	250,500	221,345	-	(29,155)
Miscellaneous Local Sources	1,451,527	1,504,435	1,632,172	-	127,737
Interfund Revenues	194,424	194,424	1,020,000	-	825,576
State Sources	3,615,658	3,625,769	3,472,487	-	(153,282)
Federal Sources	115,000	215,000	94,849	-	(120,151)
<b>Total Revenues</b>	<b>59,906,930</b>	<b>60,069,949</b>	<b>55,477,485</b>	<b>-</b>	<b>(4,592,464)</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General Governmental Support	6,809,308	8,067,282	6,539,097	759,474	768,711
Public Safety	15,038,395	14,648,249	14,291,486	210,558	146,205
Transportation	6,040,322	6,120,804	4,990,943	950	1,128,911
Economic Assistance and Opportunity	61,000	61,000	61,000	-	-
Culture and Recreation	6,299,386	6,558,560	4,392,337	76,093	2,090,130
Home and Community Services	2,072,183	2,352,788	1,675,794	259,183	417,811
Employee Benefits	18,862,136	18,339,264	16,859,148	-	1,480,116
<b>Debt Service</b>					
Principal and Interest	7,487,520	7,692,685	7,513,392	-	179,293
<b>Total Expenditures</b>	<b>62,670,250</b>	<b>63,840,632</b>	<b>56,323,197</b>	<b>1,306,258</b>	<b>6,211,177</b>
Excess of Revenues (Expenditures)	(2,763,320)	(3,770,683)	(845,712)	(1,306,258)	1,618,713
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers In	2,108,642	2,108,642	806,277	-	(1,302,365)
Interfund Transfers (Out)	(30,000)	(56,000)	(30,000)	-	26,000
<b>Total Other Financing Sources</b>	<b>2,078,642</b>	<b>2,052,642</b>	<b>776,277</b>	<b>-</b>	<b>(1,276,365)</b>
<b>Excess of Revenues and Other Financing Sources Over (Expenditures) and Other Financing (Uses)</b>	<b>(684,678)</b>	<b>(1,718,041)</b>	<b>(69,435)</b>	<b>\$ (1,306,258)</b>	<b>\$ 342,348</b>
Appropriated Fund Balances	684,678	1,718,041			
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(69,435)</b>		
Fund Balance, Beginning			10,617,384		
<b>Fund Balance, Ending</b>			<b>\$ 10,547,949</b>		

*See Notes to Required Supplementary Information*

# CITY OF ITHACA

## SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Total OPEB Liability</b>										
Service Cost	\$ 5,972,830	\$ 7,316,387	\$ 6,443,416	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Interest Cost	7,528,749	6,745,569	7,018,548	*	*	*	*	*	*	*
Changes of Benefit Terms	-	-	-	*	*	*	*	*	*	*
Differences Between Expected and Actual Experience	(3,084,017)	-	(14,084,498)	*	*	*	*	*	*	*
Changes in Assumptions or Other Inputs	25,231,606	(20,329,168)	14,612,469	*	*	*	*	*	*	*
Benefit Payments	(5,029,736)	(4,563,055)	(4,295,297)	*	*	*	*	*	*	*
	<u>30,619,432</u>	<u>(10,830,267)</u>	<u>9,694,638</u>	*	*	*	*	*	*	*
Total OPEB Liability - Beginning	180,244,476	191,074,743	181,380,105	*	*	*	*	*	*	*
<b>Total OPEB Liability - Ending</b>	<u>\$ 210,863,908</u>	<u>\$ 180,244,476</u>	<u>\$ 191,074,743</u>	<u>\$ 181,380,105</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
Covered Employee Payroll	\$ 29,566,342	\$ 29,325,094	\$ 24,930,226	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	713%	615%	766%	*	*	*	*	*	*	*

\* Information is unavailable and will be present as information becomes available.

*See Notes to Required Supplementary Information*

# CITY OF ITHACA

## SCHEDULE OF CITY CONTRIBUTIONS NYSLRS PENSION PLANS FOR THE LAST 10 FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution										
ERS	\$ 2,091,119	\$ 2,048,507	\$ 2,029,500	\$ 2,032,628	\$ 2,593,990	\$ 2,493,874	\$ 2,389,638	\$ *	\$ *	\$ *
PFRS	2,649,259	2,559,719	2,561,044	2,600,128	2,442,749	2,627,479	2,986,315	*	*	*
Contributions in Relation to the Contractually Required Contribution										
ERS	(2,091,119)	(2,048,507)	(2,029,500)	(2,032,628)	(2,593,990)	(2,493,874)	(2,389,638)	*	*	*
PFRS	(2,649,259)	(2,559,719)	(2,561,044)	(2,600,128)	(2,442,749)	(2,627,479)	(2,986,315)	*	*	*
Contribution Deficiency (Excess)										
ERS	-	-	-	-	-	-	-	*	*	*
PFRS	-	-	-	-	-	-	-	*	*	*
City's Covered - Employee Payroll										
ERS	15,686,054	14,984,593	14,344,271	13,830,377	13,549,612	13,146,457	12,916,426	9,312,414	*	*
PFRS	11,698,262	11,874,549	11,443,677	11,121,749	10,995,854	10,259,960	10,368,980	8,014,771	*	*
Contributions as a Percentage of Covered - Employee Payroll										
ERS	13.3%	13.7%	14.1%	14.7%	19.1%	19.0%	18.5%	N/A	N/A	N/A
PFRS	22.6%	21.6%	22.4%	23.4%	22.2%	25.6%	28.8%	N/A	N/A	N/A

\* Information Unavailable

*See Notes to Required Supplementary Information*

# CITY OF ITHACA

## SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSLRS PENSION PLANS FOR THE YEARS ENDED DECEMBER 31,

	2020	2019	2018	2017	2016	2015
<b>Employees' Retirement System</b>						
City's Proportion of the Net Pension Liability	0.0566052%	0.0552329%	0.0532278%	0.0557287%	0.0540405%	0.0537748%
City's Proportionate Share of the Net Pension Liability	\$ 14,989,396	\$ 3,913,416	\$ 1,717,897	\$ 4,968,783	\$ 8,673,649	\$ 1,815,705
City's Covered-Employee Payroll During the Measurement Period	15,146,617	14,498,522	13,881,518	13,676,952	13,167,593	13,083,051
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	98.96%	26.99%	12.38%	36.33%	65.87%	13.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
<b>Police and Fire Retirement System</b>						
City's Proportion of the Net Pension Liability	0.3123353%	0.3184205%	0.3181800%	0.3175907%	0.3247448%	0.2967564%
City's Proportionate Share of the Net Pension Liability	\$ 16,694,127	\$ 5,340,113	\$ 3,216,030	6,582,550	9,615,003	806,850
City's Covered-Employee Payroll During the Measurement Period	11,977,967	11,564,293	11,081,828	11,241,510	10,258,884	10,263,186
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	139.37%	46.18%	29.02%	58.56%	93.72%	7.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%

*See Notes to Required Supplementary Information*

# CITY OF ITHACA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2020

### *Note 1* **Budgeting Policies**

Budget policies are as follows:

- No later than September 1, the budget officer submits a tentative budget to the Common Council for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than December 31, the governing board adopts the budget.
- All modifications of the budget must be approved by the governing board. (However, the Controller is authorized to transfer certain budgeted amounts within departments.)

### *Note 2* **Budget Basis of Accounting**

Except as indicated below, budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America (U.S. GAAP). Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or an expenditure in U.S. GAAP-based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuring that appropriations are not exceeded.

An annual legal budget is not adopted for the Special Grant Fund, which is one of the Special Revenue Funds. Budgetary controls for the Special Grant Fund are established in accordance with the applicable grant agreements.

### *Note 3* **Reconciliation of the General Fund Budget Basis to U.S. GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at December 31, 2020.

### *Note 4* **Schedule of Changes in the City's Total OPEB Liability and Related Ratios**

Changes of assumptions and other inputs reflect the effect of changes in the discount rate each period. The following are the discount rates in each period:

2020 - 2.74%  
2019 - 4.10%  
2018 - 3.44%

# CITY OF ITHACA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2020

**Note 5 Schedules of the City's Proportionate Share of the Net Pension Liability**  
The Schedule of the City's Proportionate Share of the Net Pension Liability, required supplementary information, will present ten years of information as it becomes available from the pension plans.

**Note 6 Schedules of City's Contributions - NYSLRS Pension Plans and Schedules of the City's Proportionate Share of the Net Pension Liability**

### **NYSLRS**

#### **Changes in Benefit Terms**

There were no significant legislative changes in benefits.

#### **Changes of Assumptions**

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation. The salary scales for both plans used in the April 1, 2019 actuarial valuation increased by 10%. The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

#### **Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The April 1, 2019 actuarial valuation determines the employer rates for contributions payable in fiscal year 2020. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year phase in deferred recognition of each year's net investment income/loss in excess of (or less than) 7.5% at a rate of 20% per year, until fully recognized after five years. For fiscal years ending prior to June 30, 2015, realized and unrealized appreciation in excess of (or less than) the assumed inflationary rate of 4.0% is subject to the five-year phase-in.
Inflation	2.5%
Salary Scale	3.8% in ERS, 4.5% in PFRS, indexed by service.
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.

# CITY OF ITHACA

## COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2020

	Special Revenue Funds							Permanent Fund	Total Non-Major Governmental Funds	
	Water Fund	Sewer Fund	Refuse and Garbage Fund	Urban Renewal Agency Fund	Miscellaneous Fund	Sidewalk Improvement District Fund	Stormwater Drainage Fund			Debt Service Fund
<b>ASSETS</b>										
Cash and Cash Equivalents - Unrestricted	\$ -	\$ 2,384,368	\$ -	\$ -	\$ 22,337	\$ -	\$ 146,127	\$ -	\$ -	\$ 2,552,832
Cash and Cash Equivalents - Restricted	1,700,836	2,513,014	-	-	3,000	-	-	634,744	48,992	4,900,586
Due From Other Funds	2,012,725	1,413,048	90,578	-	-	2,648,717	286,046	3,052,696	-	9,503,810
Due From State and Federal Governments	9,847	4,521	-	-	-	-	-	-	-	14,368
Due From Other Governments	-	79,392	-	-	-	-	-	-	-	79,392
Other Receivables, Net	1,259,075	999,370	26,912	398,079	-	-	259,501	-	-	2,942,937
Inventory	626,274	104,560	-	-	-	-	-	-	-	730,834
Prepaid Expenses	78,776	69,807	5,003	-	-	4,888	14,662	-	-	173,136
<b>Total Assets</b>	<b>\$ 5,687,533</b>	<b>\$ 7,568,080</b>	<b>\$ 122,493</b>	<b>\$ 398,079</b>	<b>\$ 25,337</b>	<b>\$ 2,653,605</b>	<b>\$ 706,336</b>	<b>\$ 3,687,440</b>	<b>\$ 48,992</b>	<b>\$ 20,897,895</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>										
<b>Liabilities</b>										
Accounts Payable	\$ 439,887	\$ 21,912	\$ 404,916	\$ -	\$ -	\$ 2,131,553	\$ 410	\$ -	\$ -	\$ 2,998,678
Due to Other Funds	480,565	844,474	118,133	-	-	3,772	206,602	-	-	1,653,546
Due to Other Governments	-	12,000	3,564	273,079	-	-	-	-	-	288,643
Other Liabilities	38,598	82	(826)	-	-	-	(395)	-	-	37,459
<b>Total Liabilities</b>	<b>959,050</b>	<b>878,468</b>	<b>525,787</b>	<b>273,079</b>	<b>-</b>	<b>2,135,325</b>	<b>206,617</b>	<b>-</b>	<b>-</b>	<b>4,978,326</b>
<b>Deferred Inflows of Resources</b>										
Unavailable Revenue	-	207,617	-	-	-	-	-	-	-	207,617
<b>Fund Balances</b>										
Nonspendable	705,050	174,367	5,003	-	-	4,888	14,662	-	48,992	952,962
Restricted	1,700,836	2,513,014	-	-	25,337	-	-	3,687,440	-	7,926,627
Assigned	2,322,597	3,794,614	-	125,000	-	513,392	485,057	-	-	7,240,660
Unassigned	-	-	(408,297)	-	-	-	-	-	-	(408,297)
<b>Total Fund Balances (Deficit)</b>	<b>4,728,483</b>	<b>6,481,995</b>	<b>(403,294)</b>	<b>125,000</b>	<b>25,337</b>	<b>518,280</b>	<b>499,719</b>	<b>3,687,440</b>	<b>48,992</b>	<b>15,711,952</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 5,687,533</b>	<b>\$ 7,568,080</b>	<b>\$ 122,493</b>	<b>\$ 398,079</b>	<b>\$ 25,337</b>	<b>\$ 2,653,605</b>	<b>\$ 706,336</b>	<b>\$ 3,687,440</b>	<b>\$ 48,992</b>	<b>\$ 20,897,895</b>



# CITY OF ITHACA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds								Total Non-Major Governmental Funds	
	Water Fund	Sewer Fund	Refuse and Garbage Fund	Urban Renewal Agency Fund	Miscellaneous Fund	Sidewalk Improvement District Fund	Stormwater Drainage Fund	Debt Service Fund		Permanent Fund
<b>REVENUES</b>										
Nonproperty Tax Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 877,676	\$ -	\$ -	\$ -	\$ 877,676
Departmental Income	7,196,695	5,598,580	487,221	-	-	-	1,409,053	-	-	14,691,549
Intergovernmental Charges	-	16,858	-	-	-	-	-	-	-	16,858
Use of Money and Property	8,833	20,479	-	-	84	-	-	3,337	281	33,014
Licenses and Permits	20,709	30,853	-	-	-	-	-	-	-	51,562
Sale of Property and Compensation for Loss	10,597	11,146	-	-	-	-	-	-	-	21,743
Miscellaneous Local Sources	-	-	-	-	-	1,000	-	-	-	1,000
Interfund Revenues	9,370	14,050	-	-	-	-	-	-	-	23,420
<b>Total Revenues</b>	<u>7,246,204</u>	<u>5,691,966</u>	<u>487,221</u>	<u>-</u>	<u>84</u>	<u>878,676</u>	<u>1,409,053</u>	<u>3,337</u>	<u>281</u>	<u>15,716,822</u>
<b>EXPENDITURES</b>										
<b>Current</b>										
General Governmental Support	381,368	447,631	-	-	-	-	483,420	-	-	1,312,419
Home and Community Services	2,734,786	3,816,909	421,282	-	-	753,110	640,577	-	-	8,366,664
Employee Benefits	774,154	843,986	98,142	-	-	69,129	240,313	-	-	2,025,724
<b>Debt Service</b>										
Principal	1,480,174	480,856	12,323	-	-	-	17,720	-	-	1,991,073
Interest	1,151,121	523,347	9,616	-	-	-	6,713	190,279	-	1,881,076
<b>Total Expenditures</b>	<u>6,521,603</u>	<u>6,112,729</u>	<u>541,363</u>	<u>-</u>	<u>-</u>	<u>822,239</u>	<u>1,388,743</u>	<u>190,279</u>	<u>-</u>	<u>15,576,956</u>
Excess of Revenues (Expenditures)	724,601	(420,763)	(54,142)	-	84	56,437	20,310	(186,942)	281	139,866
<b>OTHER FINANCING SOURCES (USES)</b>										
Interfund Transfers In	-	-	30,000	-	-	-	-	-	-	30,000
Premiums on Obligations	-	-	-	-	-	-	-	272,382	-	272,382
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,382</u>	<u>-</u>	<u>302,382</u>
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other Financing (Uses)	724,601	(420,763)	(24,142)	-	84	56,437	20,310	85,440	281	442,248
Fund Balances, (Deficit) Beginning	4,003,882	6,902,758	(379,152)	125,000	25,253	461,843	479,409	3,602,000	48,711	15,269,704
<b>Fund Balances, (Deficit) Ending</b>	<u>\$ 4,728,483</u>	<u>\$ 6,481,995</u>	<u>\$ (403,294)</u>	<u>\$ 125,000</u>	<u>\$ 25,337</u>	<u>\$ 518,280</u>	<u>\$ 499,719</u>	<u>\$ 3,687,440</u>	<u>\$ 48,992</u>	<u>\$ 15,711,952</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Common Council  
City of Ithaca  
Ithaca, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ithaca (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 23, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a material weakness (2020-001).

INSERO & Co. CPAs, LLP

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**City of Ithaca's Response to Findings**

City of Ithaca's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. City of Ithaca's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
January 23, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE**

Common Council  
City of Ithaca  
Ithaca, New York

**Report on Compliance for Each Major Federal Program**

We have audited the City of Ithaca's (the City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

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### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

City of Ithaca's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. City of Ithaca's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
January 23, 2023

# CITY OF ITHACA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass - Through Grantor Program Title	Federal Catalog No.	Pass-Through Grantor No.	Pass-Through to Subrecipients	Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant and CDBG				
Entitlement Grants Cluster	14.218	N/A	\$ 318,430	\$ 639,489
Home Investment Partnerships Program:				
Entitlement Grant	14.239	N/A	182,068	252,790
<b>Total U.S. Department of Housing and Urban Development</b>			<u>500,498</u>	<u>892,279</u>
<b>U.S. Department of Justice</b>				
Equitable Sharing Funds (Drug Seizure)	16.922	N/A	-	1,810
<b>U.S. Department of Transportation</b>				
Passed Through NYS Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	D035697	-	1,922,515
Highway Planning and Construction	20.205	D035333	-	1,101,674
Highway Planning and Construction	20.205	D035332	-	79,503
Highway Planning and Construction	20.205	D035599	-	49,353
Highway Planning and Construction	20.205	D035769	-	108,820
Highway Planning and Construction	20.205	D036179	-	66,914
Highway Planning and Construction	20.205	D040023	-	60,070
<b>Total Highway Planning and Construction Cluster and U.S. Department of Transportation</b>			<u>-</u>	<u>3,388,849</u>
<b>U.S. Department of Homeland Security</b>				
Passed Through NYS Division of Homeland Services and Emergency Services:				
Assistance to Firefighters' Grant	97.044	EMW-2020-FG-05387	-	5,130
Assistance to Firefighters' Grant	97.044	EMW-2020-FG-03008	-	5,927
Assistance to Firefighters' Grant	97.044	EMW-2019-FG-00523	-	36,982
Homeland Security Grant Program	97.067	C182289	-	45,000
<b>Total U.S. Department of Homeland Security</b>			<u>-</u>	<u>93,039</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 500,498</u>	<u>\$ 4,375,977</u>

*See Notes to Schedule of Expenditures of Federal Awards*

# *CITY OF ITHACA*

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2020**

**Note 1 Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the City, an entity as defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

**Note 2 Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the basic financial statements.

**Note 3 Major Program Determination**

The City has determined that all federal programs with expenditures of \$750,000 or more are type A programs. For the year ended December 31, 2020, the City has one type A program, which is deemed a major program for the purpose of the Schedule of Expenditures of Federal Awards.

**Note 4 Indirect Cost Rate**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The City has elected not to use the 10% de minimus cost rate allowed under Uniform Guidance.

**Note 5 Matching Costs**

Matching costs, such as the City's share of certain program costs, are not included in the reported expenditures.

**Note 6 Expenditures of Federal Revenue**

The City operates revolving loan programs utilizing federal financial assistance received under current and prior Community Development Block Grants and Home Investment Partnership Programs. Loans outstanding at December 31, 2020 under these programs, reported as part of loans receivable in the City's basic financial statements, are as follows:

Loans Receivable	\$4,402,172
------------------	-------------

New loans in the amount of \$876,541 were disbursed and loan principal repayments totaling \$88,877 were made during the year from economic development loans. Program income of \$100,543 consisted of principal and interest payments.

# CITY OF ITHACA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS DECEMBER 31, 2020

### Section I Summary of Auditors' Results

#### Financial Statements

Type of Auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Type of Auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200 516(a)  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>Highway Planning and Construction</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee:  yes  no



# ***CITY OF ITHACA***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**DECEMBER 31, 2020**

### **Section II Financial Statement Findings**

#### **2020-001 Capital Project Accounting**

##### **Condition/Criteria**

Currently, City personnel account for the Capital Projects Fund in spreadsheets and do not enter information in the City's financial software system. This creates opportunities for errors to occur and not be detected by management timely. During a prior year audit, we noted discrepancies which resulted in a restatement to the beginning fund balance in the Capital Projects Fund and beginning net position in the Government-wide financial statements.

##### **Cause/Effect**

The City's financial software system does not have the capability to account for the numerous capital projects in process. This creates opportunities for errors to occur and not be detected by management in a timely manner.

##### **Repeat Finding**

This is a repeat of finding 2019-001 from the prior year.

##### **Recommendation**

We recommend City personnel convert the current accounting process to incorporate the Capital Projects Fund as a whole into its financial software system and continue to account for each project in spreadsheets, while pursuing a system that will provide the functionality desired to appropriately track Capital Projects Fund activity.

##### **Corrective Action Plan**

The City has authorized the installation of the capital project accounting module of MUNIS, which will be completed during the 2023 fiscal year.

#### **2020-002 Noncompliance with OMB Circular A-133/Uniform Guidance Late Filing of Single Audit Reporting Package**

##### **Condition/Criteria**

Under the Single Audit Act of 1996 and Uniform Guidance, the City was required to file the Single Audit reporting package by the end of the 9th month following the end of the fiscal year. The Office of Management Budget Bulletin, M-21-20, delayed this deadline to March 31, 2022. However, this deadline was not met on a timely basis for the year ended December 31, 2020.

##### **Cause/Effect**

The City experienced extraordinary demands on the Comptroller and Chamberlain's Offices in dealing with the effects of COVID-19, exacerbated by staffing shortages in those offices, which prevented the timely filing of the reporting package.

# ***CITY OF ITHACA***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) DECEMBER 31, 2020**

### **Section II Financial Statement Findings - Continued**

#### **Recommendation**

We recommend the requirements of Uniform Guidance be adhered to by striving to have all information required for the audit available on a timely basis. This will help to insure timely audit report issuance and compliance with the filing deadline.

#### **Corrective Action Plan**

The City is still facing staffing shortages and is working to get the 2021 financial statements completed. It is expected the 2022 reporting package will be filed on time.

#### **Questioned Costs**

Undeterminable

### **Section III Federal Award Findings and Questioned Costs**

See 2020-002 above.

## FORM OF BOND COUNSEL’S OPINION

February 13, 2025

City of Ithaca  
 County of Tompkins  
 State of New York

Re: City of Ithaca, County of Tompkins New York  
 \$42,740,111\* Bond Anticipation Notes, 2025

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$42,740,111\* Bond Anticipation Notes, 2025 (the "Obligations"), of the City of Ithaca, County of Tompkins, State of New York (the "Obligor"), dated February 13, 2025 in the denomination of \$\_\_\_\_\_, bearing interest at the rate of \_\_\_\_\_% per annum, payable at maturity, and maturing February 13, 2026.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the 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 (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the 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 truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

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, subject to applicable statutory limitations; 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 in appropriate cases.

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\* Preliminary, subject to change.

- (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) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the individual federal alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

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

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

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of revenues or moneys of the Obligor legally available 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,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

**LEASE between ASTERI PARKING, LLC and CITY OF ITHACA, NEW YORK**

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**LEASE**

**between**

**ASTERI PARKING, LLC**

**and**

**CITY OF ITHACA, NEW YORK**

**Dated as of**

\_\_\_\_\_, 2021

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## Lease

**THIS LEASE** (this "Lease") dated effective as of [\_\_\_\_], 2021, between **ASTERI PARKING, LLC**, a New York limited liability company ("ASTERI") and the **CITY OF ITHACA, NEW YORK**, a New York municipal corporation (the "City").

### RECITALS:

**WHEREAS**, in connection with that certain Disposition and Development Agreement entered into effective as of \_\_\_\_\_, 2021 (the "Disposition Agreement") by and between the City and Vecino Group New York, LLC, a New York limited liability company ("Vecino") City shall execute and deliver a deed to Vecino, an Affiliate of Asteri, for Parcel "B" on the Final Subdivision Plat for City of Ithaca Located at 126 East Green Street, City of Ithaca, Tompkins County, New York approved by the City on January 22, 2021, which parcel consist of approximately 0.646 Acres (herein the "Property"); and

**WHEREAS**, in consideration of such conveyance and as set forth in that certain Development Agreement by and between Asteri and Vecino New York, LLC, a dated \_\_\_\_\_, 2021 (the "Developer Agreement"), Asteri shall (A) improve the Property through, *inter alia*, the construction, reconstruction and renovation on the Land of four additional parking levels to the Existing Improvements to accommodate, in the aggregate approximately 350 parking spaces (the "Improvements"); and (B) the acquisition and installation in and around the Improvements of certain items of machinery, equipment and other items of tangible personal use solely for the use of the Improvements (the "Equipment"; and, together with the Land, the Existing Improvements and the Improvements, the "Facility") (collectively, the "Project") and (C) sub-lease the Facility to the City, which the Facility will comprise the entire Property, except for the Cinema Premises (as defined below) and the pedestrian bridges connecting the parking garage with the westerly adjacent mixed-use building commonly referred to as the "Conference Center" are specifically excluded (the "Leased Premises"); and

**WHEREAS**, a certain portion of the Property described as approximately 10,947 sq. ft. of commercial space located on the ground floor of the Property as shown as "Theater Space – G03" (consisting of 10,883 square feet) and "Passage – G-05" (consisting of 64 square feet) on a map numbered A100 and entitled "Theater Space Beneath Green Street Garage, Green Street Parking Garage, Theater Modifications" prepared by Hunt Engineers, Architects and Surveyors, Horseheads, New York and dated June 27, 2007 (revised), attached hereto as **Exhibit H**, and includes all portions of the Cinema Premises up to the bottom of the concrete beams and slab which form the floor of the second level (which is the first parking level) of the Green Street Garage, together with and subject to the rights and conditions set forth in **Exhibit I** attached hereto (including, but not limited to, the IURA's right to use the spaces identified in Exhibit H as "Meter Room – G-08" and Electrical Room – G-06" in common with the City), and collectively referred to as the "Cinema Premises."; and

**WHEREAS**, the Cinema Premises is leased by the City to the IURA under that certain lease between the City and the IURA dated July 16, 2007 (the "IURA Lease"); subleased by the IURA to Cayuga Green, LLC, a New York limited liability company ("CG") in that certain lease dated July 24, 2007 (the "CG Lease"); and sub-subleased by CG to 7<sup>th</sup> Art Corporation, a New York not for profit corporation under that certain lease dated July 24, 2007 (the "7<sup>th</sup> Art Lease" and collectively with the IURA Lease and the CG Lease the "Cinema Premises Leases"); and

**WHEREAS**, Asteri shall not be obligated in any way under the terms of the Cinema Premises Leases except for those certain rights and obligations provided for under the IURA Lease and provided in **Exhibit I**, but only to the limited extent that they impact the Leased Premises and/or are the type of rights

and obligations intended to be addressed by the construction impact mitigation fund in the Project budget; and

**WHEREAS**, the Leased Premises is contiguous and functions together with the second and third levels of a property immediately to the east owned by Green Street Development Partners, LLC, a New York limited liability company (“GSDP”) that is being split off as a separate lot from one owned by Ithaca Properties, LLC (formerly known as 4250 Vets Highway, LLC) (“IP”) and comprising a contiguous parking garage (the “Garage”) wherein persons parking in the Garage will require access over the parcels owned by Asteri, GSDP, and IP; and are provided such in that certain Cross-Easement Agreement dated \_\_\_\_\_, 2021 (the “Cross Easement”) by and between IP, GSDP and Asteri; and

**WHEREAS**, the Leased Premises comprises part of the Garage with GSDP and the City and requires that vehicle and pedestrian traffic be able to travel freely through and over the Asteri and GSDP parcels as well as provide for fire/life safety systems between the parcels, the Leased Premises shall also be subject to that certain Reciprocal Cross-Access and Fire/Life Safety System Easement Agreement dated \_\_\_\_\_, 2021 by and between GDSP and Asteri (the “Cross Access and Safety System Easement”) and together with the “Cross Easement” the “Parking Garage Easements”); and

**WHEREAS**, the Project shall be financed through the proceeds of the issuance of Bonds (defined herein); and

**WHEREAS**, by resolution duly adopted on February 10, 2021, the Tompkins County Industrial Development Agency (the “Issuer”) approved its issuance of its Taxable Revenue Bonds (Asteri Conference, LLC Project), Series 2021A Bonds (the “Bonds”), proceeds of which are available for the acquisition by the Issuer of a leasehold or other interest in the Property in order to undertake the Project; and

**WHEREAS**, in connection with the issuance of the Bonds and the undertaking of the Project, the following transfers and agreements shall be entered into contemporaneously with the issuance of the Bonds:

(i) pursuant to a certain Lease Agreement, dated as of [\_\_\_\_\_], 2021, by and between Asteri and the Issuer, Asteri shall lease its right, title and interest in the Property to the Issuer (the “Company Lease”);

(ii) pursuant to a certain Leaseback Agreement, dated as of [\_\_\_\_\_, 2021], by and between the Issuer and Asteri, the Issuer shall sublease its interest in the Facility back to Asteri, with the rental payments thereunder to be in an amount sufficient to pay the principal of, Sinking Fund Installments and Redemption Price of, and interest on the Bonds (the “Leaseback”);

(iii) pursuant to the terms hereof, (a) Asteri shall sub-sublease its interest in the Facility to the City, and (b) the City shall, make rental payments in an amount sufficient to pay the rental and other payments due by Asteri under the Leaseback (including, without limitation, such payment obligations attributable to any principal of, Sinking Fund Installments and Redemption Price of, and interest on the Bonds and any fees and expenses incurred by Asteri with respect to the Bonds and the operation and maintenance of the Facility);

(iv) Reserved.

**WHEREAS**, the parties desire to enter into this Lease, so that Asteri can commence the development of the Project.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants, agreements and conditions as set forth herein, and desiring to provide for the terms and conditions in which the efforts of the parties will be conducted, Asteri and the City hereby covenant and agree as follows:

**ARTICLE I  
BASIC TERMS AND DEFINITIONS; RULES OF CONSTRUCTION**

**Section 1.1 Recitals; Definitions.** The foregoing Recitals are hereby incorporated into the substantive provisions of this Lease. Except as otherwise expressly provided in this Lease, the definitions, rules of interpretation and construction set forth in **Exhibit A** shall apply to this Lease.

**ARTICLE II  
LEASE OF PROPERTY; TERM OF LEASE**

**Section 2.1 Term.** Subject to the terms and conditions of this Lease, Asteri hereby lets and demises to the City, and the City takes and hires from Asteri, the Leased Premises for a period commencing on the Effective Date and terminating on the thirtieth (30th) anniversary of the Effective Date (the "**Term**"). To the extent possible and upon reasonable prior notice, Asteri shall permit the City to enter into and use the Leased Premises for short durations prior to the Effective Date for the sole purpose of preparing for the operation of the Parking Garage upon and subject to all of the provisions of this Lease, with the exception of the payment of Base Rent.

**Section 2.2 Permitted Use.** Subject to all of the other terms, covenants and conditions of this Lease, the City shall use the Leased Premises in conformity with the Project Documents. Notwithstanding the foregoing, the City shall not at any time use or occupy the Leased Premises, or consent to or permit anyone else to use or occupy the Leased Premises: (a) in any manner that violates the provisions of this Lease or any applicable Laws or restrictions of record, or (b) so as to violate any insurance policy then issued in respect of the Leased Premises. As of the Effective Date the parking component of the Leased Premises shall be in full compliance with all applicable codes for occupancy and ready for public parking, including striping and numbering of all parking stalls and installation of internal way finding signage.

**Section 2.3 Description of Leased Premises.** The Leased Premises are described in detail in the Recitals and on **Exhibit B** attached hereto.

**ARTICLE III  
RENT**

**Section 3.1 Base Rent.**

(a) In consideration for the granting of this Lease, the City shall pay base rent during the Term an amount sufficient, and on such dates and by such times necessary, to pay Asteri's Rental Payments under the Leaseback Agreement between Asteri and Tompkins County Industrial Development Agency (the "**Base Rent**"). Asteri shall designate the Issuer and Manufacturers and Traders Trust Company (the "**Trustee**") as its agent (the "**Agent**") for receipt of payments from the City hereunder. All payments made by the City hereunder shall be paid in lawful money of the United States of America to an account established by the Agent, without notice, demand, deduction, offset, or abatement (except as otherwise expressly provided in this Lease), at Landlord's address or at such other place as Landlord from time-to-time designates in writing.

(b) At least forty-five (45) days prior to each [ ] 1 commencing [ ] 1, 20[ ] and continuing annually on each [ ] 1 of each year thereafter, the Agent shall submit (or cause to be submitted) to the City Controller, a written certificate stating in detail the Base Rent for the current fiscal year of the City and the projected Base Rent for the next succeeding fiscal year requested for payment from the City.

(c) At least forty-five (45) days prior to each Bond Payment Date (as defined in the Indenture), the Agent shall submit to the City a written certificate stating in detail that portion of the Base Rent for the current fiscal year to be paid to the Agent on the dates and times as set forth in Section 3.1(d) hereof.

(d) After receipt of notice from the Agency pursuant to Section 3.1(c) hereof, on or before the fifteenth (15th) Business Day (as defined in the Indenture) preceding the next ensuing Bond Payment Date (as defined in the Indenture), the City shall pay over to the Agent, that portion of the Base Rent as so requested by the Agent.

**Section 3.2 Additional Rent.** Unless otherwise stated herein and subject to Section 3.3 and Article VIII, the City shall be responsible for the payment of all operating and maintenance expenses associated with the Leased Premises throughout the Lease Term as Additional Rent, commencing upon the Effective Date. To the extent feasible, all operating and maintenance expenses shall be apportioned within the Base Rent or billed directly to and paid by the City. If the City fails to timely pay any operating and maintenance expense when it becomes due and payable, Asteri upon notice to the City shall have the right, at its option, to make such payment at the expense of City as reasonably required. Operating and maintenance expenses not included in the Base Rent are limited to those necessary to maintain life or safety systems or that may be required under the Parking Garage Easements. Any amount as expended by Asteri shall be paid by the City as Additional Rent. Additional Rent paid directly to Asteri for any period shall be paid within thirty (30) days after Asteri provides the City with a written statement of the estimated or actual amount of Additional Rent due for such period. Asteri will use commercially reasonable efforts to provide the City with a final adjustment statement regarding Additional Rent payable for the immediately preceding calendar year within ninety (90) days (but in any event, no later than 120 days) after the close of each calendar year. If the City's total payments of estimated Additional Rent for any calendar year are less than Additional Rent that would be payable by the City hereunder during such calendar year, then the City shall pay the difference to Asteri within thirty (30) days after demand, and if more, then Asteri may credit such overpayment to Additional Rent next becoming due under this Lease.

**Section 3.3 Rental Fee.** In addition to the payment of Base Rent payable by the City to the Trustee and Additional Rent payable by the City to Asteri pursuant to Section 3.1 and Section 3.2 above, the City shall pay to Asteri an annual payment totaling Eighteen Thousand and No Cents (\$18,000) over the first seven (7) years of this Lease and then Twenty-Four Thousand Dollars and No Cents (\$24,000) (the "Rental Fee") thereafter, by December 31 of each year (which shall, notwithstanding anything to the contrary in Section 3.1 above, shall be paid to Asteri, and not to the Trustee). The Rental Fee shall be prorated for any partial year and payable in advance.

**Section 3.4 Non-Waiver.** Asteri's delay in rendering, or failure to render, any statement or bill for Additional Rent for any period shall not waive Asteri's right to render a statement or collect such Additional Rent for that or any subsequent period. If Asteri delivers to the City an incorrect statement with respect to any Additional Rent, Aster shall have the right to give the City a corrected statement for the period covered by the incorrect statement and to collect the correct amount of the Additional Rent.

**Section 3.5 Interest and Charges on Late Payments.** Any Base Rent, Additional Rent, Rental Fee, or all other monetary obligations under this Lease payable by the City not received by Asteri when due

shall bear interest at the rate of two percent (2%) per month from the date due until fully received by Asteri. Such additional payments shall be in addition to, and not in lieu of, any other remedy Asteri may have.

**Section 3.6 Rental Payments and Procedure.** To the extent there is any deficiency in City's payment of the Base Rent, Additional Rent, or the Rental Fee owing hereunder, subject to any notice and/or cure period, the City shall be immediately in default and subject to the provisions of Article XVI.

#### ARTICLE IV PAYMENT OF IMPOSITIONS

**Section 4.1 Impositions.** The term "Impositions" shall mean, collectively, (a) all real estate taxes, all special assessments and all other property assessments, including all assessments for public improvements or betterments or special assessments, including but not limited to Business Improvement District assessments, Sidewalk Improvement District fees, or Stormwater fees, whether or not commenced or completed within the term of this Lease, (b) all *ad valorem*, sales and use taxes, (c) all rent taxes, occupancy taxes and all similar taxes, (d) all fines, fees, charges, penalties, and interest imposed by any Governmental Authority, and (e) all other governmental charges and taxes, in each case of any kind or nature whatsoever, general or special, foreseen or unforeseen, ordinary or extraordinary, which are at any time during or with respect to the Term assessed, levied, charged, confirmed or imposed with respect to the Leased Premises or the use, leasing, ownership or operation thereof, or become payable out of or become a lien upon the Leased Premises or the rents or income therefrom. If at any time during the Term the present method of real estate taxation or assessment is changed so that there is substituted for the type of Impositions presently being assessed or imposed on real estate, or in lieu of any increase in such Impositions, a tax, such substitute taxes shall be deemed to be included within the term "Impositions." For the purpose of clarity, **any Impositions that apply to the Leased Premises exclusively**, such as sidewalk assessments, stormwater assessments, trash violations and the like, **shall be paid for by the City**, and reimbursed by Asteri only in the event the willful or grossly negligent act or omission of the Asteri is an avoidable cause of such Imposition and only for such portion of the Imposition resulting from such avoidable willful or grossly negligent act or omission of Asteri.

**Section 4.2 Payable When Due.** Subject to Section 4.1, in the event there are Impositions applicable solely to the Leased Premises, the City will pay, or cause to be paid, as Additional Rent, all such Impositions as and when the same shall become due and payable directly to the Governmental Authority charged with the collection thereof, provided that if any Imposition may by Applicable Laws be paid in installments, the City may pay such Imposition in installments as permitted by Applicable Laws.

**Section 4.3 Reduction of Impositions.** Each of Asteri and the City may, at no cost or expense to Asteri, endeavor from time to time to reduce the assessed valuation, if any, of the Leased Premises for the purpose of reducing the Impositions payable. Notwithstanding the foregoing, each of Asteri and the City shall timely pay all Impositions as the case may be. Each of Asteri and the City agree to offer no objection to such contest or proceeding and, at the request of the other, to reasonably cooperate with such objecting party in pursuing such contest or proceeding, but without expense or liability to Asteri. Any such contest or proceeding shall be brought in the City's name unless otherwise required by Applicable Laws in which case the contest or proceeding may be brought in Asteri's name with Asteri's prior written consent.

**Section 4.4 Refund of Impositions.** If all or any part of an Imposition is refunded (whether through cash payment or credit against Impositions), the party who paid the Imposition to which the refund relates shall be entitled to such refund to the extent such refund relates to any Imposition paid by such party. If either party receives a refund (whether by cash payment or credit) to which the other party is entitled, the

receiving party shall promptly pay the amount of such refund or credit to the entitled party, less the receiving party's reasonable expenses, if any, in obtaining such refund or credit.

**ARTICLE V**  
**EFFECT OF LEASE ON OWNERSHIP OF PROPERTY; AND CERTAIN**  
**OTHER INCIDENTS OF LEASE**

**Section 5.1 Ownership of Property.** At all times during the Term, all Improvements made, erected, constructed, installed or placed upon the Leased Premises and all Personal Property acquired (or leased) by Asteri shall be the property of the Asteri, except for the Parking Access and Control Equipment existing at the time the Leased Premises was deeded to Asteri or that the City may purchase to facilitate its parking access control obligations. During the Term, the Asteri alone shall be entitled to all of the tax attributes of ownership of the Improvements made, erected, constructed, installed or placed upon the Leased Premises and all Personal Property acquired (or leased) by the City, including, without limitation, the right to claim depreciation or cost recovery deductions. This Lease is intended to convey to Asteri all the benefits and burdens of ownership and to cause the Asteri to be treated as the owner of the Improvements for federal income tax purposes. The parties agree to treat this Lease in a manner consistent with this intention, including filing all federal income tax returns and other reports consistent with such treatment. City will not claim tax credits, depreciation or any other federal or state income tax benefits with respect to the Improvements, or take any action that is inconsistent with this provision or preventing Asteri from claiming the aforementioned tax interests. In furtherance of the above, during the term of this Lease, City hereby grants, bargains, sells and releases to Asteri all of City's right, title and interest in and to the Improvements and Personal Property located on the Leased Premises. The Improvements and Personal Property not otherwise owned by the City that becomes a fixture of the Improvements shall become the property of City at the expiration or sooner termination of this Lease and if the City requires any document or acknowledgment, including any conveyance document, to confirm its ownership of the thereof, then the Asteri shall execute, acknowledge, and deliver such required documents in a form reasonably acceptable to the City within ten (10) days following City's written request to Asteri for such documents.

**Section 5.2 Replacement of Fixtures.** Notwithstanding the foregoing, the City may replace and may permit any subtenant to replace any fixtures, machinery and equipment on the Leased Premises from time to time, provided that such replacements are of quality and utility at least equal to the fixtures, machinery and equipment being replaced. Any such replacements shall, subject to the provisions of Section 5.1 above, remain on the Leased Premises and become the property of the then current owner of the Leased Premises at the expiration or sooner termination of this Lease.

**ARTICLE VI**  
**COMPLIANCE WITH LAW; ENVIRONMENTAL LAWS; CONTEST**

**Section 6.1 Compliance with General Laws.** The City, at no expense to Asteri, shall comply, and shall cause any subtenant to comply, in all respects at all times, with all Applicable Laws. Without limiting the foregoing, the City shall promptly cure, or cause the cure of, all known violations of Applicable Laws caused by the City or any subtenant of the City during the Term whether or not a notice of written violation has been issued or a written directive or written order has been issued by any public officer or other person having authority; promptly discharge of record any such notice of violation; promptly comply with any such order or directive; and pay all fines, penalties, interest, and other costs imposed by any Governmental Authority in connection with any violation or requirement of Applicable Laws by the City; provided, however, that the City shall not be deemed to be in violation of this Section 6.1 with respect to Asteri's failure to comply with any Applicable Laws that results from action or omission of Asteri.

**Section 6.2 Compliance With Environmental Laws. Without limiting the foregoing:**

(a) Subject to subparagraph (c) and Section 6.4 below, Asteri, at no expense to the City, shall comply in all material respects at all times, with all Environmental Laws. Such compliance includes Asteri's obligation, at no expense to City, to take, or cause the taking of, Remedial Action when required by Applicable Laws (in accordance with Applicable Laws and this Lease) and to pay, or cause the payment of, all fines, penalties, interest and other costs imposed by any Governmental Authority in connection with any violation or requirement of Applicable Laws by Asteri or rightfully the liability of Asteri as owner of the Property.

(b) Each party shall notify the other promptly if (i) such party becomes aware of the presence of any Hazardous Substances or Release at, on, under, within, emanating from or migrating to the Property in any quantity or manner, which could reasonably be expected to violate in any material respect any Environmental Laws or give rise to any material liability or the obligation to take Remedial Action or other material obligations under any Environmental Law, or (ii) if either party receives any written notice, claim, demand, request for information or other communication from a Governmental Authority, or a third party, regarding the presence of any Hazardous Substances or Release at, on, under, within, emanating from or migrating to the Property or related to the Property which could reasonably be expected to violate in any material respect any Environmental Laws or give rise to any Material liability or obligation to take Remedial Action or other material obligations under any Environmental Law.

(c) If the Release of any Hazardous Substance onto the Leased Premises was the result of action or omission of the City or any party holding an interest in the Leased Premises by or through City (and in all events excluding any such Release that was the result of action or omission of Asteri), the City shall take and complete, or cause the taking and completion of, any Remedial Action with respect to the Leased Premises in full compliance with all Laws and shall, when such Remedial Action is completed, submit to Asteri written confirmation from the applicable Governmental Authorities that no further Remedial Action is required to be taken ("Final Governmental Approval"). In connection with any Remedial Action, (i) the City shall promptly submit, or cause the submission, to Asteri the plan of Remedial Action and all material modifications thereof, (ii) the City shall use an environmental consultant reasonably acceptable to Asteri, and (iii) the City shall apprise Asteri, on a quarterly basis (or more frequently if reasonably requested by Asteri), of the status of such plan of Remedial Action and provide Asteri with copies of all correspondence, plans, proposals, contracts and other documents exchanged with the applicable Governmental Authorities relating to such plan or proposed plan. If the City's environmental consultant determines that there is not a reasonable likelihood of obtaining Final Governmental Approval prior to the third anniversary of the date on which the plan is first submitted to Asteri, a certificate to that effect shall be provided to Asteri by such environmental consultant on behalf of the City, which certificate shall also state, to the reasonable satisfaction of Asteri, the status of the Remedial Action and the schedule for completion of the Remedial Action, the reasons why such Final Governmental Approval is not likely to be obtained within such time period and that all Remedial Actions to date have been completed in accordance with all Environmental Laws.

(d) If the Release of any Hazardous Substance onto the Leased Premises was not the result of action or omission of the City or any party holding an interest in the Leased Premises by or through City (and in all events excluding any such Release that was the result of action or omission of Asteri or the Release was or should have been remediated during Project Construction), Asteri shall take and complete, or cause the taking and completion of, any Remedial Action with respect to the Leased Premises in full compliance with all Laws and shall, when such Remedial Action is completed, submit to Asteri the Final Governmental Approval of same. In connection with any Remedial Action, Asteri shall (i) promptly submit, or cause the submission, to the City the plan of Remedial Action and all material modifications

thereof, (ii) use an environmental consultant reasonably acceptable to the City, and (iii) apprise the City, on a quarterly basis (or more frequently if reasonably requested by the City), of the status of such plan of Remedial Action and provide the City with copies of all correspondence, plans, proposals, contracts and other documents exchanged with the applicable Governmental Authorities relating to such plan or proposed plan. If Asteri's environmental consultant determines that there is not a reasonable likelihood of obtaining Final Governmental Approval prior to the third anniversary of the date on which the plan is first submitted to the City, a certificate to that effect shall be provided to the City by such environmental consultant on behalf of Asteri, which certificate shall also state, to the reasonable satisfaction of the City, the status of the Remedial Action and the schedule for completion of the Remedial Action, the reasons why such Final Governmental Approval is not likely to be obtained within such time period and that all Remedial Actions to date have been completed in accordance with all Environmental Laws.

**Section 6.3 City's Right to Contest Claimed Violations.** The City shall have the right to contest, at no cost to Asteri, by appropriate legal proceedings, the amount or validity of any fine, charge or penalty imposed in connection with an alleged violation of Applicable Laws, the validity of any Applicable Laws to the Leased Premises, the validity of any application of any Applicable Laws to the Leased Premises, the existence of any violation of Applicable Laws, and/or the validity of any notice of violation of Applicable Laws issued to the City or Asteri (the "Contested Obligation") excepting therefrom, any Contested Obligations arising out of or resulting from the use of the Leased Premises by the City or subtenant thereof. The City may defer payment and/or performance of the Contested Obligation to the extent that and so long as the City is diligently contesting, at no expense to Asteri, by appropriate legal proceedings the existence, amount or validity of the Contested Obligation, provided that all of the following conditions are met:

- (a) There is no outstanding Event of Default.
- (b) Such contest is made and prosecuted in good faith.
- (c) Such proceeding shall operate during the pendency thereof to prevent (i) the sale, forfeiture or loss of the City's leasehold estate in the Leased Premises, (ii) the sale, forfeiture or loss of Asteri's fee interest in the Leased Premises, (iii) the sale, forfeiture or loss of the Issuer's leasehold interest under the Company Lease, (iv) the sale, forfeiture or loss of Asteri's leasehold interest under the Leaseback, (v) the forfeiture or loss of the Additional Rent, (vi) any interference with the use or occupancy of the Leased Premises, and (vii) the cancellation of any insurance policy required to be maintained by the City pursuant to Article VIII of this Lease. In addition, such proceeding shall not create an imminent, material risk that any of the foregoing will occur.
- (d) Neither the City nor Asteri is exposed to any risk of criminal liability, penalty, or sanction.
- (e) The City reimburses Asteri, within ten (10) days of being billed therefor, for all Liabilities incurred by Asteri in connection with such contest.
- (f) The City is not contesting a criminal liability, penalty, or sanction (not including criminal liabilities stemming from Environmental Laws).
- (g) The City shall, promptly upon Asteri's request, apprise Asteri of the status of the contest and provide Asteri with copies of all documentation relating to such contest.



(h) The City promptly and diligently prosecutes such contest to final conclusion by appropriate legal proceeding, but the City shall have the right to attempt to settle or compromise such contest, subject to receipt of Asteri's consent, which shall not be unreasonably withheld, unless the settlement or compromise will in Asteri's reasonable judgment have a material impact on the use and occupancy of the Leased Premises.

In proportion to the City's fault as a result of the City's negligence or misconduct, the City shall indemnify and save Asteri harmless against any and all Liabilities incurred by Asteri in connection with any such contest or the Contested Obligation, excepting Liabilities arising from Asteri's action or omission. The City shall, promptly after the final determination of such contest, comply with the requirements of such determination and pay all amounts levied, assessed, charged or imposed on Asteri, the City, the Leased Premises or any part thereof, in connection therewith, together with all fines, penalties, interest, costs and Liabilities.

**Section 6.4 Environmental Matters.** To the best of Asteri's knowledge, without any duty to conduct an independent investigation and excepting therefrom any such matters as may be set forth in any environmental report for the Leased Premises conducted prior to the date of this Lease, Asteri represents that (a) the Leased Premises, including, without limitation, soil and groundwater conditions, is not in violation of any Environmental Law, nor has Asteri received any written notice nor is Asteri otherwise aware of any such violation or alleged violation; (b) neither Asteri nor any of its agents, contractors, subcontractors, or representatives have used, manufactured, stored or disposed of, on, under or about the Leased Premises, or transported to or from the Leased Premises, any Hazardous Substances; and (c) neither Asteri, nor any of its agents, contractors, subcontractors, or representatives have installed any underground storage tanks on the Leased Premises, nor has Asteri used the Leased Premises as a dump or landfill site.

**Section 6.5 Reservation of Rights.** Nothing contained in this Lease shall prevent or in any way diminish or interfere with any rights or remedies, including, without limitation, the right to contribution, which either Asteri and/or City may have against any third party under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §9601 et seq.), as it may be amended from time to time, or any other applicable federal, state or local laws, all such rights being hereby expressly reserved

## ARTICLE VII

### RESERVED

## ARTICLE VIII

### OBLIGATIONS OF CITY

**Section 8.1 Parking Access Control.** The City shall remain responsible for owning, operating, and maintaining parking access control equipment, including booths and pay stations, as well as any other equipment on the Leased Premises to support its parking access control on the Property at the time of conveyance. The City shall operate parking access control to the Facility in accordance with all applicable laws, regulations, and codes.

**Section 8.2 Standards.** The City at its own cost and expense shall at all times (a) maintain or cause to be maintained the Leased Premises in an orderly and safe condition, in a good state of repair, and in a manner consistent with the standards of operation and maintenance of properties similar to the Leased

Premises, and (b) make or cause to be made such repairs, replacements and alterations to the nonstructural interior portions of the Leased Premises as are necessary to keep it in the condition required by the preceding clause (c) and to comply or require any subtenant to comply with the requirements of this Section 8.1, whether ordinary or extraordinary, foreseen or unforeseen.

**Section 8.3 Construction; Repairs and Maintenance of Leased Premises.** Excepting such structural issues which are caused in whole or in part due to design or construction defects, the City shall keep the structural elements of the Leased Premises, including any applicable system including, but not limited to, the plumbing, heating, lighting, air conditioning, life safety, security, and other systems in connection therewith, and all other parts of the Leased Premises in good order and condition and will make all necessary repairs thereto, ordinary and extraordinary, foreseen and unforeseen, and will make all necessary replacements thereto of like quality when beyond repair. The City shall hire, pay and assumes full responsibility for all exterior cleaning, snow removal, deck cleaning and maintenance, upkeep of exterior plaza benches, planters and plant materials, and custodial and janitorial services required to meet its obligations hereunder allocated to the Leased Premises. In addition, if a notice of violation is issued by any governmental authority relating to the interior and exterior structural and exterior nonstructural portions of the Leased Premises, the City shall at its own cost and expense, make all repairs, alterations and renovations and take such other action with respect to the Leased Premises as may be necessary to comply with such notices of violation.

## ARTICLE IX

**Section 9.1 INSURANCE; COMPLIANCE WITH INSURANCE REQUIREMENTS.** During the Term, the **parties** shall maintain or cause to be maintained (except as otherwise specifically provided below), the insurance coverages of the types and in the amounts as are set forth on **Exhibit F**.

**Section 9.2 Certificate of Insurance.** Concurrently with execution of this Lease and thereafter at least fifteen (15) days prior to the expiration of any policy, the parties shall deliver to each other certificates evidencing the insurance required by this Article in form and content reasonably satisfactory to Asteri, together with evidence of payment of the annual premium for each policy.

**Section 9.3 Failure to Maintain Insurance.** If either party fails to maintain the insurance required by the foregoing provisions of this Article or to timely furnish to the other the required evidence of such insurance and payment of the insurance premiums, then such party shall be in default under this Lease and shall be responsible for all Liabilities incurred by the other with respect to such default, including any Liabilities that would have been covered by the insurance such party is required to maintain. If either party fails to maintain any of the insurance required by this Article, the other may, at its option, in addition to exercising any other remedies available to it under this Lease or at law or in equity, obtain the insurance described in this Article, in which event such breaching party shall reimburse the other within ten (10) days of being billed therefor, for the costs incurred to obtain such insurance. Notwithstanding anything to the contrary herein, the cost of insurance shall be an expense borne solely by the City and payment for insurance purchased and maintained by Asteri for the benefit of the Leased Premises shall be payable by the City within thirty (30) days' notice of demand for payment. Under no circumstances shall Asteri be required to insure any property or equipment owned by City or the City and maintained on the Leased Premises.

**Section 9.4 Subtenant Insurance.** The City shall require any subtenants that occupy the Leased Premises during the Term to maintain insurance as set forth in **Exhibit F**.

**ARTICLE X**  
**INDEMNITY AND WAIVER OF SUBROGATION**

**Section 10.1 Asteri Indemnity.** Subject to the provisions of this Article X, Asteri shall indemnify and hold harmless the City from and against any and all Liabilities arising from or in connection with all of the following: (a) any operations or activities occurring at the Property, including but not limited to those related to the adjacent affordable housing ; (b) any accident, injury or damage (including death) occurring in, at or about the Property; and/or (c) from all fines, suits, procedures, claims and actions of any kind arising out of or in any way connected with any spills or discharges of Hazardous Substances or wastes in or about the Property, and from all fines, suits, procedures, claims and actions of any kind arising out of Asteri's failure to provide all information, make all submissions and take all actions required by any Governmental Authority; and/or (d) from all fines, suits, procedures, claims and actions of any kind arising out of or in any way connected with design or construction of the Improvements or Facility or generally on or about the Property; excepting, however, for the purpose of this Section 10.1, Liabilities arising from the City's action, omission, intentional misrepresentation, negligence or misconduct or of its officers, representatives, agents, contractors, employees or invitees. If any action or proceeding is brought against the City by reason of any such claim(s), Asteri, upon notice from City, shall cooperate with Asteri to resist and defend such action or proceeding by counsel reasonably satisfactory to Asteri.

**Section 10.2 City Indemnity.** Subject to the provisions of this Article X, the City shall indemnify and hold harmless Asteri from and against any and all Liabilities arising from or in connection with all of the following: (a) any operations or activities occurring at the Leased Premises or the Cinema Premises; (b) any accident, injury or damage (including death) occurring in, at or about the Leased Premises; excepting, however, for the purpose of this Section 10.2; (1) Liabilities arising from Asteri's action, omission, intentional misrepresentation, negligence or misconduct or of its officers, representatives, agents, contractors, employees or invitees; and any insurance obligations as set forth in this Lease or (2) from any obligations under the Cinema Premises Leases, specifically certain rights and obligations provided for under the IURA Lease and provided in **Exhibit I**, but only to the limited extent that they impact the Leased Premises and are of the type of rights and obligations intended to be addressed by the construction impact mitigation fund in the Project budget. If any action or proceeding is brought against Asteri by reason of any such claim(s), the City, upon notice from Asteri, shall cooperate with Asteri to resist and defend such action or proceeding by counsel reasonably satisfactory to Asteri. Notwithstanding the foregoing, this indemnification shall not abrogate the provisions of Article 4 of the General Municipal Law.

**Section 10.3 Reserved.**

**Section 10.4 Waiver of Subrogation.** Asteri and the City hereby waive the rights each may have against the other on account of any loss or damage occasioned to Asteri's or the City's, as the case may be, respective property, or the Leased Premises, or arising from any risk insured against (or required to be insured against) by Asteri or the City; and the parties each, on behalf of their respective insurance companies insuring the property of either Asteri or the City against any such loss, waive any right of subrogation that it may have against Asteri or the City, as the case may be. The release set forth in this Section shall apply only to the extent that such loss or damage is covered by insurance (or would have been covered by insurance required to be carried hereunder, if a party fails to carry the required insurance). Each party shall obtain any special endorsements required by its insurer to allow this waiver, but the waiver shall apply regardless of whether the party obtains the endorsements. Notwithstanding the foregoing, this waiver of subrogation shall not abrogate the provisions of Article 4 of the General Municipal Law,

**ARTICLE XI  
CASUALTY DAMAGE AND DESTRUCTION**

**Section 11.1 Damage.** If the Leased Premises are damaged or destroyed by fire or other cause (ordinary or extraordinary), the City shall give Asteri prompt notice of such event and (i) so long as the Project Documents are in effect, the City shall take such action as required by thereunder and (ii) in the event the Project Documents are no longer in effect, the City shall repair such damage and restore the Leased Premises to the condition existing prior to such damage or destruction and to a standard and quality no less than the construction of the original Improvements (the "Restoration"). Such repair and restoration shall be effected with reasonable diligence, subject to reasonable delays for adjustment of the insurance loss. Subject to Section 10.3, such obligation shall survive any termination of this Lease. Except as provided in this Section 11.1, this Lease shall not terminate solely by reason of such damage or destruction, and all obligations of the City for the payment of Additional Rent and other amounts due hereunder shall continue without abatement or set-off. Notwithstanding the above, Asteri and the City hereby agree that during the term of the Lease, any insurance proceeds arising from insurance provided by Asteri shall first be used to repair or replace the Leased Premises, except as otherwise provided in the hereunder.

**Section 11.2 Proceeds of Insurance.** The parties hereto acknowledge that any insurance proceeds shall be used for the repair and restoration of the Leased Premises as required by Section 11.1 hereof. Notwithstanding the above, Asteri and the City hereby agree that during the term of this Lease, any insurance proceeds arising from insurance provided by Asteri shall first be used to repair or replace the Leased Premises as required by Section 11.1 hereof.

**Section 11.3 Termination Rights. Subject to the foregoing:**

(a) If the proceeds of any property damage policy are insufficient to pay for the cost of Restoration; or

(b) If the Leased Premises (or any discrete portion thereof) are damaged or destroyed by fire or other cause during the last five (5) years of any Term subsequent to the Bond being satisfied and the cost to restore the Leased Premises (or portion thereof), as reasonably estimated, would equal or exceed 25% of the full replacement cost of the Improvements;

then, the City may, to the extent permitted pursuant to the Project Documents, terminate this Lease with respect to the Leased Premises (or any discrete portion thereof) within ninety (90) days after such fire or casualty event, provided that the City must as a condition precedent to such termination cause the Leased Premises to be in a safe condition, free and clear of any debris or other hazardous conditions. In such event, this Lease shall cease and come to an end as of the date forty-five (45) days after the date Asteri receives such notice. If the Lease is terminated pursuant to a casualty event, moneys and/or proceeds shall be applied and transferred to the following parties in the following order of priority: (1) the Trustee shall receive proceeds in an amount sufficient to cover the Base Rent for the remainder of the Lease Term and (2) Asteri shall receive proceeds in an amount sufficient to cover the Additional Rent and such other rent as is set forth in Section 3.3 hereof (excluding the Base Rent) for the remainder of the Lease term.

**ARTICLE XII  
CONDEMNATION**

**Section 12.1 Nature of Taking.** Asteri and the City shall each notify the other if either becomes aware of a threatened or possible Taking (including any letter of interest from the condemning authority or its designee), or the commencement of any proceedings or negotiations which might result in a Taking.

Asteri and the CITY shall have the right to appear in such proceedings, as their interests may appear, and be represented by their respective counsel.

**Section 12.2 Taking While Project Documents Remain in Effect.** If there is a Taking (whether a Substantial Taking, Partial Taking or Temporary Taking), the parties hereto acknowledge that so long as the Project Documents are in effect the proceeds of any Award shall be disbursed to Trustee to be applied as provided in the Project Documents, and all obligations of the City for the payment of Base Rent and other amounts due hereunder shall continue without abatement or set-off.

**Section 12.3 Taking After Termination of Project Documents.** If there is a taking after the discharge of the Project Documents, then the following provisions shall apply.

(i) If such taking is a Substantial Taking, at either party's election, the Term of this Lease shall cease and terminate on the date of the Taking as fully and completely as if such date were the originally stated expiration of the Term hereof. The Award for a Substantial Taking shall be allocated as follows:

(A) to Asteri, the present value of Asteri's fee interest in and to the Leased Premises as of the end of the Term, without consideration of any earlier termination of this Lease due to such Taking; and

(B) the balance of the Award, if any, shall be paid to the City.

(ii) If such taking is a Temporary Taking the Award shall be allocated as follows:

(A) to Asteri, a proportionate amount based upon the duration of the Temporary Taking that follows the expiration of the Term as compared with the duration of the Temporary Taking that is during the Term; and

(B) the balance of the Award, if any, shall be paid to the City.

(iii) If such taking is a Partial Taking, this Lease shall remain in full force and effect; provided, however, that on the date of such Taking this Lease shall terminate as to the portion of the Leased Premises taken, which portion shall no longer be deemed part of the Leased Premises and Base Rent shall be equitably reduced. Thereafter, the City, to the extent of the Award made available to it, shall promptly restore, or cause the restoration of, the Leased Premises, to the extent reasonably practicable given the nature and scope of the Taking and the requirements of Applicable Laws to their condition immediately prior to such Partial Taking in accordance with the provisions of this Lease and to a standard and quality no less than the construction of the original Improvements (the "Condemnation Restoration"). The Award for the Partial Taking shall be allocated as follows:

If the Partial Taking includes any of the Improvements (including any parking area), the Award shall first be applied to effect the Condemnation Restoration. The balance of the Award (if any) shall be allocated as follows:

(A) Asteri shall be entitled to an amount equal to the present value of the diminution in the Market Value of its fee interest in the Leased Premises as of the end of the Term; and

(B) the balance of the Award, if any, shall be paid to the City.

If the cost of the Condemnation Restoration, as reasonably estimated, is less than the portion of the Award needed to effect the Condemnation Restoration, the Award shall be paid to the City, who shall effect the Condemnation Restoration, and if the cost of effecting the Condemnation Restoration is equal to or greater than the portion of the Award needed for restoration of the Leased Premises, the Award shall be paid to Asteri, who shall distribute such portion of the Award to the City as the Condemnation Restoration progresses in the same manner as provided in Section 11.2 with respect to insurance proceeds and subject to the same conditions.

**Section 12.4 Reimbursement for Taxes.** Notwithstanding anything in this Article XII to the contrary, to the extent any Award is allocated to reimbursement for real estate taxes and assessments that have been paid with respect to periods after the date title vests in the condemning authority or its designee, such portion shall be paid to the party who paid such taxes and assessments. To the extent, any Award is allocated to reimbursement of prepayment penalties, such portion shall be paid to the party that paid the prepayment penalty.

**Section 12.5 Rights of Certain Parties.** Asteri's and the City's rights under this Article XII shall be subject and subordinate to any applicable rights of the Trustee while the Project Documents are outstanding.

**Section 12.6 No Benefit to Condemning Party.** Nothing in this Article is included for the benefit of the condemning authority, the intent being only to set out the rights of the parties vis-a-vis one another.

### ARTICLE XIII ESTOPPEL CERTIFICATES

**Section 13.1 Estoppel Certificates.** Asteri and the City shall, at any time and from time to time, within ten (10) Business Days following receipt of written request from the other party, execute, acknowledge and deliver a written statement certifying to such parties as such requesting party may require: that this Lease is in full force and effect and unmodified (or, if modified, stating the nature and date of such modification); the Closing Date; the end of the Term; whether or not, to the best knowledge of the signer, the other party is in default in performance of any of its obligations under this Lease including the payment of Additional Rent (and, if so, specifying each such default of which the signer shall have knowledge and the amount of any unpaid Additional Rent); if the signer is the City, that the City is not in default of any of its obligations under this Lease; and as to such other matters regarding this Lease as may reasonably be requested. Failure to deliver such statement within the twenty (20) Business Days' period shall be conclusive as to the facts stated in the requested certification and binding upon the party who failed to deliver such certification as it relates to the entity seeking the certification. However, the failure to deliver said statement shall not be a waiver of any claim Asteri may otherwise have against the City to the extent the enforcement of Asteri's claim does not adversely impact the entity seeking the certification.

### ARTICLE XIV REPRESENTATIONS AND WARRANTIES

**Section 14.1** Asteri makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) Asteri is a limited liability company, duly formed under the laws of the State of New York, has the authority to enter into this Lease, and has duly authorized the execution and delivery of this Lease.

(b) Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Lease will conflict with or result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which Asteri is a party or by which it is bound, or will constitute a default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of Asteri under the terms of any such instrument or agreement.

(c) The Property will conform with all applicable zoning, planning, building and environmental laws and regulations of Governmental Authorities having jurisdiction over the Leased Premises, and Asteri shall defend, indemnify, and hold the City harmless from any liability or expenses resulting from any failure by Asteri to comply with the provisions of this subsection (c), excepting therefrom, any such liabilities or expenses arising out of the actions or inactions of the City, its employees, contractors or agents.

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or, to the knowledge of Asteri, threatened against or affecting Asteri, to which Asteri is a party, and in which an adverse result would in any way diminish or adversely impact Asteri's ability to fulfill its obligations under this Lease.

(e) Other than those obligations as may be imposed by the Project Documents, there is no lien encumbering Asteri's fee in the Leased Premises and Asteri will not permit or allow any such lien or other encumbrance on its fee in the Leased Premises during the Term, except for the Parking Garage Easements.

**Section 14.2** The City makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The City is a duly established municipal corporation of the State of New York and has the power to enter into the transaction contemplated by this Lease and to carry out its obligations hereunder.

(b) Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Lease will conflict with or result in a breach of any of the terms, conditions or provisions of the City's enabling legislation or of any corporate restriction or any agreement or instrument to which the City is a party or by which it is bound, or will constitute default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the City under the terms of any such instrument or agreement.

## ARTICLE XV ASSIGNMENT AND SUBLEASE

**Section 15.1 Assignment of Asteri's Interest.** Notwithstanding anything to the contrary contained in this Lease, the parties hereto hereby agree that Asteri may assign, transfer or otherwise alienate all of its interest in this Lease and in the Leased Premises upon consent of 100% of the Bondholders (as defined in the Indenture) and the City which shall not be unreasonably withheld, conditioned or delayed, but without the consent or approval of the Trustee, the City, the Issuer, or any other person and that upon such assignment, transfer or alienation, Asteri shall be released from all liability hereunder and under the Project Documents; provided, however that (i) the assignee, transferee or purchaser of Asteri's interest shall

have assumed the obligations of Asteri hereunder and under the Project Documents by a written instrument reasonably acceptable to the Trustee, and (iii) the Trustee shall have received an opinion of Bond Counsel (as defined in the Indenture), to the effect that such assignment, transfer or alienation shall not adversely affect the non-inclusion of the interest on the Bonds in gross income for federal income tax purposes, the costs and expenses of which shall be borne exclusively by Asteri.

**Section 15.2 Assignment of Leasehold Interest.** City shall not, without the prior written consent of Asteri, 100% of the Bondholders and the City, assign this Lease, or mortgage, pledge or encumber its leasehold interest created hereby. The City is permitted to sublease only those specified portions of the Leased Premises, as shown in the Plans and Specifications.

**Section 15.3 Subordination.** This Lease and Asteri's and the City's rights hereunder shall be subject and subordinate at all times to the Project Documents now existing or hereafter created on or against the Leased Premises, and all renewals, modifications, consolidations and extensions thereof. Notwithstanding the foregoing, the holder of any mortgage may at any time subordinate its mortgage to this Lease, without Asteri's or the City's consent, as the case may be, by notice in writing to Asteri and City, and thereupon this Lease shall be deemed prior to such mortgage without regard to their respective dates of execution and delivery.

## ARTICLE XVI DEFAULT AND CONDITIONS OF LIMITATION

**Section 16.1 Events of Default.** Each of the following events shall constitute an "Event of Default" by the City under this Lease:

(a) The City fails to pay Base Rent when the same is due and payable under the terms of this Lease and such failure continues for a period of thirty (30) days after written notice thereof is given to the City and the City; provided, however, that the City is not entitled to more than one (1) notice for failure to timely pay Base Rent during any calendar year, and if thereafter during that calendar year, any Base Rent is not paid when due, an Event of Default shall occur automatically.

(b) The City fails to pay to Asteri or otherwise any Additional Rent when the same is due and payable under the terms of this Lease and such failure continues for a period of thirty (30) days after written notice thereof is given to the City and the City; provided, however, that the City is not entitled to more than one (1) notice for failure to timely pay Additional Rent during any calendar year, and if thereafter during that calendar year, any Additional Rent is not paid when due, an Event of Default shall occur automatically.

(c) The City fails to pay to Asteri the Rental Fee when the same is due and payable under the terms of this Lease and such failure continues for a period of thirty (30) days after written notice thereof is given to the City and the City; provided, however, that the City is not entitled to more than one (1) notice for failure to timely pay the Rental Fee during any calendar year, and if thereafter during that calendar year, any Rental Fee is not paid when due, an Event of Default shall occur automatically.

(d) The City is in continuing default of this Lease.

(e) The City makes an assignment for the benefit of its creditors.



(f) The City takes any action (or fails to take any action) which results in the material violation of any covenant, condition or other provision of this Lease.

(g) If an involuntary petition is filed against the City under any bankruptcy or insolvency law or under the reorganization provisions of any law of like import, and such petition is not dismissed within one hundred twenty (120) days after the date filed; or

(h) The City shall file a voluntary petition under any bankruptcy or insolvency law, or whenever any court of competent jurisdiction shall approve a petition filed by the City under the reorganization provisions of the United States Bankruptcy Act or under the provisions of any law of like import, or whenever a petition shall be filed by the City under the arrangement provisions of the United States Bankruptcy Act or under the provisions of any law of like import.

Then in any such case Asteri may, subject expressly to the rights and benefits of Trustee, at any time during the continuance of such Event of Default after the applicable notice and cure periods have expired, give the City notice of termination of this Lease and, upon the date thirty (30) calendar days after service of such notice, this Lease and the term and estate thereof shall terminate and end with the same force and effect as if that day were the day herein definitely fixed for the end and expiration of this Lease, but the City shall remain liable for damages as provided in this Lease and Asteri may resort to and enforce any of the remedies provided in Article XVII below.

**Section 16.2 Asteri Default.** It shall be a default under and breach of this Lease by Asteri if it shall fail to perform or observe any term, condition, covenant or obligation required to be performed or observed by it under this Lease for a period of thirty (30) days after notice thereof from the City; provided, however, that if the term, condition, covenant or obligation to be performed by Asteri is of such nature that the same cannot reasonably be performed within such 30-day period, then Asteri shall not be in default hereunder provided that it commences such performance within said 30-day period and thereafter diligently undertakes to complete the same. Upon the occurrence of any such default by Asteri, the City may (a) cure such default by Asteri and offset Additional Rent against any such undisputed amounts, or (b) sue for injunctive relief or to recover damages for any loss resulting from the breach or may pursue any other remedies available to it under Applicable Laws.

## ARTICLE XVII REMEDIES

**Section 17.1 Rights of Asteri.** Subject to any rights of the Issuer and Trustee, that may exist if (a) this Lease is terminated pursuant to Article XVI or (b) Asteri re-enters or obtains possession of the Leased Premises by summary proceedings or any other action or proceeding, or (c) Asteri re-enters or obtains possession by any other legal act (which Asteri may do without further notice and without liability or obligation to the City or any occupant of the Leased Premises if this Lease is terminated pursuant to Article XVI), all of the provisions of this Section shall apply (in addition to any other applicable provisions of this Lease):

(a) The City shall immediately vacate the Leased Premises and surrender the Leased Premises to Asteri in good order, condition and repair, excepting reasonable wear and tear and damage that is not the City's obligation to repair; and, if the City fails to surrender the Leased Premises in such condition, the City shall reimburse Asteri for all costs incurred by Asteri to restore the Leased Premises to such condition.

(b) Subject to the terms of the Lease, Asteri, at Asteri's option, may (i) relet the Leased Premises, or any portion of the Leased Premises, from time to time, in the name of Asteri, the City or otherwise, as determined by Asteri, to any person and on any terms, but Asteri shall have no obligation to relet the Leased Premises, or any portion of the Leased Premises, or to collect any rent (and the failure to relet the Leased Premises, or any portion of the Leased Premises, or to collect any rent shall not impose any liability or obligation on Asteri or relieve the City of any obligation or liability under this Lease), and (ii) make any changes to the Leased Premises as Asteri, in Asteri's judgment, considers advisable or necessary in connection with a reletting, without imposing any liability or obligation on Asteri or relieving the City of any obligation or liability under this Lease.

(c) The City shall pay the Trustee the following amounts:

(i) All Rent payable to the date on which this Lease is terminated or Asteri reenters or obtains possession of the Leased Premises; and

(ii) Any deficiency between (i) the aggregate Rent for the period which otherwise would have constituted the unexpired portion of the Term (conclusively presuming the Additional Rent for each year thereof to be the same as was payable for the 12 month period immediately preceding the termination, re-entry or obtaining of possession); and (ii) the rents, if any, applicable to that period collected under any reletting of any portion of the Leased Premises; and the City shall pay any such deficiency in installments on the dates specified in this Lease for payment of installments of the Base Rent, and Asteri shall be entitled to recover from the City each deficiency as the same arises. No suit to collect the deficiency for any month shall prejudice Asteri's right to collect the deficiency for any subsequent month. The City shall not be entitled to any rents payable (whether or not collected) under any reletting, whether or not those rents exceed the Rent.

(iii) Any costs and expenses incurred by Asteri in connection with the termination, re-entry or obtaining of possession, and the reletting of the Leased Premises, including all repossession costs, brokerage commissions, reasonable attorneys' fees and disbursements, alteration costs and other expenses of preparing the Leased Premises for reletting.

The City shall deliver to Asteri all sums held by the City with respect to the occupancy of the Leased Premises by Asteri, including prepaid rents, estimated prepayments relating to real estate taxes, operating expenses, and other expenses.

Nothing contained in this Lease shall be considered to limit or preclude the recovery by Asteri from the City of the maximum amount allowed to be obtained as damages or otherwise by any Applicable Laws.

**Section 17.2 Right of Injunction.** Either party may seek to enjoin any breach or threatened breach of any provision of this Lease. The right of any party to exercise any particular remedy available under this Lease, at law or in equity, shall not preclude such party from exercising any other remedy it might have pursuant to this Lease, in law or in equity. Each right and remedy specified in this Lease and each other right or remedy that may exist at law, in equity or otherwise upon breach of any provision in this Lease, shall be deemed distinct, separate and cumulative; and no right or remedy, whether exercised or not, shall be deemed to be in exclusion of any other unless otherwise expressly provided in this Lease.

**Section 17.3 Asteri May Cure Default.** If (a) there is then an Event of Default, or (b) if the City fails to comply with any obligation under this Lease which in Asteri's reasonable opinion creates an emergency, Asteri may, but is not obligated to, cure the default. The City shall reimburse Asteri, as Additional Rent, for all Liabilities incurred by Asteri in connection therewith, within ten (10) days after the CITY is billed for such Liabilities.

**Section 17.4 CITY Waiver.** Other than with respect to the Base Rent, the City waives the City's right, if any, to designate the items against which any payments made by the City pursuant to this Lease are to be credited and the City agrees that Asteri may apply any payments made by the City to any Additional Rent items Asteri sees fit irrespective of and notwithstanding any designation or request by the City as to the items against which any such payments shall be credited except to the extent where priority of credits or payments would impact the ongoing and continuing operation and function of the Facility as a public parking garage.

**Section 17.5 Jurisdiction.** All legal actions relating to this Lease shall be adjudicated in Tompkins County Supreme Court or in any federal court having jurisdiction in Tompkins County, State of New York. Each party irrevocably consents to the personal and subject matter jurisdiction of those courts in any legal action relating to this Lease and waives any claim that any legal action relating to this Lease brought in any such court has been brought in an inconvenient forum. This consent to jurisdiction is self-operative and no further instrument or legal action, other than service of process in any manner permitted by Applicable Laws or this Section, is necessary in order to confer jurisdiction upon the person of either party and the subject matter in question in any such court.

**Section 17.6 Re-Enter.** The words "re-enter," "re-entry" and "re-entered" as used in this Lease shall not be considered to be restricted to their technical legal meanings.

## ARTICLE XVIII BROKER

**Section 18.1 No Broker.** Each of Asteri and the City represents and warrants that it has not dealt with any broker in connection with this Lease, and each party shall be responsible for any broker's fee or commission for any broker claiming through such party. Both parties shall indemnify and hold the other harmless from and against any and all claims for any brokerage fee or commission with respect to this Lease by any broker with whom such party has dealt or is alleged to have dealt. The provisions of this Section shall survive any expiration or termination of this Lease.

**Section 18.2 No Broker's Lien.** The City shall keep the Leased Premises and this Lease free from any broker's lien, other than the lien of any broker that Asteri is obligated to pay pursuant to this Lease.

## ARTICLE XIX NO IMPAIRMENT OF ASTERI'S TITLE

**Section 19.1 Rights Granted by Asteri.** Nothing contained in this Lease or any action or inaction by Asteri, shall be deemed or construed to mean that Asteri has granted to the City any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest, lien, charge or other encumbrance upon the estate of Asteri in the Leased Premises, except for the Parking Garage Easements.

**Section 19.2 No Impairment of Asteri's Title.** In amplification and not in limitation of the foregoing, the City shall not use nor permit the Leased Premises to be used by any person or persons or by the public, as such, at any time or times during the term of this Lease, in such manner as might reasonably tend to impair Asteri's title to or interest in the Leased Premises or in such manner as might reasonably make possible a claim or claims of adverse use, adverse possession, prescription, dedication, or other similar claims of, in, to or with respect to the Leased Premises.

**ARTICLE XX  
QUIET ENJOYMENT**

**Section 20.1 Quiet Enjoyment.** Asteri covenants that if and so long as the City observes and performs each and every covenant, agreement, term, provision and condition of this Lease on the part of the City to be observed and performed, the City shall quietly enjoy the Leased Premises without hindrance or molestation of Asteri or any other person or entity acting through or on behalf of Asteri, subject to the covenants, agreements, terms, provisions and conditions of this Lease, the Conference Center Lease, the Company Lease and the Leaseback.

**ARTICLE XXI  
LIMITATION OF LIABILITY**

**Section 21.1 No Personal Liability.** The officers, directors, employees, agents and attorneys of each of Asteri, the City and the City, disclosed and undisclosed, shall have no personal liability under or in connection with this Lease.

**ARTICLE XXII  
END OF TERM**

**Section 22.1 Surrender of Leased Premises.** Subject to Section 22.5, at the end of the Term whether by the running of the Term or on such earlier date that this Lease terminates or expires, the City shall peaceably and quietly surrender the Leased Premises to Asteri vacant, broom clean, in good order, condition and repair excepting reasonable wear and tear and damage that is not the City's obligation to repair, free and clear of all subleases, liens, and other encumbrances and with all Personal Property acquired (or leased) by the City removed. The City shall deliver to Asteri, on or before the end of the Term or such earlier date that this Lease terminates or expires, upon Asteri's request, all licenses, permits, warranties, and guaranties then in effect for the Leased Premises (and shall assign same to Asteri upon Asteri's request) and all books and records related to the Leased Premises reasonably requested by Asteri. The City shall cooperate with Asteri to achieve an orderly transition of the Leased Premises to Asteri's control. Asteri and the City shall, prior to the expiration of the Term, (a) adjust for Impositions and all other appropriate expenses and income of the Leased Premises, and (b) if a memorandum of lease has been recorded, execute a document in recordable form evidencing the termination of this Lease and all amendments thereto.

**Section 22.2 Personal Property.** Any Personal Property which shall remain on the Leased Premises after the expiration of the Term or such earlier date that this Lease terminates or expires, may, at the option of Asteri, be deemed to have been abandoned and either may be retained by Asteri as its property or be disposed of, without accountability, in such manner as Asteri may see fit, except that the property of any City then in possession shall be retained by such City. The City shall reimburse Asteri, as Additional Rent, for all costs and expenses incurred by Asteri in connection with storage and/or disposing of such property.

**Section 22.3 Holdover.** If the Leased Premises are not vacated and surrendered in accordance with this Lease at the conclusion of the Term or sooner termination of this Lease, the City shall be liable to Asteri for (a) all Liabilities incurred by Asteri in connection with such holdover, including Liabilities incurred in connection with any summary proceedings, action or proceeding to recover possession of the Leased Premises from the City, and (b) per diem use and occupancy in respect of the Leased Premises equal to 150% of the fair market rental value of the Leased Premises, and (c) all actual damages incurred by Asteri in connection with such holdover. If only a portion of the Leased Premises is timely vacated and surrendered, the City shall nevertheless remain liable for 150% per diem use and occupancy with respect to the entire Leased Premises, but any reletting proceeds received by Asteri during the period of the City's holdover shall be credited against the City's liability for use and occupancy for the entire Leased Premises. In no event shall this Section be construed as permitting the City (or other occupants) to remain in possession of the Leased Premises after the Term or sooner termination of this Lease. The City shall indemnify, defend and hold harmless Asteri against all claims to the extent such claims arise by reason of the failure of the City (and all other occupants) timely to vacate and surrender the Leased Premises (or any portion thereof) in accordance with this Lease. Asteri may recover amounts due it under this Section in any summary proceeding and/or any separate action or proceeding.

**Section 22.4 No Acceptance of Surrender.** No act or thing done by Asteri or Asteri's agents (including receipt of keys) during the Term shall be deemed an acceptance of a surrender of the Leased Premises, and no agreement to accept such surrender shall be valid unless in writing signed by Asteri.

**Section 22.5 Option to Purchase.** Upon the delivery of written notice to Asteri no sooner than 365 days prior to the termination or expiration of the Term, the City shall have an assignable option to purchase the Leased Premises for \$1.00 plus the outstanding balance of any City-approved debt incurred for the Leased Premises during the Term with such Option to Purchase recorded in the Tompkins County Clerk's office..

## ARTICLE XXIII CONSTRUCTION RELATED REQUIREMENTS

**Section 23.1 Construction of Facility.** As a condition to this Lease, Asteri agrees to construct and develop the Project in material accordance with the approved construction documents identified on Exhibit C ("Approved Construction Documents") and the plans and specifications identified on Exhibit D ("Plans and Specifications"); which shall in all instances materially comply in all respects with any Applicable Laws and shall materially comply with the Approved Construction Documents. Asteri shall utilize a negotiated bid process with Welliver ("Construction Manager") for the construction of the Facility and shall enter into a construction agreement to construct the Facility (the "Primary Construction Agreement"). The Primary Construction Agreement will be considered part of the Approved Construction Documents and Asteri shall be liable to complete the construction of the Facility in accordance with the Plans and Specifications

**Section 23.2 Changes to the Construction.** No material changes to the Plans and Specifications shall be made, nor shall Asteri materially deviate from the Plans and Specifications without the prior written consent of the City, which shall not be unreasonably withheld, conditioned or delayed; provided, however, that Asteri may, without City consent, make non-material changes thereto without City consent. The City will have the ability to request reasonable and moderate changes to the Project if such changes are not a material deviation from the Plans and Specifications. A "material change" or "material deviation" shall be defined as any requested change that would significantly change the appearance, change the occupancy or functionality – including the number of parking spaces - of the Leased Premises, increase costs above the Project Costs or delay the projected completion date, if such delay could interfere with any

party's ability to comply herewith in any material respect. The City may in any case request changes to the Project above the Project Costs so long as it provides additional funding to pay these costs. These changes will be considered "Out of Scope Changes" and payment terms for these changes will be set forth in an amendment to this Lease.

**Section 23.3 Right to Inspect Construction.** The City (and/or its appointed designee or agent) shall have the right to enter upon the Property for purposes of inspecting the progress of construction of the Facility with commercially reasonable prior notice to Asteri.

**Section 23.4 Compliance with Prevailing Wage and Labor Requirements.** Construction of the Facility is bound by prevailing wage and a 30% local labor requirement. Asteri shall comply with all applicable wage and labor requirements and agreements in effect in the City of Ithaca, Tompkins County and State of New York. Asteri shall indemnify the City from any and all claims that prevailing wages were not complied with in the Project. Due to the nature of the construction, Aster will designate within the Primary Construction Agreement the portions of work subject to the prevailing wage requirement or agreements based on values of the specific scopes associated with the Project. The City specifically acknowledges that the thirty percent (30%) local labor requirement applies across and to the cumulative site development by Asteri and related affiliates of this Project and related projects (i.e. Conference Center and affordable housing development) and shall not be strictly be enforced solely against this Project as the requirement may be satisfied on a cumulative basis across the related projects.

**Section 23.5 Cost of Construction.**

(a) All development and construction costs related to the Project, inclusive of all closing fees, annual fees, architecture fees, developer fees, construction interest, and any other applicable costs and/or fees shall be paid by Asteri from the proceeds of the Bonds and shall not exceed [\_\_\_\_\_] and 00/100 Dollars (\$[\_\_\_\_\_] .00), as set forth on the schedule shown as **Exhibit G** (each, a "Project Cost" and, together, the "Project Costs"). In the event any actual Project Cost exceeds an estimated Project Cost as set forth on the schedule attached as **Exhibit G**, Asteri shall be solely responsible for such excess (unless cost savings are available for use from another Project Cost scheduled item); provided, however, that such excess does not arise out of a change order or other change to the Approved Construction Documents required or requested by the City; provided, further, that the City shall reasonably approve (i) all expenditures allocated to any contingency, whether in the name of the City or Asteri and (ii) all allowances, as each of the foregoing are set forth on the schedule shown as **Exhibit G**. In the event any actual Project Cost is less than an estimated Project Cost as set forth on the schedule shown on **Exhibit G** attached hereto, subject to the terms of the Indenture, all such savings shall accrue ninety percent (90%) to the benefit of Asteri and ten percent (10%) to the benefit of the Contractor in accordance with the Project Documents. The allocation of the Project Costs shall not constitute a separate guaranteed maximum price for the cost of each individual line item in the schedule of values of the Primary Construction Agreement or the soft costs development budget. Asteri shall have the sole discretion to use any savings to cover any excess costs related to the Project. The final release of any savings will occur after the Final Completion of the work and satisfaction of all other costs associated with the cost of construction

(b) Reserved.

(c) In accordance with Section X of the Disposition Agreement, Asteri shall share information on an "open book basis" the City upon three (3) days prior written notice. For purposes of the preceding sentence, "open book" shall mean that the City is entitled to see all underlying agreements, invoices,

assumptions, and substantiating materials in connection with the Project Costs, upon request and at the time of each payment request.

***Section 23.6 Substantial Completion.***

(a) Asteri shall bear the costs to complete the work in accordance with the design intent and bring the building systems into compliance to the reasonable satisfaction of the Project Architect. The City shall have the right to inspect the Leased Premises with the Asteri and the Construction Manager, its subcontractors and the architect to determine the status of the Improvements (including whether the Improvements are "Substantially Complete" or "Finally Complete", as applicable).

(b) The parties agree that Substantial Completion of the Project shall be evidenced by certification of substantial completion by the Architect. Within ten (10) business days following the Substantial Completion inspection, the City shall provide to Asteri its proposed list of punch list items ("Punch List Items") to be completed prior to Final Completion (the "Punch List"). Asteri shall provide comments to the Punch List within five (5) business days of the receipt of the Punch List. The Punch List may not contain additional scope items requested by the City, any scope requests must be made separately to Asteri and will be handled in accordance with the Changes to Construction Section of the City Disposition and Development Agreement. The parties shall work together to mutually agree upon a reasonable Punch List for completion of the work. In the event of a dispute over any Punch List Items, the Owner's Representative and Architect shall resolve all such disputes in good faith. If the Owner's Representative and Architect do not agree on the Punch List Items, a neutral third party as appointed by Asteri shall be selected upon mutual agreement of the parties to make a determination regarding the Punch List. Asteri shall deliver, and assign to the City as applicable, or otherwise make available electronically to the City within a reasonable time following Substantial Completion, all operations and maintenance manuals, all contractor, manufacturer and equipment warranties and guarantees, all licenses, permits, attic stock, and every other item of work, information, books, records, and material required for the operation and maintenance of the Project; in furtherance of the foregoing, the City may request that Asteri consult certain designated individuals on such materials.

***Section 23.7 Final Completion.*** The parties agree that Final Completion of the Project shall mean that all work required by the Approved Construction Documents, including all Punch List Items, has been completed as reasonably determined by the architect, the City and Asteri. The City agrees to execute a document at Asteri's request, acknowledging Final Completion of the Project upon the occurrence of the same. Final Completion shall occur on or before the dates set forth in the Approved Construction Documents and/or required by the Issuer and/or Trustee. Final Completion shall exclude any changes to the design and construction of the Project requested by the City that deviate from the Plans and Specifications and/or the Approved Construction Documents or any scope changes requested by the City and approved by Asteri after Substantial Completion. Obtaining Final Completion shall not, however, relieve Asteri of any warranty obligations to the City, including without limitation, Asteri's warranty obligation to ensure full system functionality (including mechanical, plumbing, electrical, fire protection, and HVAC).

***Section 23.8 Compliance with Project Documents.*** Asteri hereby agrees and acknowledges that all construction and work related to the Facility shall be conducted in accordance with the terms, conditions and requirements of the Plans and Specifications, Approved Construction Documents and the Project Documents. City agrees to provide Asteri with all information required to undertake and complete the Project.

**ARTICLE XXIV  
MISCELLANEOUS**

**Section 24.1 Modifications in Writing.** This Lease may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

**Section 24.2 No Waiver.** Receipt or acceptance of Rent by Asteri and payment of any Rent by the City shall not be deemed to be a waiver of any default under the covenants, agreements, terms, provisions and conditions of this Lease, or of any right which Asteri or the City, as the case may be, may be entitled to exercise under this Lease. Failure to insist upon the strict performance of any of the provisions of this Lease or to exercise any right, remedy or election herein contained or permitted by law shall not constitute or be construed as a waiver or relinquishment for the future of such provision, right, remedy or election, but the same shall continue and remain in full force and effect. The waiver by either party of any breach of this Lease shall not be deemed a waiver of any future breach.

**Section 24.3 Consent of Asteri.** Consent of Asteri to any act or matter must be in writing and shall apply only with respect to the act or matter to which such consent is given and shall not relieve the City from the obligation wherever required under this Lease to obtain the consent of Asteri to any other act or matter. If the City requests Asteri's consent or approval and Asteri fails or refuses to give such consent or approval, the City shall not be entitled to any damages for any withholding by Asteri of its consent or approval, it being intended that the City's sole remedy shall be an action for specific performance or injunction, and that such remedy shall be available only in those cases where Asteri has expressly agreed in writing not to unreasonably withhold or delay its consent or where as a matter of law Asteri may not unreasonably withhold its consent.

**Section 24.4 Further Liability.** Upon the expiration or earlier termination of the Term of this Lease, neither party shall have any further obligation or liability to the other except as otherwise provided in this Lease and except for (a) such obligations as by their nature or under the circumstances can only be, or by the provisions of this Lease may be, performed after such expiration, and (b) any liability for Rent, and (c) any liability for acts or omissions occurring during the Term, and (d) any obligation or liability under Article X, all of which obligations shall survive such expiration or termination.

**Section 24.5 No Merger.** There shall be no merger of this Lease or the leasehold estate created by this Lease with a fee interest in the Leased Premises by reason of the fact that the same person may acquire, own or hold, directly or indirectly, this Lease or the leasehold estate created by this Lease and the fee estate in the Leased Premises, unless and until such person shall join in a written instrument expressly providing for such merger and such instrument is recorded.

**Section 24.6 Memorandum of Lease.** The parties shall execute and acknowledge, in a manner suitable for recording, a Memorandum of Lease in the form attached as **Exhibit E**, which Memorandum of Lease may be recorded by either of the parties.

**Section 24.7 Entire Agreement.** This Lease represents the entire agreement of the parties with respect to the Leased Premises, and, accordingly, all prior understandings and agreements between the parties with respect to the Leased Premises are merged into this Lease, which alone fully and completely expresses the agreement of the parties.



**Section 24.8 Independent Covenants.** Each covenant, agreement, obligation or other provision of this Lease on any party's part to be performed, shall be deemed and construed as a separate and independent covenant of such party, not dependent on any other provision of this Lease.

**Section 24.9 Negotiations Have No Binding Effect.** The submission of drafts of and comments to this Lease, the negotiation of this Lease, and the exchange of correspondence concerning the negotiation and execution of this Lease shall have no binding force or effect and shall confer no rights nor impose any obligations, including brokerage obligations, on either party. This Lease shall become a binding agreement only after both Asteri and the City have executed this Lease and duplicate originals thereof (including any counterparts) shall have been delivered to the respective parties.

**Section 24.10 Notice.** All notices or other communications required to be given under this Lease shall be given in writing and shall be deemed to have been duly given on the date delivered, if delivered personally; or the next Business Day, if delivered to a nationally recognized overnight courier service, addressed as follows:

Notice to Asteri:

Asteri Parking, LLC  
305 W. Commercial St.  
Springfield, Missouri 65803  
Attention: Rick Manzardo  
Email: rick@vecinogroup.com  
Phone: (417) 720-1577

With a copy to:

Spencer Fane LLP  
2144 E. Republic Road, Ste. B300  
Springfield, Missouri 65804  
Attention: S. Shawn Whitney  
Email: swhitney@spencerfane.com  
Phone: (417) 888-1000

Notice to City:

Department of Public Works  
108 E. Green St.  
Ithaca, New York 14850  
Attention: Parking Director  
Email: ehathaway@cityofithaca.org  
Phone: (607) 274-6534

With a copy to:

City Attorney  
108 E. Green St.  
Ithaca, New York 14850  
Email: clerksoffice@cityofthaca.org

Notice to Trustee:

Manufacturers and Traders Trust Company  
One M&T Plaza, 7th Fl.  
Buffalo, New York 14204

Notice to Issuer:

Tompkins County Industrial Development Agency  
401 E. State St., Ste 402B  
Ithaca, New York 14850  
Attn: Heather McDaniel

Each party hereto may, by notice given to each of the other parties, designate any additional or different addresses to which subsequent notices, certificates, demands, requests, or other communications shall be sent. Notwithstanding anything contained herein to the contrary, any notice required to be given by Asteri or the City hereunder shall be deemed to have been given and shall be effective as of the date such notice is received or refused reflected on said notice. All notices, certificates, demands, requests, or other communications made by either party to the other which are required or permitted by the provisions of this Lease shall be in writing.

**Section 24.11 Third-Party Beneficiaries.** Issuer and Trustee are express third party beneficiaries of the provisions of this Lease, and no amendments, restatements or other modifications to any provision of this Lease shall be effective without the prior written consent of Issuer, Trustee and the City, nor shall this Lease be terminated without the prior written consent of Issuer, Trustee and the City.

**Section 24.12 Transmission.** This Lease may be executed in multiple counterparts, each of which shall constitute an original. Facsimile or electronic transmission of any signed original document, and the retransmission of any signed facsimile or electronic transmission, shall be the same as delivery of the original signed document.

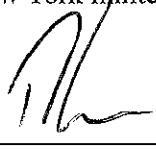
**Section 24.13 Attorneys' Fees.** In the event either party requires the services of an attorney in connection with enforcing the terms of this Lease, or in the event suit is brought for the recovery of Base Rent, Additional Rent or any other sums payable under this Lease or for the breach of any covenant or condition of this Lease, or for the restitution of the Leased Premises to Asteri or the eviction of the City during the Lease Term or after the expiration or earlier termination of this Lease, the non-breaching party shall be entitled to a reasonable sum for documented attorney's and paralegal's fees, expenses and court costs, including those relating to any appeal.

[signature pages follow]

IN WITNESS WHEREOF, Asteri and the City have executed this Lease as of the day and year first above written.

**ASTERI:**

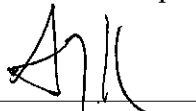
**Asteri Parking, LLC,**  
a New York limited liability company

By:   
Richard Manzardo, Manager

*[Signature page to Lease]*

**CITY:**

**CITY OF ITHACA, NEW YORK**  
a New York municipal corporation

By:  \_\_\_\_\_

Name: Svante Myrick

Title: Mayor

*[Signature page to Lease]*

**EXHIBIT A**  
**DEFINITIONS AND RULES OF INTERPRETATION**

**1. Rules of Interpretation.**

1.1 All capitalized terms used in this Lease that are not otherwise defined have the respective meanings set forth or referred to in Section Section 24.132 of this Exhibit A. Defined terms in this Lease include in the singular number the plural and in the plural number the singular. Whenever the context may require, any pronoun includes the corresponding masculine, feminine and neuter forms.

1.2 Any reference in this Lease to "Section," "Exhibit" or "Schedule" is a reference to this Lease. Unless the context requires otherwise, any reference in this Lease to any document or instrument is a reference to that document or instrument and all schedules, exhibits, and attachments thereto as amended and in effect from time to time, which are hereby incorporated into the substantive provisions of this Lease. Unless otherwise stated, any reference in this Lease to any person includes its successors and permitted assigns and, in the case of any Governmental Authority, any person succeeding to its functions and capacities. The words "hereof," "herein," "hereto" and "hereunder" and words of similar import when used in this Lease, unless otherwise expressly specified, refer to this Lease as a whole and not to any particular provision of this Lease. The term "including" or "includes" shall, unless otherwise expressly specified, be read to mean "including, without limitation". In the event that any index or publication referenced in this Lease ceases to be published, each such reference is deemed to be a reference to a successor or alternate index or publication reasonably agreed to by the parties.

1.3 In the event of a conflict between the text of this Lease and any Exhibit or Schedule, the terms of this Lease shall prevail.

**2. Defined Terms.** As used in this Lease, the following capitalized terms have the meanings set forth below:

*"Additional Rent"* means all amounts payable by the City under this Lease other than the Base Rent and the Rental Fee, whether or not designated as Additional Rent.

*"Affiliate"* means any Person that directly or indirectly controls, or is controlled by, or is under common control with the designated Person or any officer, director, managing or general partner, or member of such designated Person.

*"Applicable Laws"* means any present or future law (including Environmental Laws), statute, ordinance, regulation, code, judgment, injunction, arbitral award, order, rule, directive, proclamation, decree, common law or other requirement, ordinary or extraordinary, foreseen or unforeseen, of the United States, any state or local government, or any political subdivision thereof, arbitrator, department, commission, board, bureau, agency or instrumentality thereof, or of any court or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction, or of any other public or quasi-public authority or group, having jurisdiction over the Leased Premises; and any reciprocal easement, covenant, restriction, or other agreement, restriction or easement of record affecting the Leased Premises as of the date of this Lease or subsequent thereto.

*"Approved Construction Documents"* means those documents approved by Asteri and the City as set forth in **Exhibit C** of this Lease. The Approved Construction Documents also incorporate by reference the Plans and Specifications as set forth in **Exhibit D** of this Lease.

“*Asteri*” shall have the meaning given to it in the Preamble.

“*Award*” shall mean the condemnation award and/or proceeds of the Taking, including any interest earned on the Award.

“*Base Rent*” means the minimal amount sufficient to amortize debt for development of the Parking Garage Facility over 30-years, preliminarily estimated to be \$2,400 per parking stall per year (\$828,000/year), fixed, based on an a projected \$14,992,000 development cost, but adjusted to the actual amount of debt applicable to the Parking Garage Facility, but in no event shall it be less than the amount Asteri is obligate to pay under the Leaseback. **[Amounts to be finalized upon final development budget figures]**

“*Bonds*” shall have the meaning given to it in the Recitals.

“*Business Day*” means any day other than a day on which banking institutions in the State of New York are authorized to close.

“*Company Lease*” shall have the meaning given to it in the Recitals.

“*Construction Manager*” shall mean Vecino Construction, LLC, a Missouri limited liability company.

“*Contested Obligation*” shall have the meaning given to it in Section 6.3.

“*Effective Date*” shall be the date Asteri delivers to the City a certificate of occupancy for the Leased Premises or that is no later than twenty-four (24) months from the date of Bond closing.

“*Environmental Laws*” means all applicable present and future laws, rules, orders, ordinances, regulations, statutes, requirements, codes, resolutions, executive orders and decisions of Governmental Authorities relating to Hazardous Substances, natural resources, human health or the environment, including, without limitation, as amended from time to time, the Federal Resource Conservation and Recovery Act (42 U.S.C. Section 6901, 6903 et seq.), Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. Section 9601(14) et seq.), Federal Hazardous Materials Transportation Control Act (42 U.S.C. Section 1801 et seq.), Federal Clean Air Act (42 U.S.C. Section 7401 et seq.), Federal Water Pollution Control Act (33 U.S.C. Section 1317), Federal Water Act of 1977 (93 U.S.C. Section 1251 et seq.), Federal Insecticide, Fungicide and Rodenticide Act, Radioactive Waste Storage and Transportation Act of 1980, and Federal Clean Air Act (42 U.S.C. Section 7401, et seq.).

“*Equipment*” shall have the meaning given to it in the Recitals.

“*Event of Default*” shall have the meaning given it in Article XVI.

“*Facility*” shall have the meaning given to it in the Recitals.

“*Final Completion*” means the completion of all Improvements according to the Plans and Specifications, including the Punch List.

“*Final Governmental Approval*” shall have the meaning given to it in Section 6.2(c).

“*Governmental Authority*” means any governmental authority, agency, department, district, commission, board or instrumentality of the United States of America, the State of New York, Tompkins County, the City, and any other governmental authority having jurisdiction over the Leased Premises.

“*Hazardous Substances*” means any material, waste, substance, industrial waste, toxic waste, chemical contaminant, petroleum, asbestos, polychlorinated biphenyls, radioactive materials or other substances regulated or classified by Environmental Laws as hazardous, toxic, dangerous or harmful to human health or property.

“*Impositions*” has the meaning provided therefor in Section 4.1.

“*Improvements*” shall have the meaning given to it in the Recitals.

“*Indenture*” means the Indenture of Trust, dated as of [\_\_\_\_\_], 2021, by and between the Issuer and the Trustee, pursuant to which the Issuer shall issue the Bonds.

“*Initial Term*” shall have the meaning given to it in Section 2.1.

“*Issuer*” shall have the meaning given to it in the Recitals.

“*IURA*” shall have the meaning given to it in the Preamble.

“*Lease*” shall have the meaning given to it in the Preamble.

“*Leaseback*” shall have the meaning given to it in the Recitals.

“*Leased Premises*” shall have the meaning given to it in the Recitals and as further described on **Exhibit B**, together with any and all appurtenances, rights, privileges and easements benefiting, belonging or pertaining thereto.

“*Liabilities*” means all losses, claims, suits, demands, costs, liabilities, and expenses, including reasonable attorneys’ fees, penalties, interest, fines, judgment amounts, fees, and damages, of whatever kind or nature.

“*Market Value*” means the most probable price which a property (whether fee estate, leasehold estate, or the Project, as the case may be) should bring in a competitive and open market under all conditions requisite for a fair sale, the buyer and seller (or assignee and assignor in the case of the sale of a leasehold estate) each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus or distress, under the following conditions: (i) buyer and seller (or assignor and assignee, as the case may be) are typically motivated; (ii) both parties are well informed or well advised, and acting in what they consider their best interests; and (iii) a reasonable time is allowed for exposure in the open market; and (iv) payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and (v) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

“*Open book*” shall have the meaning given to it in Section 23.4(c).

“*Owner’s Representative*” shall mean the individual or entity designated by the City from time to time, if any, as the case may be, as its agent for purposes of performing the tasks identified herein to be performed by the Owner’s Representative.

“*Partial Taking*” means any taking that is not a Substantial Taking or a Temporary Taking.

*“Permitted Encumbrances”* means as of any particular time, (i) liens for ad valorem taxes, special assessments, and other charges not then delinquent or for taxes, assessments, and other charges being contested in accordance with the terms of this Lease, (ii) mechanics’ and materialman’s liens that arise by operation of law but that have not been perfected by the required filing of record, for work done or materials delivered after the date hereof to or for the benefit of the City, (iii) the Company Lease, (iv) the Leaseback; and (v) the Parking Garage Easements.

*“Permitted Use”* shall have the meaning given to it in Section 2.2.

*“Person”* means any individual, corporation, partnership, firm or other legal entity.

*“Personal Property”* means all furniture and other personal property owned or leased by the City, located at the Leased Premises and used in the operation of the Project. Personal Property does not include any personal property of Asteri.

*“Plans and Specifications”* shall have the meaning given to it in Section 23.1.

*“Project”* shall have the meaning given to it in the Recitals.

*“Project Costs”* shall have the meaning given it in Section 23.4(a).

*“Project Documents”* shall mean the Company Lease, Leaseback, Indenture, Project Agreement and any other document or instrument executed and issued in connection with the issuance of the Bonds.

*“Property”* shall have the meaning given to it in the Recitals.

*“Punch List”* has the meaning provided therefor in Section 23.5(b).

*“Release”* shall mean the release or threatened release of sediment or any Hazardous Substances into or upon or under any land, water or air, or otherwise into the environment, including by means of burial, disposal, discharge, emission, injection, spillage, leakage, seepage, leaching, dumping, pumping, powering, escaping, emptying, placement and the like.

*“Remedial Action”* shall mean the investigation, response, clean up, remediation, prevention, mitigation or removal of contamination, environmental degradation or damage caused by, related to or arising from the Release of sediment or the existence, generation, use, handling, treatment, storage, transportation, disposal, discharge, Release (including a continuous Release) or emission of any Hazardous Substance, including the investigation, removal or closure of any underground storage tanks and any soil or groundwater investigation, remediation or other action required under or necessary to comply with any Environmental Laws. *“Rent”* means the Base Rent and Additional Rent and Rental Fee.

*“Rental Fee”* shall have the meaning given to it in Section 3.3.

*“Substantial Completion”* means the stage in the progress of the work performed pursuant to the Approved Construction Documents is sufficiently complete in accordance with the design intent so that the City can occupy the Leased Premises for the Permitted Use; provided however, precedent to Substantial Completion, the architect issues a certificate of substantial completion.

*“Substantial Taking”* means a taking that would render the Leased Premises unusable for the Permitted Use during the remainder of the Term.



*“Taking”* shall mean a taking during the Term of all or any part of the Leased Premises, or any interest therein or right accruing thereto including any right of access, by or on behalf of any Governmental Authority or by any entity granted the authority to take property through the exercise of a power of eminent domain granted by statute, any agreement that conveys to the condemning authority all or any part of the Leased Premises as the result of, or in lieu of, or in anticipation of the exercise of a right of condemnation or eminent domain, or a change of grade affecting the Leased Premises. The date of the Taking shall be deemed to be the date that title vests in the condemning authority or its designee.

*“Temporary Taking”* means a taking of the use of the Leased Premises that renders the Leased Premises unusable for the intended use during the period of the Temporary Taking.

*“Term”* shall have the meaning given to in Section 2.1.

*“Trustee”* shall have the meaning given it in Section 3.1.

**EXHIBIT B**

**LEGAL DESCRIPTION OF LEASED PREMISES**

*To Be Inserted Once Confirmed, see Recitals for Current Description*

SUBJECT TO ANY RIGHTS-OF-WAY, EASEMENTS, AND RESTRICTIONS OF RECORD.

## EXHIBIT C

### APPROVED CONSTRUCTION DOCUMENTS

1. Notice to Proceed from the City.
2. Standard Form of Agreement Between Owner and Contractor (AIA101-2017), by and between Asteri Parking, LLC and Welliver.
3. Standard Form of Agreement Between Owner and Architect (AIAB101-2017) dated December 5, 2019, by and between Asteri Garage, LLC and BW Architect and Engineering, LLC to be subsequently assigned to Asteri Parking, LLC.
4. Plans and specifications prepared by BW Architecture and Engineering dated October 9, 2020, designated "Bid and Permit Documents".

And Including:

Addendum 01 Dated December 11, 2020

Addendum 02 Dated January 15, 2021

Addendum 03 Dated January 27, 2021

**EXHIBIT D**

**PLANS AND SPECIFICATIONS**

Plans and specifications prepared by BW Architecture and Engineering dated October 9, 2020, designated as ["Bid and Permit Documents"].

And Including:

Addendum 01 Dated December 11, 2020

Addendum 02 Dated January 15, 2021

Addendum 03 Dated January 27, 2021

**EXHIBIT E**  
**MEMORANDUM OF LEASE**

## EXHIBIT F

### INSURANCE REQUIREMENTS

The City shall during the entire Term, obtain, pay for, and keep in full force and effect such insurance coverages as may be required by (i) the Project Documents (ii) any Leasehold Loan obtained by the City, or (iii) this Lease. All insurance coverage, shall be in form and amount satisfactory to Asteri and the City shall obtain endorsements naming the following entities as Additional Insureds: Asteri Parking, LLC

The City, shall maintain the following:

(i) Commercial General Liability Insurance (Bodily Injury and Property Damage) for the Property and Tenant's business operations thereon with limits not less than \$2,000,000 per occurrence and \$5,000,000 Annual Aggregate. If coverage is provided under blanket policies insuring other locations or entities, then the general aggregate must apply to each insured location separately.

(ii) Automobiles/Hired and Non-Owned Liability Insurance with limits not less than \$ \_\_\_\_\_, and \$ \_\_\_\_\_ Annual Aggregate.

(ii) Excess/Umbrella Liability insurance, with the Commercial General Liability, Automobile Liability and Employers Liability policies schedules as underlying policies (limits of the policy shall be at least \$3,000,000 per occurrence and in the annual aggregate).

(iii) Property Insurance coverage with limits at least equal to the replacement value of the existing structure(s), and containing the following provisions and coverage:

- "All risk" or "Special Form" coverage.
- Claims shall be paid on a Replacement Cost basis.
- \$ \_\_\_\_\_ maximum deductible.
- No coinsurance; if there is a coinsurance provision, please provide evidence than an Agreed Amount endorsement will appear on the policy.
- Business Income coverage with limits equal to at least 12 months expected loss of rents and other income. No coinsurance is permitted.
- Limits of policy will be at least the estimated replacement value of the subject property, plus the value of other property insured.
- Ordinance or Law coverage including loss in value to the undamaged portion, demolition and increased cost of construction.

(vi) Rental Interruption Insurance.

(vii) Workers Compensation insurance providing evidence of "Statutory Limits" coverage and Employers Liability with limits not less than \$1,000,000.

(viii) Any additional insurance reasonably required by Asteri to satisfy the Project Documents.

Evidence of insurance coverage must be provided to Landlord upon request and be evidenced by certificates of insurance and properly endorsed policies certified as true and correct by the insurance agent. All evidence of insurance must satisfy the following requirements: (a) the City should be the named insured where indicated; (b) Asteri should be named as additional insureds; (c) policies must be written with an A.M. Best rated company of "A-" or better and a financial size category rating by A.M. Best of IX or higher authorized to do business in the state of New York; (d) all binders and policies should contain a cancellation clause stating that the policy will not be canceled or non-renewed without at least thirty (30) calendar days prior written notice to Landlord, except for non-payment of premium where ten (10) calendar days written notice will be given; (e) certificates must document the amount of all deductibles; and (f) all binders and policies must be accompanied by evidence of premium payment.

The City shall also be responsible for ensuring that any subtenants of the Leased Premises maintain proper insurance as set forth below and agree to fully indemnify Asteri from and against any and all Liabilities arising from or in connection with purchase and maintenance of insurance by any subtenants.

All subtenants shall at their sole cost and expense maintain: (i) commercial liability insurance covering Subtenant's activities and operations at the Leased Premises during their respective lease term, with a combined single limit for bodily or personal injury, including (without limitation) death, of not less than Two Million and No/100 Dollars (\$2,000,000.00) per occurrence and an aggregate limit for such insurance of not less than Five Million and No/100 Dollars (\$5,000,000.00); (ii) property insurance covering Subtenant's furnishing, trade fixtures, equipment and other personal property at the Project, in an amount equal to at least one hundred percent (100%) of the replacement cost thereof, written on a "Causes of Loss, Special Form" basis or its equivalent (the "Subtenant Property Insurance"); (iii) business interruption insurance covering Subtenant's business for at least twelve (12) months of operations; (iv) builder's risk insurance in form and content satisfactory to Sublandlord during periods when any Alterations are being undertaken by or on behalf of Subtenant at the Project; (v) Workers Compensation insurance in compliance with Applicable Laws and with liability limits that satisfy all statutory requirements; and (vi) Employer's Liability insurance with coverage of at least \$1,000,000 per accident, \$1,000,000 per person and \$2,000,000 policy limit.

Subtenant may satisfy the liability insurance requirements under this section, at Subtenant's option, with the combination of a base liability insurance policy and an umbrella liability insurance policy. The insurance policies that Subtenant is required to obtain under this Sublease shall be issued by a reputable insurance company licensed to do business in the State of New York that have an A.M. Best Insurance Reports rating of at least A- (or its equivalent). Subtenant's liability insurance shall name Sublandlord, Landlord, the County, and, upon Landlord's written request, any Fee Mortgagee and Landlord's property manager, if any, as additional insureds, and Subtenant's builder's risk insurance shall name Sublandlord as loss payee. All insurance required under this section shall be consistently maintained without gaps in coverage.

If Subtenant fails to maintain any of the insurance required under this Sublease, then Sublandlord or Landlord may (but shall have no obligation to) purchase such insurance, on behalf of Subtenant, in which event Subtenant shall reimburse Sublandlord or Landlord, as applicable, for the reasonable cost of such insurance; upon demand. Within ten (10) days after Sublandlord or Landlord's written request, and in any

event, before the expiration of the current policy, Subtenant shall provide Sublandlord and Landlord with certificates of insurance evidencing the insurance that Subtenant is required to maintain hereunder and appropriate renewals. No failure by Subtenant to maintain the insurance required hereunder shall relieve Subtenant of any liability hereunder. Subtenant shall cause the contractor or contractors performing any Alterations to obtain, and furnish Sublandlord with reliable evidence of, commercial general liability insurance coverage with liability limits for personal injury, death and property damage of not less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence and naming Sublandlord, Landlord, Landlord's lender, property manager, and the County as Additional Insureds. Subtenant's insurance shall provide primary coverage when any insurance policy issued to Sublandlord or Landlord provides duplicate or similar coverage. In no event shall the amount of Subtenant's insurance coverage limit the liability of the Subtenant. Unless Sublandlord agrees otherwise, in writing, the deductibles under Subtenant's insurance shall not exceed Fifty Thousand and No/100 Dollars (\$50,000.00). Sublandlord shall have the right to require, from time to time, that Subtenant increase the amount of its insurance coverage and/or obtain additional insurance coverage so long as Sublandlord is acting in a commercially reasonable manner.

Notwithstanding anything contained in this Exhibit F to the contrary, the Project Documents shall control in the case of any conflict and all insurance requirements are subject to Bond approval.



**EXHIBIT G**  
**PROJECT COSTS**

[To be provided by Vecino upon final estimation]

**Asteri Ithaca Conference, NY DRAW SCHEDULE**

	<b>Budget</b>
<b>Sources of Funds</b>	
Bond Amount	14,735,675.00
<b>Total Sources</b>	<b>14,735,675.00</b>
<b>Uses of Funds</b>	
Direct Construction	9,181,280.00
City Contingency	200,000.00
Construction Contingency	459,064.00
Permits	84,718.00
PP Bond	114,766.00
Survey	10,000.00
Architect and Engineer	783,000.00
Developer Fee	791,763.00
Envirionmental	50,000.00
Cost Certification	30,000.00
Material Testing	80,000.00
Title and Recording	67,795.00
Construction Insurance	80,000.00
Soft Cost Contingency	101,693.00
Cinema Reserve	330,000.00
Parking Mitigation Plan	30,000.00
Contingency	97,942.82
<b>Subtotal</b>	<b>12,492,021.82</b>
<b>Cost of Issuance:</b>	
Harris Beach/IDA	163,930.13
Tiber Hudson	60,501.31
Closing, Misc	909.64
Berkadia	108,902.37
Trustee, Wilmington Trust	3,500.00
Rating Agency Fees Moodys	12,402.77
City Counsel/Parinello	15,654.71
IRUA Legal/Hancock Estabrook, LLP	5,000.00
Trustee Counsel/Wilmington Trust	4,386.35
Closing (DTC, CUSIP, etc.)	2,266.68
Real Estate Attorney	100,000.00
Capitalized Interest	819,367.96
Hayes Strategy	
Underwriters Discount	149,650.00
Debt Service Reserve	797,181.26
<b>Subtotal Finance</b>	<b>2,243,653.18</b>
<b>Total</b>	<b>14,735,675.00</b>

Difference -

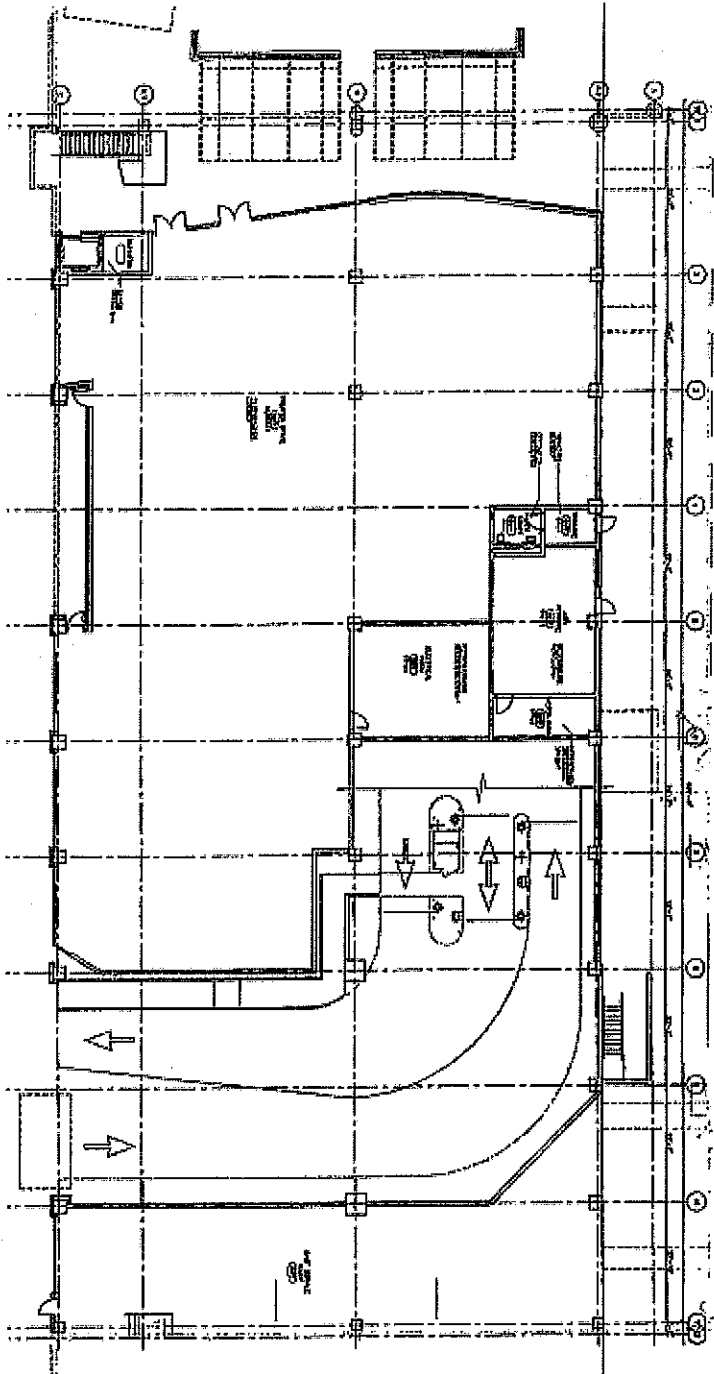
**EXHIBIT H**

**THE CINEMA PREMISES**

**MAP A100**

**“THEATER SPACE BENEATH GREEN STREET GARAGE, GREEN STREET PARKING GARAGE, THEATER  
MODIFICATIONS” PREPARED BY HUNT ENGINEERS, ARCHITECTS AND SURVEYORS, HORSEHEADS,  
NEW YORK AND DATED JUNE 27, 2007 (REVISED)”  
(SEE ATTACHED PAGE)**





<b>A100</b> THEATER SPACE BENEFIT GREEN STREET GARAGE GREEN STREET PARKING GARAGE THEATER MODIFICATIONS W.A. AT	 <b>ENGINEERS &amp; ARCHITECTS &amp; PLANNERS</b> 212-224-1000 740-224-1000 10000 BROADWAY, 10TH FLOOR, NEW YORK, NY 10023	DATE: 11/11/11 DRAWN BY: J. B.	CHECKED BY: J. B.	PROJECT NO.: 11-001	SHEET NO.: 30
		TITLE:	SCALE:	DATE:	DRAWN BY:

**EXHIBIT I**

**RIGHTS & CONDITIONS OF CINEMA PREMISES**

**(SEE ATTACHED PAGES)**

The Premises shall include, and be subject to, the following:

1. The right of the IURA's sublessee(s) to access and use the Electrical Room (G06) shown on Exhibit A for purposes of installing and maintain utilities only, in common with the City and other sublessee(s) of the IURA. No storage or other uses shall be permitted. The City shall install an interior door connecting the Premises and the Electric Room.
2. The right of the IURA's sublessee(s) to access the Meter Room (G08) shown on Exhibit A to install water and gas meters. The City shall provide access to the Meter Room to The IURA upon request from the IURA. There will be no direct access from the Premises to the Meter Room.
3. The right of the IURA's sublessee(s) to install condensers on the second level ramp of the Green Street Garage, in a location approved by the Owner, and connecting ventilation ducts between the condensers and the Premises, subject to the approval of the City, which approval shall not be unreasonably withheld. The IURA's sublessee(s) shall submit an installation plan and request for approval to the Superintendent of Public Works of the City of Ithaca or his designee. The installation plan shall provide for protection against damage and safety hazards. The IURA's sublessee(s) shall remove the condensers if they are no longer in use by the IURA's sublessee(s) and restore the area to its original condition. The IURA's sublessee(s) shall provide sleeved penetrations through the concrete deck for connection the Premises to the condensers.
4. The right of the IURA's sublessee(s) to install exterior signage on the facade and walls of the Premises (including the southerly facade of the Green Garage facing East Green Street) in accordance with applicable building code, sign and zoning ordinances, and subject to the approval of the New York State Department of Transportation (hereafter "DOT") for any signage that overhangs and/or encroaches upon DOT's right of way.
5. The right of the IURA's sublessee(s) to install lighting in the covered walkway adjoining the premises to the west, and the alley connecting the area to the west of the Premises with the Ithaca Commons (also known as the "Home Dairy Alley"), subject to the approval of the Superintendent of Public Works of the City of Ithaca or his designee, provided that such lighting provides safe light levels as determined by the Superintendent or his designee. The IURA's sublessee(s) shall be responsible for the maintenance of any lighting it installs. Upon the IURA's sublessee(s)' failure to install such lighting, the City retains the right to install the lighting at the City's sole cost and expense.
6. The right of the IURA's sublessee(s) to install awnings on the exterior of the Premises (including, but not limited to, the extension of the Home Dairy Alley), in accordance with applicable building code, sign and zoning ordinances.
7. The right of the IURA's sublessee(s) to install improvements hung from the ceiling (such as HVAC systems, lighting, fire detection and fire suppression systems and sound baffling), subject to the following:
  - a. The City shall install a hardware system integral to the concrete deck, beams, and/or columns of the second level has been installed by the City to support the weight of such typical ceiling hung improvements to commercial lease premises such as HVAC systems, lighting, fire detection and fire suppression systems and sound baffling.
  - b. The IURA's sublessee(s) shall not create any penetrations to the concrete deck, beams of the second level (which forms the ceiling of the Premises) or structural columns, unless the following requirements are met:

- i. Prior to creating such penetrations, the Lessee shall provide a written certification from a licensed engineer to the City Engineer certifying that such penetration design:
    - (1) Will not adversely affect the life or integrity of the docks or beams; and
    - (2) Will not exceed the code required design load on the parking deck.
  - ii. The Lessee shall, upon completion of the work, submit a written certification from a licensed engineer to the City Engineer that such penetration(s) were inspected and were installed in accordance with the engineer's approved construction plans and specifications.
8. Subject to the right of the City and its employees to to access the Single Bathroom shown on Exhibit A via the North Facade Exit Door and Passage (G05) shown on Exhibit A.
9. Subject to the right of the City to access the sanitary sewer line that runs from East Green Street to the Single Bathroom as shown on Exhibit A for purposes of repair and maintenance.
10. Subject to the right of the City to install and maintain a series of three 30" by 60" graphic display boxes affixed to the southern elevation of the Green Street Garage facing East Green Street and the graphics incorporated into the northern and western facades of the Green Street Garage, located above six feet in height from grade level.



**EXHIBIT J**  
**DEVELOPMENT SERVICES AGREEMENT**

**(SEE ATTACHED PAGES)**

**FINANCIAL ASSISTANCE AND PLEDGE AND ASSIGNMENT AGREEMENT  
(CONFERENCE CENTER)**

**FINANCIAL ASSISTANCE AND PLEDGE AND ASSIGNMENT AGREEMENT  
(CONFERENCE CENTER)**

THIS FINANCIAL ASSISTANCE AND PLEDGE AND ASSIGNMENT AGREEMENT (the "Conference Center Agreement") is entered into as of June 28, 2021, by and between the City of Ithaca, a municipal corporation, organized and existing under the laws of the constitution and the laws of the State of New York (the "City"), and Downtown Local Development Corporation, a not-for-profit corporation organized and existing under the laws of the State of New York (the "LDC"), with acknowledgment by Manufacturers and Traders Trust Company, a banking corporation existing under the laws of the State of New York, having its principal office at 285 Delaware Avenue, 3<sup>rd</sup> Floor, Buffalo, New York 14202 (the "Trustee").

**WITNESSETH:**

WHEREAS, the Tompkins County Industrial Development Agency (the "Issuer"), by resolution adopted on February 10, 2021 (the "Bond Resolution"), determined to issue, among other things, its Taxable Revenue Bonds (Asteri Conference, LLC Project), Series 2021B in the aggregate principal amount of \$34,505,000 (the "Series 2021B Bonds") to provide funds for Asteri Conference, LLC (the "Company") for the purpose of undertaking a project (the "Project") consisting of: (A)(1) the acquisition by the Issuer of a leasehold or other interest in the Conference Center Unit (as hereinafter defined) located on an approximately .608 acre parcel of land at 116 East Green Street in the City of Ithaca, New York (being more particularly identified as a portion of a tax map number 70-.4-5.221, as may be subdivided and assigned a new tax map number and address) (the "Land"); (2) the construction, reconstruction, renovation and equipping of an approximately 54,921 square-foot conference center (collectively, the "Improvements") within the Conference Center Unit; and (3) the acquisition and installation in and around the Improvements of certain items of machinery, equipment and other items of tangible personal use solely for the use of the Improvements (the "Equipment"; and, together with the Conference Center Unit and the Improvements, the "Facility"); (B) funding all or a portion of the costs of a debt service reserve fund, if any, and paying capitalized interest, if any, and certain other costs incidental to the issuance of the Bonds (the costs associated with items (A) through (B) above being hereinafter collectively referred to as the "Project Costs"); and (C) the lease (with the obligation to purchase) or sale of the Issuer's interest in the Facility back to the Company; and

WHEREAS, the Company, as declarant, has created a condominium on the Land (the "Condominium"), which Condominium consists of a conference center space and the common elements appurtenant thereto (the "Conference Center Unit") and a condominium unit containing approximately one hundred eighty-one (181) residential apartments and the common elements appurtenant thereto (the "Residential Unit"); and

WHEREAS, Section 503 of Article 15 of the General Municipal Law of the State of New York (the "Act") authorizes the City to plan and undertake one or more urban renewal projects and to enter into any and all related agreements to assist in carrying out and effectuating the purposes of the Act; and

WHEREAS, in connection with the issuance of the Series 2021B Bonds and the undertaking of the Project, the following transfers and agreements, among others, shall be entered into contemporaneously with the issuance of the Series 2021B Bonds:

(i) pursuant to a certain Lease Agreement, dated as of June 28, 2021, by and between the Company and the Issuer, the Company shall lease its right, title and interest in the Facility to the Issuer (the "Lease Agreement");

(ii) pursuant to a certain Leaseback Agreement, dated as of June 28, 2021, by and between the Company and the Issuer shall sublease its interest in the Facility back to the Company for the purpose of specifying the terms and conditions pursuant to which the Issuer agrees to undertake the Project for the benefit of the Company with the rental payments thereunder to be in an amount sufficient to pay the principal of, Sinking Fund Installments, Redemption Price of, and interest on the Series 2021B Bonds (the "Leaseback Agreement");

(iii) pursuant to a certain Sublease Agreement, dated as of June 28, 2021, by and between the Company and Downtown Ithaca Local Development Corporation (the "LDC"), the Company shall sub-sublease its interest in the Facility to the LDC, pursuant to which the LDC has agreed to make rental payments thereunder to be in an amount sufficient to pay the rental payments due by the Company under the Leaseback Agreement (the "Sublease Agreement");

(iv) the LDC and the City shall enter into this Conference Center Agreement, pursuant to which the City agrees, subject to annual appropriation, to make moneys available to enable the LDC to satisfy its obligations under the Sublease Agreement; and

WHEREAS, as security for the Series 2021B Bonds:

(i) the Issuer shall assign all of its rights to and interest under the Leaseback Agreement (except the Unassigned Rights) to the Trustee for the benefit of the Holders, pursuant to a certain Pledge and Assignment, dated as of June 28, 2021, from the Issuer to the Trustee (the "Assignment"); and

(ii) the Company and the Issuer shall grant to the Trustee for the benefit of the Holders, as applicable, a mortgage lien on and security interest in the leasehold interest created by the Leaseback Agreement and the Issuer's and the Company's respective interests in the Facility, pursuant to the terms of a certain Mortgage, dated as of June 28, 2021, from the Company and the Issuer to the Trustee (the "Facility Mortgage"); and

(iii) the Company shall assign to the Trustee for the benefit of the Holders all of its right, title and interest in any existing or future leases with respect to the Facility, pursuant to a certain General Assignment of Rents Facility, dated as of June 28, 2021, from the Company to the Trustee (the "Facility Assignment of Leases"); and

(iv) the Company shall assign to the Trustee for the benefit of the Holders all of the Company's right, title and interest in certain contracts relating to the construction of the Facility

pursuant to a certain Conditional Assignment of Contracts and Permits, dated as of June 28, 2021, from the Company to the Trustee (the "Assignment of Contracts"); and

WHEREAS, the City wishes to pledge and assign to the Trustee for the benefit of the Holders, certain Hotel Tax Revenues (defined herein); and

WHEREAS, to the extent there is a deficiency in the timely payment in full of all rent payable by the LDC under the Sublease Agreement, the City wishes to provide periodic financial assistance to the LDC to ensure that the Project is financially successful; and

WHEREAS, it is hereby determined to be in the interest of the City to provide financial assistance for the Project; and

WHEREAS, the Common Council of the City, by resolution duly adopted on August 12, 2020, authorized the execution and delivery of this Conference Center Agreement all in furtherance of the purposes of the Act; and

WHEREAS, the City intends to enter into this Conference Center Agreement under the authority of the Act;

WHEREAS, all capitalized terms used herein, unless otherwise defined, shall have the meaning ascribed to such terms in Schedule A attached to that certain Indenture of Trust, dated as of June 1, 2021, by and between the Issuer and the Agent (defined herein) (the "Indenture"), which terms are hereby incorporated by reference in this Conference Center Agreement and made a part hereof.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the City hereby covenants and agrees with the LDC as follows:

## **ARTICLE I**

**Section 1.1.** Definitions. Capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in Schedule A to the Indenture, which Schedule A is incorporated herein by reference.

**Section 1.2.** Term. The term of this Conference Center Agreement (the "Term") shall commence as of the day and year first written above and shall expire on October 1, 2054.

## **ARTICLE II**

### **REPRESENTATIONS AND WARRANTIES OF THE CITY**

**Section 2.1.** The City hereby represents and warrants that (i) it is a municipal corporation organized and existing under the constitution and the laws of the State of New York (the "State"); (ii) it has full power and authority to enter into this Conference Center Agreement and has duly authorized the execution and delivery of this Conference Center Agreement by proper action by

its governing body, or by other appropriate official action; (iii) the City's obligations under this Conference Center Agreement do not constitute the incurrence of debt by or a pecuniary liability of the City beyond an appropriation made in a single fiscal year; (iv) all requirements have been met and all procedures have been completed in order to ensure the validity and enforceability of this Conference Center Agreement according to its terms against the City; (v) the acquisition, construction and installation of the Project as a conference center and the operation and maintenance of the Project by the LDC is in the interest of the City and fulfills a public purpose of the City; (vi) no provision of this Conference Center Agreement violates any statute or provision of the constitution of the State; and (vii) there is no litigation or administrative proceeding threatened, or to the City's knowledge pending, questioning the validity or enforceability of this Conference Center Agreement according to its terms or the performance of the obligations of the City hereunder.

### **ARTICLE III**

#### **REPRESENTATIONS AND WARRANTIES OF THE LDC**

**Section 3.1.** The LDC hereby represents and warrants that (i) it is a not-for-profit corporation duly formed and validly existing under the laws of the State; (ii) it has full power and authority to enter into this Conference Center Agreement and has duly authorized the execution and delivery of this Conference Center Agreement by proper action by its members and/or board of directors, or by other appropriate official action; (iii) all requirements have been met and all procedures have been completed in order to ensure the validity and enforceability of this Conference Center Agreement according to its terms against the LDC; and (iv) there is no litigation or administrative proceeding threatened, or to the LDC's knowledge pending, questioning the validity or enforceability of this Conference Center Agreement according to its terms.

#### **COVENANTS AND AGREEMENTS**

##### **Section 4.1.**

The City agrees that, if and when appropriated, it shall include in its annual expense budget and remit directly to the Trustee in the amounts and on the dates as specified in Section 5.1 hereof a sum requested by the Trustee in an amount equal to the Base Rent (as defined in the Sublease Agreement), to fulfill the LDC's rental payment obligations with respect thereto as and when such amounts shall become due (collectively, the "Appropriation Amount"). Subject to the conditions and/or qualifications in this Section 4.1(a), the City's obligation pursuant to this Section 4.1(a) shall be absolute and unconditional during the Term, despite the termination, if any, of the Sublease Agreement.

The LDC shall designate the Trustee as its agent (the "Agent") for receipt of City payments hereunder. All payments by the City shall be paid in lawful money of the United States of America to the Series 2021B Appropriation Fund of the Indenture (the "Account"). Failure by the City to appropriate and make available the sums herein provided for shall not give rise to any cause of action against the City hereunder, under any Financing Documents or under any provision of statutory or constitutional law of the State.

**Section 4.2.** The City agrees that all payments made shall, when made, be final and agrees that if any such payment is recovered from or repaid by the Issuer, the Trustee or the Holders of the Series 2021B Bonds in whole or in part in any bankruptcy, insolvency or similar proceedings instituted by or against the LDC, this Conference Center Agreement shall continue to be fully applicable to such liabilities but only for the amount paid in the fiscal year of the City in which such payment was made by the City hereunder.

**Section 4.3.** In the event of a default in payment of principal of, Sinking Fund Installments on, Redemption Price, and interest on the Series 2021B Bonds when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, the LDC, the Company, the Trustee and the Issuer shall have no rights against the City hereunder and the LDC, the Company, the Trustee and the Issuer shall have no right to proceed first and directly against the City, under this Conference Center Agreement.

**Section 4.4.** This Conference Center Agreement shall not be deemed to create any right in, or to be in whole or in part for the benefit of, any person other than the LDC, or for and on behalf of the Holders from time to time of the Series 2021B Bonds or a credit provider with respect to the Series 2021B Bonds and their permitted successors and assigns. The Issuer, the Trustee, the LDC and the Company shall have no right, to enforce payment by the City under this Conference Center Agreement, or any other right, directly or indirectly, against the City with respect to this Conference Center Agreement or any term or provision thereof.

**Section 4.5.** The City and the LDC understand and intend that the obligations of the City to make an appropriation as described herein shall constitute and be deemed to constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the taxing power, faith and credit, general revenues, funds or monies of the City.

## **ARTICLE V**

### **PROCEDURE FOR APPROPRIATION AND PAYMENT**

**Section 5.1.** (a) The City shall have no obligation to appropriate the amounts payable to the Agent hereunder or include such amount in the annual expense budget of the City unless and until the following has occurred:

(i) At least forty-five (45) days prior to each October 1 commencing October 1, 2021 and continuing annually on each October 1 of each year thereafter, the Agent submits (or causes to be submitted) to the City Controller, a written certificate ("the Appropriation Certificate") stating in detail the Appropriation Amount for the current fiscal year of the City and the projected Appropriation Amount for the next succeeding fiscal year requested for payment from the City.

(b) At least forty-five (45) days prior to each Bond Payment Date (as defined in the Indenture), the Agent shall submit to the City a written certificate stating in detail that portion of the Appropriation Amount for the current fiscal year to be paid to the Agent in an amount equal to such Debt Service Payment (as defined in the Indenture) due on the next ensuing Bond Payment Date (as defined in the Indenture).

(c) After receipt of notice from the Agent pursuant to Section 5.1(b) hereof, on or before the fifteenth (15<sup>th</sup>) Business Day preceding the next ensuing Bond Payment Date (as defined in the Indenture), the City shall pay over to the Account, that portion of the Appropriation Amount for such year necessary to pay such Debt Service Payment (as defined in the Indenture) on the next ensuing Bond Payment Date (as defined in the Indenture).

Notwithstanding any other provision of this Conference Center Agreement, any and all Hotel Tax Revenues remitted to the Trustee hereunder, subject to Section 6.2 hereof, shall be deposited into the applicable Account of the Bond Fund for payment of principal of, Sinking Fund Installments on, Redemption Price of and interest on the Series 2021B Bonds only.

**Section 5.2.** Neither the appropriate committee or body of the Common Council nor the Common Council, as a whole, shall at any time be obligated to determine that such expenditures is in the public interest, must or should be appropriated, or must or should be included in the annual budget of the City.

## ARTICLE VI

### ASSIGNMENT BY LDC AND CITY

**Section 6.1.** For value received, the receipt of which is hereby acknowledged, the LDC hereby grants to the Trustee for the benefit of the Holders a security interest in and pledges, assigns, transfers and sets over to the Trustee for the benefit of the Holders any and all moneys due or to become due, and any and all other rights and remedies of the LDC under or arising out of this Conference Center Agreement.

**Section 6.2.** For value received, the receipt of which is hereby acknowledged, the City hereby grants to the Trustee a security interest in pledges, assigns, transfers and sets over to the Trustee any and all appropriated moneys received, but not otherwise remitted to the LDC to enable the LDC to satisfy its rental payment obligations (excluding the payment of the Base Rent) under the Sublease Agreement, from a certain City of Ithaca Room Occupancy Tax levied by the City for every occupancy of a room or rooms in a hotel in the City of Ithaca, pursuant to New York State Tax Law § 1202-gg and Local Law No. 2021-05 (the "Hotel Tax Revenues"). It is hereby understood by the parties hereto that the Hotel Tax Revenues to be remitted to the Trustee, if any, shall be limited the difference, if any, between the Appropriation Amount and the Base Rent. All other Hotel Tax Revenues shall be retained by the City.

## ARTICLE VII



## MISCELLANEOUS

**Section 7.1.** The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections in this Conference Center Agreement contained, shall not affect the validity or enforceability of the remaining portions of this Conference Center Agreement, or any part thereof.

**Section 7.2.** This Conference Center Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 7.3.** This Conference Center Agreement shall be governed in all respects, whether as to validity, construction, performance or otherwise, by the laws of the State.

**Section 7.4.** The Trustee shall not have any obligation, duty or liability under this Conference Center Agreement except as specifically set forth herein and accepted pursuant to the Acceptance herewith, nor shall the Trustee be required or obligated in any manner to fulfill or perform any obligation, covenant, term or condition of the LDC under any such documents or to make any inquiry as to the nature or sufficiency of any payment received by it, or to present or file any claim, or to take any other action to collect or enforce the payment of any amounts that may have been assigned to it or to which it may be entitled hereunder at any time or times.

**Section 7.5.** The City hereby unconditionally and absolutely waives the following defenses to enforcement of this Conference Center Agreement: (a) any defense arising by reason of the invalidity or unenforceability of this Conference Center Agreement; (b) any right of subrogation and any rights to enforce any remedy the City has or may hereafter have against the LDC; and (c) any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, ultra vires acts, usury, illegality or unenforceability which may be available to the City in respect of any agreement with the LDC.

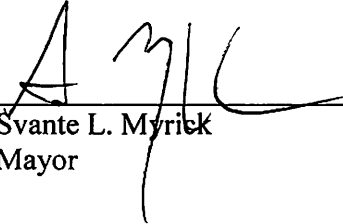
**Section 7.6.** This Conference Center Agreement shall constitute a security agreement under the Uniform Commercial Code of the State of New York so that the Trustee is hereby granted and shall have and may enforce a security interest, to secure payment of all sums due or to become due to the Trustee herein. Pursuant to the Uniform Commercial Code of the State of New York, the City hereby appoints and authorizes the Trustee as its lawful attorney and agent, to file UCC-1 financing statements and UCC-3 financing statement changes or other documents if the Trustee shall determine that such are necessary or advisable in order to perfect or continue perfection of its security interest in any moneys covered by this Conference Center Agreement.

[The Balance of This Page Intentionally Left Blank]

[Signature Page to Financial Assistance and Pledge and Assignment Agreement  
(Conference Center)]

**IN WITNESS WHEREOF**, the City and the LDC have caused this Conference Center Agreement to be duly executed as of the date first above written.

**CITY OF ITHACA, NEW YORK**

By:   
Name: Svante L. Myrick  
Title: Mayor

**DOWNTOWN ITHACA LOCAL  
DEVELOPMENT CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:

[Signature Page to Financial Assistance and Pledge and Assignment Agreement  
(Conference Center)]

**IN WITNESS WHEREOF**, the City and the LDC have caused this Conference Center Agreement to be duly executed as of the date first above written.

**CITY OF ITHACA, NEW YORK**

By: \_\_\_\_\_  
Name: Svante L. Myrick  
Title: Mayor

**DOWNTOWN ITHACA LOCAL  
DEVELOPMENT CORPORATION**

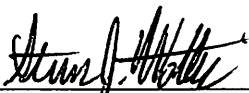
By:   
Name: Jennifer Tavares  
Title: President

## ACCEPTANCE

MANUFACTURERS AND TRADERS TRUST COMPANY (the "Trustee"), a New York banking corporation duly organized and validly existing under the laws of the United State of America, having offices at 285 Delaware Avenue, 3<sup>rd</sup> Floor, Buffalo, New York 14202 hereby accepts the foregoing Financial Assistance and Pledge and Assignment Agreement and agrees to fulfill all the duties and obligations imposed on the Trustee under said Financial Assistance and Pledge and Assignment Agreement.

IN WITNESS WHEREOF, the Trustee has duly executed this Acceptance as of the 28th  
of June, 2021.

MANUFACTURERS AND TRADERS TRUST  
COMPANY, as Trustee

By:   
Name: Steven J. Watie  
Title: Vice President

[Financial Assistance and Pledge and Assignment Agreement  
(Conference Center)]

**FUNDING AND FINANCIAL OVERSIGHT MULTI-PARTY AGREEMENT ITHACA  
COMMUNITY CENTER**

**FUNDING AND FINANCIAL OVERSIGHT MULTI-PARTY AGREEMENT  
ITHACA COMMUNITY CONFERENCE CENTER**

This **FUNDING AND FINANCIAL OVERSIGHT PARTNER AGREEMENT** (“Agreement”) is made as of June 30, 2021 (the “Effective Date”), by and among the **CITY OF ITHACA**, a municipal corporation in the State of New York, with offices at 108 East Green Street, Ithaca, New York 14850 (the “City”); **ITHACA DOWNTOWN BUSINESS IMPROVEMENT DISTRICT, INC.**, a not-for-profit corporation incorporated in the State of New York, with offices at 171 East State Street PMB 136, Ithaca New York 14850, also known as the Downtown Ithaca Alliance (the “DIA”); **TOMPKINS COUNTY CHAMBER OF COMMERCE FOUNDATION**, a charitable trust organized under the laws of the State of New York, with offices at 904 East Shore Drive, Ithaca New York 14850 (the “Foundation”); and **DOWNTOWN ITHACA LOCAL DEVELOPMENT CORPORATION**, a not-for-profit local development corporation incorporated in the State of New York, with offices at 171 East State Street PMB 136, Ithaca New York 14850 (the “LDC”).

**WITNESSETH THAT:**

**WHEREAS**, in connection with that certain Disposition and Development Agreement entered into effective as of February 18, 2021 by and between the City and Vecino Group New York, LLC, a Missouri limited liability company, an Affiliate of Asteri, Ithaca Urban Renewal Agency shall execute and deliver a deed to Vecino NY for Parcel “A” on the Final Subdivision Plat for City of Ithaca Located at No. 116, 118, & 120 East Green Street, City of Ithaca, Tompkins County, New York approved by the City on January 22, 2021, which parcel consists of approximately .646 Acres; and

**WHEREAS**, in consideration of such conveyance and as set forth in that certain Development Agreement by and between Vecino NY and Asteri dated November 5, 2020, Asteri shall (A) improve the Property through, *inter alia*, the construction, reconstruction, renovation and equipping of an approximately 54,921 square-foot conference center (the “Conference Center”) and the acquisition and installation in and around the Improvements of certain items of machinery, equipment and other items of tangible personal use solely for the use of the Improvements (collectively, the “Project”) and (B) sub-lease the Facility to the LDC (the “Lease”), which Facility will comprise the bottom three (3) floors (the “Leased Premises”) of a twelve (12) story building, the remainder of which is being developed as an affordable housing tax credit project; and

**WHEREAS**, by resolution duly adopted on February 10, 2021, the Tompkins County Industrial Development Agency approved its issuance of its Taxable Revenue Bonds (Asteri Conference, LLC Project), Series 2-21B Bonds (the “Bonds”), proceeds of which shall be used to finance the Project, which Bonds will be secured in through that certain Financial Assistance Agreement and Pledge and Assignment Agreement, to be dated as of the closing of the Bonds, 2021 (the “Financial Assistance Agreement”), pursuant to which the City shall agree, subject to annual appropriation, to make moneys available to the LDC in an amount sufficient to enable the LDC to satisfy its obligations under the Lease (the Financial Assistance Agreement, together with other documents executed in connection with the Bonds, are the “Bond Documents”); and

**WHEREAS**, the parties expect that revenues earned by the Conference Center’s operations will be insufficient to meet its capital and operational requirements; and further

**WHEREAS**, the parties have agreed to collaborate with each other and to provide funds in support of the Conference Center; and to assist the LDC in meeting its operating deficits through the establishment and maintenance of the Reserve Funds, all in accordance with the terms and conditions stated here; and

In consideration of the covenants contained herein and other good and valuable consideration, the parties agree as follows:

## **ARTICLE I RECITALS; DEFINITIONS**

**Section 1.1** The foregoing Recitals are hereby incorporated into the substantive provisions of this Agreement. Except as otherwise expressly provided in this Agreement, the definitions, rules of interpretation and construction set forth in **Exhibit A** shall apply to this Agreement.

## **ARTICLE II TERM**

**Section 2.1 Construction Term.** The construction term of this Agreement shall commence upon the Effective Date and shall terminate on the third (3rd) anniversary of the Effective Date (the "Construction Term").

**Section 2.2 Operations Term.** The operations term of this Agreement shall commence the day after the Construction Term has expired and shall terminate on the thirtieth (30<sup>th</sup>) anniversary thereof (the "Operations Term", and together with the Construction Term, the "Term").

## **ARTICLE III FISCAL OVERSIGHT COMMITTEE**

**Section 3.1 Establishment; Purpose.** The parties hereby establish a committee for the exclusive purpose of overseeing the financial performance of the Conference Center and to steward and manage the financial commitments made herein (the "Fiscal Oversight Committee"). The Fiscal Oversight Committee shall be governed and subject to the terms and conditions of this Article 3. The Fiscal Oversight Committee shall be a joint effort of the parties with the specific purpose of monitoring the financial performance of the Conference Center and enforcing the rights and responsibilities of the parties under this Agreement.

**Section 3.2 Activities; Composition.** The Fiscal Oversight Committee shall be comprised as and perform those activities set forth on **Exhibit B**, which sets forth a meeting schedule, procedural requirements, voting rights and oversight responsibilities.

## **ARTICLE IV LDC RIGHTS AND RESPONSIBILITIES**

**Section 4.1** The LDC shall designate one individual to serve on the Fiscal Oversight Committee.

**Section 4.2 Single Purpose Entity.** The LDC shall as its single purpose operate the Conference Center in accordance with all applicable law and in direct furtherance of the governmental and

public goals for which it was formed and shared by the parties, in full satisfaction of the obligations imposed herein.

#### **Section 4.3 Operate in Accordance with Approved Agreements.**

(a) *Management Agreement.* LDC shall execute an agreement (“Management Agreement”) with a third party experienced operator of conference centers (“Operator”), which Management Agreement must be approved in advance by the Fiscal Oversight Committee. The LDC shall comply with all terms and conditions of the Management Agreement, monitor the Manager’s performance thereunder, and provide regular reports to the Fiscal Oversight Committee.

(b) *Lease Agreement.* The LDC shall enter into the Lease, and shall comply with the terms and conditions thereof.

(c) *Bylaws.* The LDC shall maintain at all times bylaws (the “Bylaws”) which include, *inter alia*, those provisions set forth in **Exhibit C** regarding authority of the City.

#### **Section 4.4 Financial Stewardship.**

(a) *Fundraising.* The LDC shall develop a fundraising and sponsorship program to attract capital in order to support its capital and operational needs. The LDC shall receive and comply with the terms of that certain reimbursable \$5,000,000 grant (the “ESD Grant”) awarded by the Empire State Development Corporation.

(b) *Financial Statements.* The LDC shall provide to the parties audited financial reports within ninety (90) days of the end of its fiscal year, and profit and loss statements and an updated proposed budget proforma within thirty (30) days from the end of each fiscal quarter.

(c) *Budget; Impacts Report.*

(i) The LDC shall develop and adopt a proforma budget for the initial ten (10) years, including construction and operations of the Conference Center, which proforma budget must be approved in advance by the Fiscal Oversight Committee. The LDC shall provide a proposed annual budget for the Conference Center to the Fiscal Oversight Committee by **July 15** of each fiscal year, which annual budget shall require the approval of the Fiscal Oversight Committee. The LDC shall record all program revenues and expenses and provide updated financial reports including reserve balances, actual revenues and expenses, and budget projections no later than thirty (30) days after the end of each quarter to the Fiscal Oversight Committee. Any amendment to or modification of the then-applicable budget must be approved in advance by the Fiscal Oversight Committee.

(ii) The LDC shall assure that any funds contributed hereunder required to balance the LDC’s budget shall be requested in a form and manner required by the Fiscal Oversight Committee.

(iii) The LDC shall annually report to the Fiscal Oversight Committee on financial and community impacts of LDC operations and programming.

(d) *Reserve Funds.*



(i) Capital Replacement Reserve. The LDC shall hold, maintain, and monitor the Capital Replacement Reserve in accordance with the terms and conditions set forth in Section 8.3.

(ii) Working Capital Reserve. The LDC shall hold, maintain, and monitor the Working Capital Reserve in accordance with the terms and conditions set forth in Section 8.4.

(iii) Primary Operating Reserve. The LDC shall hold, maintain, and monitor the Primary Operating Reserve in accordance with the terms and conditions set forth in Section 8.5.

(iv) Surpluses to Support Reserve Funds. The LDC shall, from time to time, and as approved by its governing board and the Fiscal Oversight Committee, allocate surplus revenues to certain Reserve Funds.

**Section 4.5 Undertake Corrective Measures.** In the event the Fiscal Oversight Committee exercises its authority or is required to impose Corrective Measures pursuant to Section 9.1, the LDC shall take all lawful measures to immediately comply with such recommendations.

## **ARTICLE V CITY RESPONSIBILITIES**

**Section 5.1 Participation on Fiscal Oversight Committee.** The City shall designate four (4) individuals to serve on the Fiscal Oversight Committee, one of which shall have two (2) votes when actions requiring a vote are before the Fiscal Oversight Committee.

**Section 5.2 Establish Hotel Assessments.** The City shall establish a hotel room occupancy tax in order to generate revenues from the lodging industry to support the Conference Center and the Conference Center Project (the "Hotel Assessments"). Subject to the terms hereof, including Article X, and to the City's annual appropriation process, the City shall receive and distribute all Hotel Assessments as provided for herein.

**Section 5.3 Financial Assistance Agreement.** The City shall execute the Financial Assistance Agreement and any other instrument necessary to effectuate the City's financial support of the Conference Center and Conference Center Project. The City shall comply with the Financial Assistance Agreement.

**Section 5.4 Tompkins County Hotel Room Tax.** The City shall, subject to the terms and conditions of that certain Funding Agreement by and between the City and Tompkins County in connection with the Ithaca Downtown Community Conference Center, allocate some or all of the Tompkins County hotel room tax revenues received thereunder to the support of the Conference Center.

**Section 5.5 Last Resort Financial Support.** Upon depletion of the Reserve Funds, the City may, in its sole discretion and subject to annual appropriations, provide funds to the Conference Center in order to assist the LDC in meeting its operating deficits.

**Section 5.6 Final Operating Reserve.** The City shall hold, maintain, and monitor the Final Operating Reserve in accordance with the terms and conditions set forth in Section 8.8.

**ARTICLE VI  
DIA RESPONSIBILITIES**

**Section 6.1 Participation on Fiscal Oversight Committee.** The DIA shall designate one individual to serve on the Fiscal Oversight Committee.

**Section 6.2 Secondary Operating Reserve.**

(a) The DIA shall hold, maintain, and monitor the Secondary Operating Reserve in accordance with the terms and conditions set forth in Section 8.6.

(b) The DIA shall make payments into the Secondary Operating Reserve as required by Section 8.6.

**ARTICLE VII  
FOUNDATION RESPONSIBILITIES**

**Section 7.1 Participation on Fiscal Oversight Committee.** The Foundation shall designate one individual to serve on the Fiscal Oversight Committee.

**Section 7.2 Tertiary Operating Reserve.**

(a) The Foundation and certain hotels have entered into that certain Conference Center Support Agreement, a copy of which is attached hereto as **Exhibit D**.

(b) The Foundation shall hold, maintain, and monitor the Tertiary Operating Reserve in accordance with Section 8.7 of this Agreement and the Conference Center Support Agreement.

(c) Upon expiration or earlier termination of the Conference Center Support Agreement, all funds held within the Tertiary Operating Reserve shall be delivered to the LDC for deposit into the Capital Replacement Reserve, the Tertiary Operating Reserve shall dissolve and Section 9.1(c) of this Agreement shall be of no further force and effect.

**ARTICLE VIII  
ESTABLISHMENT AND ADMINISTRATION OF RESERVES**

**Section 8.1** The parties agree that the following reserve funds (collectively, the “Reserve Funds”) shall be established and administered for the support of the Conference Center, in accordance with the terms and conditions stated herein.

**Section 8.2 DEBT SERVICE RESERVE FUND.**

(a) **Purpose.** As required in connection with the Bonds, the “Debt Service Reserve Fund” shall be used to pay all principal and interest payments due and owing under the Bonds during the final year of its repayment schedule as set forth in the Bond Documents.

(b) **Initial Balance.** The initial balance, which shall be an amount equal to \$1,806,832.50 shall be funded with proceeds of the Bonds.

(c) **Additional Contributions.** Additional contributions, as needed from time to time pursuant to the Bond Documents, to the Debt Service Reserve Fund shall be paid by the City, pursuant to the Financial Assistance agreement, and/or from Hotel Assessments.

(d) **Administration.** The Debt Service Reserve Fund shall be held by the Trustee, as defined in the Bond Documents.

### **Section 8.3 CAPITAL REPLACEMENT RESERVE.**

(a) **Purpose.** The “Capital Replacement Reserve” shall be used for any alterations or rebuilding or renovating of the Conference Center and any replacement of furnishings or equipment.

(b) **Initial Balance.** The initial balance, which will be an amount no less than Five Hundred Thousand Dollars (\$500,000) and no more than One Million Dollars (\$1,000,000), shall be funded by Hotel Assessments collected by the City during the Construction Term, after the Primary Operating Reserve has been fully funded.

(c) **Additional Contributions.** Additional contributions to the Capital Replacement Reserve will be funded by the City, in its reasonable discretion, from Hotel Assessments.

(d) **Administration.** The Capital Replacement Reserve shall be held in an account established and held by the LDC, subject at all times to the terms and conditions stated herein. The LDC shall provide a report to the Fiscal Oversight Committee no less than quarterly stating the balance of the Capital Replacement Reserve and all debits and credits therefrom. All decisions regarding use of the Capital Replacement Reserve shall be made by the Fiscal Oversight Committee in accordance with this Agreement. The LDC shall not use the Capital Replacement Reserve without advance written consent from the Fiscal Oversight Committee which states the amount and anticipated usage of the withdrawal; provided, however, that (i) any expenditure made by the Manager pursuant to the Management Agreement that does not require the LDC’s approval is permitted with no further approval of the Fiscal Oversight Committee, and (ii) the LDC is permitted to use the Capital Replacement Reserve to respond to emergencies, and shall report all such emergency expenditures to the Fiscal Oversight Committee thereafter.

### **Section 8.4 WORKING CAPITAL RESERVE.**

(a) **Purpose.** The “Working Capital Reserve” is intended to assist the LDC with cash flow needs of day to day operations and to serve as the operating capital of its operations. The parties shall in good faith endeavor to maintain the Working Capital Reserve with a balance of \$150,000.

(b) **Initial Balance.** The Working Capital Reserve shall be funded with an initial balance of \$150,000 by the City from Hotel Assessments collected during the Construction Term.

(c) **Additional Contributions.** The Working Capital Reserve shall receive additional contributions from the City from Hotel Assessments.

(d) **Administration.** The Working Capital Reserve shall be held in an account established and held by the LDC, subject at all times to the terms and conditions stated herein. The LDC shall provide a report to the Fiscal Oversight Committee no less than quarterly stating the balance of the Working Capital Reserve and all debits and credits therefrom.

### **Section 8.5 THE PRIMARY OPERATING RESERVE.**

(a) **Purpose.** The “Primary Operating Reserve” shall be used to provide funds to the LDC when the annual operating expenses of the Conference Center are projected to, or actually, exceed revenues derived from its operations. The parties anticipate that the Primary Operating Reserve will be used.

(b) **Initial Balance.** The initial balance of Five Hundred Thousand Dollars (\$500,000) shall be funded by the City through Hotel Assessments collected and paid by the City to the LDC prior to the Commencement of Operations.

(c) **Additional Contributions.** The City shall endeavor in good faith allocate Hotel Assessments to the Primary Operating Reserve to maintain a balance of \$500,000 by making payments to the LDC no less than quarterly; provided, however, that the balance of the Working Capital Reserve shall be maintained as first and higher priority.

(d) **Administration.** All decisions regarding use of the Primary Operating Reserve shall be made by the Fiscal Oversight Committee in accordance with this Agreement. The Primary Operating Reserve shall be held in an account established and held by the LDC, subject at all times to the terms and conditions stated herein. The LDC shall provide a report no less than quarterly to the Fiscal Oversight Committee of the balance of the Primary Operating Reserve and all debits and credits therefrom.

## **Section 8.6 SECONDARY OPERATING RESERVE.**

(a) **Purpose.** The “Secondary Operating Reserve” shall be used to provide funds to the LDC when the Primary Operating Reserve is depleted. Up to \$50,000 from the Secondary Operating Reserve may be directed to the LDC upon depletion of the Primary Operating Reserve in any fiscal year. In the event the LDC requires additional funds after, first, depletion of the Primary Operating Reserve and, second, payment to it of \$50,000 from the Secondary Operating Reserve, the Tertiary Reserve shall provide to the LDC up to \$150,000 in said year. If the LDC requires additional support after the funds described in the preceding sentence have been paid, the Secondary Operating Reserve may be accessed in an amount up to its remaining balance.

(b) **Initial Balance.** On or before January 15th of 2024 and continuing for each year of the remaining ten (10) years of the Operations Term, the DIA shall pay a minimum of \$50,000 per year into the Secondary Operating Reserve for the benefit of the Conference Center; provided, however, that the DIA shall never be required to pay a total amount in excess of \$500,000 during such ten-year period.

(c) **Additional Contributions.** Commencing on January 16, 2034, and continuing until the expiration or earlier termination of this Agreement, if the balance of the Secondary Operating Reserve falls below \$500,000, the DIA shall make a payment to the Secondary Operating Reserve by December 1 of such year equal to the lesser of (i) the difference between the actual balance of the Secondary Operating Reserve and \$500,000 and (ii) \$50,000.

(d) **Administration.** All decisions regarding use of the Secondary Operating Reserve shall be made by the Fiscal Oversight Committee in accordance with this Agreement. The Secondary Operating Reserve shall be held by the DIA in a segregated account. The DIA shall provide a report no less than quarterly to the Fiscal Oversight Committee of the balance of the Secondary Operating Reserve and all debits and credits therefrom.

## **Section 8.7 TERTIARY OPERATING RESERVE**

(a) **Purpose.** The “Tertiary Operating Reserve” shall be used to provide funds to the LDC when (i) the Primary Operating Reserve is depleted and (ii) \$50,000 in the same fiscal year has been funded to the LDC from the Secondary Operating Reserve.

(b) **Initial Balance.** The Tertiary Operating Reserve will have an initial balance of \$200,000 to be funded pursuant to the Conference Center Support Agreement by December 31, 2024.

(c) **Additional Contributions.** The Foundation shall provide additional contributions to the Tertiary Operating Reserve in accordance with the Conference Center Support Agreement.

(d) **Administration.** The Tertiary Operating Reserve shall be held in an account established and held by the Chamber Foundation, subject at all times to the terms and conditions stated herein and therein. The Chamber Foundation shall provide to the Fiscal Oversight Committee a report no less than quarterly of the balance of the Tertiary Operating Reserve and all debits and credits therefrom. The Chamber Foundation is entitled to receive an Administrative Fee pursuant to Section 6.2 in the Conference Center Support Agreement. All decisions regarding use of the Tertiary Operating Reserve shall be made by the Fiscal Oversight Committee in accordance with this Agreement.

## **Section 8.8 FINAL OPERATING RESERVE.**

(a) **Purpose.** The “Final Operating Reserve” shall be used (i) to provide interim funding for construction expenses that are budgeted to be paid the ESD Grant; (ii) to reimburse the Empire State Development Corporation an amount up to \$500,000 of the ESD Grant in the event the LDC defaults in its performance of requirements imposed by the ESD Grant; (iii) when needed to take Corrective Measures, as set forth in Section 9.1; (iv) to satisfy obligations incurred by the City pursuant to the Financial Assistance Agreement; and (v) otherwise serve as funding of last resort for the operations of the Conference Center, after depletion of the Primary Operating Reserve, Secondary Operating Reserve, and Tertiary Operating Reserve.

(b) **Initial Balance.** The initial balance shall be \$400,000, which shall be funded by Hotel Assessments collected by the City.

(c) **Additional Contributions.**

(i) The City shall endeavor in good faith to maintain a minimum balance of \$250,000.

(ii) The City may elect, in its reasonable discretion and subject to the terms and conditions of this Agreement, to allocate additional contributions to the Final Operating Reserve from Hotel Assessments.

(d) **Administration.** The Final Operating Reserve shall be held by the City in a dedicated reserve account segregated from other assets of the City. The City shall provide a report to the Fiscal Oversight Committee no less than quarterly stating the balance of the Final Operating Reserve and all debits and credits therefrom. All decisions regarding use of the Final Operating Reserve shall be made by the City in its sole discretion.

## **ARTICLE IX CORRECTIVE MEASURES**

**Section 9.1** In the event the LDC fails to meet expected financial performance and to protect the financial interest of the parties to this Agreement and to the Conference Center Support Agreement, the Fiscal Oversight Committee may compel the LDC to undertake certain remedies, (each, a “Corrective Measure” and together the “Corrective Measures”) as follows:

(a) If the LDC receives Net Cash Flow from Operations in any fiscal year in an amount equal to 90% or less of budgeted net cash flow from operations:

(i) Meet with the Fiscal Oversight Committee to investigate reasons for financial

performance.

(A) Upon any of the following: (A) the balance of the Final Operating Reserve is less than \$200,000; (B) If the LDC receives Net Cash Flow from Operations in any fiscal year in an amount equal to 80% or less of budgeted Net Cash Flow from Operations; or (C) If the LDC receives Net Cash Flow from Operations in any two consecutive calendar quarters in an amount equal to 70% or less of budgeted Net Cash Flow from Operations:

1. Amend or terminate the then-applicable Management Agreement if permitted under the terms thereof.
2. Undertake an extensive evaluation of the LDC and Conference Center operations, including but not limited to, hiring a third party expert to evaluate the operations of the Conference Center, consideration of alternative uses of the leased Premises and shall be authorized to compel LDC to enact temporary or permanent closure of the Conference Center.

(b) The Fiscal Oversight Committee shall hire a third party expert to evaluate the operations of the Conference Center upon a written request executed by a majority of the parties to the Conference Center Support Agreement.

(c) The Fiscal Oversight Committee may exercise any rights or responsibilities granted to them in the bylaws of the LDC as stated therein and herein at **Exhibit C**.

## **ARTICLE X HOTEL ASSESSMENTS**

**Section 10.1** The City shall distribute Hotel Assessments solely to the extent actually received and as appropriated through the City's annual budget process.

**Section 10.2** The City may charge an administrative fee not to exceed four percent (4%) of any Hotel Assessments actually received, as authorized by Tax Law 1202-GG\*2(9) (the "Administrative Charge").

**Section 10.3** The City shall receive Hotel Assessments, hold the Hotel Assessments in a segregated reserve account, and shall, subject to the City's annual appropriation by Common Council, and shall allocate them on a quarterly basis in accordance with the terms hereof and this Section 10.3:

- (a) During the Construction Term, as follows:
  - (i) First, to the Administrative Charge, as set forth in Section 10.2;
  - (ii) Second, to the operating expenses (including Additional Rent, as those terms are defined under the Lease) of the LDC;
  - (iii) Third, to construction of the Conference Center;
  - (iv) Fourth, to the Primary Operating Reserve, as set forth in Section 8.5;
  - (v) Fifth, to the Working Capital Reserve, as set forth in Section 8.4;

- (vi) Sixth, to the Final Operating Reserve, as set forth in Section 8.8;
- (vii) Seventh, to the Capital Replacement Reserve, as set forth in Section 8.3; and
- (viii) Lastly, to the Primary Operating Reserve.

(b) During the Operations Term, as follows (to be set forth in the budget approved by the Fiscal Oversight Committee):

- (i) First, to the Administrative Charge, as set forth in Section 10.1;
- (ii) Second, to the operating expenses (including Base Rent, Additional Rent and the Rental Fee, as those terms are defined under the Lease) of the LDC;
- (iii) Third, to the Debt Service Reserve Fund, as set forth in Section 8.2;
- (iv) Fourth, to reimburse the City for any payments made pursuant to the Financial Assistance Agreement, as set forth in Section 5.3; and
- (v) Fifth, allocated to the following Reserve Funds, in the amounts included in the budget approved by the Fiscal Oversight Committee reflective of the funding priorities recommended by the LDC for such fiscal year:
  - (A) the Working Capital Reserve, as set forth in Section 8.4;
  - (B) the Final Operating Reserve, as set forth in Section 8.8;
  - (C) the Capital Replacement Reserve, as set forth in Section 8.3; and
  - (D) the Primary Operating Reserve.

**Section 10.4 Appropriation Process.** On or before September 15 of each year, commencing September 1, 2021, the Fiscal Oversight Committee shall timely submit to the City Controller a written certificate in a form substantially the same as set forth in **Exhibit E** (the “Appropriation Certificate”), stating the appropriation amount stated in the LDC’s budget approved by the Fiscal Oversight Committee being requested from the City for inclusion in the next succeeding fiscal year City budget, together with a copy of the budget of the LDC.

(a) During the Construction Term, the amount set forth in the Appropriation Certificate shall include the sum of Section 10.3(a)(ii-v) and (vii and viii), and shall note the reimbursable amount to the City’s general fund under Section 10.3 (a)(i).

(b) During the Operations Term, the amount set forth in the Appropriation Certificate shall include the sum of Section 10.3(b)(i), (iii) and (v)(A), (C) and (D), and shall note the reimbursable amount to the City’s general fund under Section 10.3(b)(i), (iv) and (v)(B).

(c) The Mayor shall include the Appropriation Certificate amount as an expense in the Mayor's proposed City budget. Upon Common Council’s final approval of the City budget, including the final appropriation of the Hotel Assessments to the LDC, the City shall distribute the Hotel Assessments in accordance with the provisions of this Agreement and the Financial Assistance Agreement.

(d) Hotel Assessments intended to reimburse the City for the budget items set forth in Section

10.3 (a)(i) and Section 10.3(b)(ii), (iv) and (v)(B) shall be distributed from a reserve account held by the City in accordance with City budget and accounting process or such other account dedicated to the conference center purposes set forth in Tax Law 1202-GG\*2 (9), the distribution of which is subject to appropriation by Common Council. Hotel Assessments intended to be held after appropriated by Common Council in the Final Operating Reserve in accordance with Section 8.8(d) of this Agreement and shall be held by the City in a reserve account segregated from all other City assets.

## **ARTICLE XI INDEMNIFICATION**

**Section 11.1** Each party agrees to defend, protect, indemnify and hold harmless the other parties, including any elected officials, public officers, employees, and agents, from and against all third party claims, losses and liabilities, and costs incidental thereto (including costs of defense, settlement and reasonable attorneys fees), resulting from bodily injuries or death to any person, damage (including loss of use) to any property, other damages, or contamination of or adverse effects on the environment, caused by the negligence or omissions of the indemnifying party and its elected officials, public officers, employees, and agents; except to the extent that such third party claims losses, costs or liabilities arise as a result of the gross negligence or willful misconduct of the indemnified party. Without limiting the foregoing, the LDC shall indemnify the parties for any claim, loss or liability, liability, including but not limited to costs of defense, under federal or state employment law arising out of Conference Center operations.

## **ARTICLE XII INSURANCE**

**Section 12.1** The LDC shall secure and maintain policies of general and automobile liability insurance during the Term, and ensure that the Operator does the same. Such insurance shall protect against liability arising from general liability and automobile liability in the performance of this Agreement in the sum required under the Lease, and name the City, DIA, and Foundation as additional insureds. The LDC shall also provide proof of workers' compensation and disability coverage required by the State of New York.

## **ARTICLE XIII MISCELLANEOUS PROVISIONS**

**Section 13.1 Waiver.** The failure to demand strict performance of one or more of the terms, covenants, or conditions set forth herein shall not be construed as a continuing waiver or relinquishment thereof and any Party may at any time demand strict and complete performance of said terms, covenants, and conditions. No provision of this Agreement may be waived except in writing by the waiving Party. The waiver of any breach of any term or condition hereof shall not be deemed a waiver of any other or subsequent breach, whether of like or different nature.

**Section 13.2 Titles.** The paragraph headings used in this Agreement are for convenience of reference only and shall not affect the meaning of the terms and provisions of this Agreement.

**Section 13.3 Binding Agreement.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective legal representatives, successors and permitted assigns.

**Section 13.4 Assignment.** This Agreement may be assigned upon the written consent of the parties.

**Section 13.5 Entire Agreement.** This Agreement and all Exhibits hereto, which are



incorporated herein in full by this reference, whether in existence on the Effective Date of this Agreement or executed by the parties from time to time thereafter, contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, representations, negotiations, statements, or proposals related to those matters set forth herein.

**Section 13.6 Amendment and Modification.** No amendment or modification of this Agreement shall be valid or binding upon the parties or entitled to any enforcement whatsoever unless such amendment or modification is reduced to writing and signed by all parties.

**Section 13.7 Notices.** All notices and other communications given or made pursuant to this Agreement shall be in writing, signed by the party giving such notice and shall be delivered personally, emailed, or sent by nationally recognized overnight courier to a party at the address set forth above or to such other address as the party to whom notice is to be given may have furnished in writing in accordance herewith. Any such notice or communication shall be deemed to have been delivered and received (a) in the case of personal delivery, on the date of such delivery, (b) in the case of email, on the date sent (or on the first Business Day following the date sent if the date sent is not a Business Day) if confirmation of successful transmission is received, and (c) in the case of a nationally recognized overnight courier, on the first Business Day after the date when sent for overnight delivery. Notice of change of address shall be given by written notice in the manner detailed in this Section 13.7.

**Section 13.8 Counterparts.** This Agreement may be signed in counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes.

**Section 13.9 Further Assurances.** Each Party agrees to execute and deliver any such instruments and to perform any such acts as may be necessary or reasonably requested by the other Party in order to give full effect to the terms of this Agreement.

**Section 13.10 Relationship of the parties.** Nothing contained in this Agreement and no action taken by any Party to this Agreement will be deemed to: (i) constitute any Party or any of such Party's Affiliates, employees, agents or representatives to be an employee, agent or representative of the other Party; (ii) create any partnership, joint venture, association, syndicate or an association of profit among or between the parties; or (iii) confer on a Party any right, power or authority to enter into any agreement or commitment, express or implied, or to incur any obligation or liability on behalf of any other Party, except as expressly authorized in writing or as contemplated under this Agreement.

**Section 13.11 Remedies.** Owner will have all remedies available to it at law or in equity. All such remedies are cumulative and may be exercised singularly or concurrently by Owner.

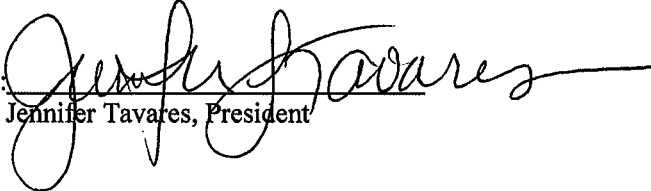
**Section 13.12 Governing Law; Venue.** This Agreement and all matters arising out of or relating to are governed by, and construed in accordance with the laws of the State of New York, United States of America. Any legal suit, action, or proceeding arising out of this Agreement, or the transactions contemplated hereby shall be instituted in any United States federal court or state court located in the state of New York in the City of Ithaca and County of Tompkins, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding.

[Signature pages follow]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed and effective as of the Effective Date.

**DOWNTOWN ITHACA LOCAL DEVELOPMENT CORPORATION**

a New York not-for-profit corporation

By:   
Jennifer Tavares, President

**ITHACA DOWNTOWN BUSINESS IMPROVEMENT DISTRICT, INC.**

a New York not-for-profit corporation

By: \_\_\_\_\_  
Ashley Cake, President

**TOMPKINS COUNTY CHAMBER OF COMMERCE FOUNDATION**

a New York charitable trust

By: \_\_\_\_\_  
Jeffrey Matteson, Chairman

**CITY OF ITHACA**

a New York municipal corporation


By: \_\_\_\_\_  
Svante L. Myrick, Mayor

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a New York not-for-profit corporation

By: \_\_\_\_\_  
Jennifer Tavares, Executive Director

**ITHACA DOWNTOWN BUSINESS IMPROVEMENT DISTRICT, INC.**  
a New York not-for-profit corporation

By:  \_\_\_\_\_  
ASHLEY CAKE, BOARD PRESIDENT

**TOMPKINS COUNTY CHAMBER OF COMMERCE FOUNDATION**  
a New York charitable trust

By: \_\_\_\_\_  
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Jennifer Tavares, President

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By: \_\_\_\_\_  
Ashley Cake, President

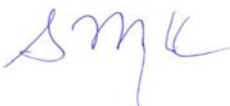
**TOMPKINS COUNTY CHAMBER OF COMMERCE FOUNDATION**

a New York charitable trust

By: \_\_\_\_\_  
Jeffrey Matteson, Chairman

**CITY OF ITHACA**

a New York municipal corporation

By:  \_\_\_\_\_  
Svante Myrick  
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Svante L. Myrick, Mayor

**EXHIBIT A**  
**DEFINITIONS AND RULES OF INTERPRETATION**

**Rules of Interpretation.**

1.1 All capitalized terms used in this Agreement that are not otherwise defined have the respective meanings set forth or referred to in Section 1.3 of this **Exhibit A**. Defined terms in this Agreement include in the singular number the plural and in the plural number the singular. Whenever the context may require, any pronoun includes the corresponding masculine, feminine and neuter forms.

1.2 Any reference in this Agreement to “Section,” “Exhibit” or “Schedule” is a reference to this Agreement. Unless the context requires otherwise, any reference in this Agreement to any document or instrument is a reference to that document or instrument and all schedules, exhibits, and attachments thereto as amended and in effect from time to time. Unless otherwise stated, any reference in this Agreement to any person includes its successors and permitted assigns and, in the case of any Governmental Authority, any person succeeding to its functions and capacities. The words “hereof,” “herein,” “hereto” and “hereunder” and words of similar import when used in this Agreement, unless otherwise expressly specified, refer to this Agreement as a whole and not to any particular provision of this Agreement. The term “including” or “includes” shall, unless otherwise expressly specified, be read to mean “including, without limitation”. In the event that any index or publication referenced in this Agreement ceases to be published, each such reference is deemed to be a reference to a successor or alternate index or publication reasonably agreed to by the parties.

1.3 In the event of a conflict between the text of this Agreement and any Exhibit or Schedule, the terms of this Agreement shall prevail.

1.4 As used in this Agreement, the following capitalized terms have the meanings set forth below:

“Administrative Charge” has the meaning given to it in Section 10.01.

“Agreement” has the meaning given to it in the Preamble.

“Bond Documents” has the meaning given to it in the Recitals.

“Bonds” has the meaning given to it in the Recitals.

“Bylaws” has the meaning given to in Section 4.3(c).

“Capital Replacement Reserve” has the meaning given to in Section 8.3(a).

“City” has the meaning given to it in the Preamble.

“Conference Center” has the meaning given to it in the Recitals.

“Construction Term” has the meaning given to in Section 2.1.

“Corrective Measures” has the meaning given to in Section 9.1.

“Debt Service Reserve Fund” has the meaning given to in Section 8.2(a).

“DIA” has the meaning given to it in the Preamble.

“Effective Date” has the meaning given to it in the Preamble.

“ESD Grant” has the meaning given to it in Section 4.4.

“Final Operating Reserve” has the meaning given to in Section 8.8(a).

“Financial Assistance Agreement” has the meaning given to it in the Recitals.

“Fiscal Oversight Committee” has the meaning given to in Section 3.1.

“Foundation” has the meaning given to it in the Preamble.

“Hotel Assessments” has the meaning given to in Section 5.2.

“LDC” has the meaning given to it in the Preamble.

“Lease” has the meaning given to it in the Recitals.

“Leased Premises” has the meaning given to it in the Recitals.

“Management Agreement” has the meaning given to in Section 4.3(a).

“Net Cash Flow from Operations” means all income, rents, payments, or other fees actually received by the LDC from any source and of any kind, less all actual expenses incurred by the LDC, excluding Base Rent (as either a source of revenue or as an expense).

“Operations Term” has the meaning given to in Section 2.2.

“Operator” has the meaning given to in Section 4.3(a).

“Primary Operating Reserve” has the meaning given to in Section 8.5(a).

“Project” has the meaning given to it in the Recitals.

“Working Capital Reserve” has the meaning given to in Section 8.4(a).

“Reserve Funds” has the meaning given to in Section 8.1.

“Secondary Operating Reserve” has the meaning given to in Section 8.6(a).

“Term” has the meaning given to in Section 2.2.

“Tertiary Operating Reserve” has the meaning given to in Section 8.7(a).

**EXHIBIT B**  
**FISCAL OVERSIGHT COMMITTEE**

Composition of Fiscal Oversight Committee:

- Four (4) members appointed by the City in accordance with the City's appointment process, who shall be selected from the following positions including: the City Controller, Deputy Director of Economic Development, IURA Director of Community Development, Chief of Staff, or as those roles are then-constituted within City governance, or such other City officials who support the City's finance, planning and/or economic development, and/or city administration functions and responsibilities, including the designees thereof; and/or the IURA Director of Community Development, or the then-constituted chief executive of the Ithaca Urban Renewal Agency, or the designee thereof. The vote of one of these four (4) members, the designation of which shall be in the sole discretion of the City, shall count twice.
- One (1) member appointed by the LDC, who shall be either the president or chair of its board of directors or the chief executive officer of the LDC, or a designee thereof
- One (1) member of the DIA, who shall be the chief executive officer of the DIA, or a designee thereof
- One (1) member of the Chamber Foundation, who shall be the president of the Chamber Foundation, or a designee thereof
- One (1) representative of the hotel industry, who shall be the chief executive director of the Chamber Visitor's Bureau, or a designee thereof

Responsibilities of Fiscal Oversight Committee:

- Review agreed-upon financial performance metrics and budgets of the Conference Center, including the audited financial statements of the Conference Center.
- Review and monitor use and balances of the Reserve Funds.
- Provide recommendations to the LDC for the remedy of financial underperformance.
- Approve any deficiency funding request prior to application to the City Controller, and advise the Mayor on funding of such deficiency funding request, which shall set forth the amounts to be applied to the next fiscal year's bond debt service, the anticipated LDC operating deficit, and may consist of repayments to the City as funds permit.
- Approve and monitor Conference Center proforma budget.
- Submit to the City Controller the Appropriation Certificate in accordance with Article X of this Agreement.
- Monitor, comply with and enforce the terms of this Agreement.

Procedures of Fiscal Oversight Committee:

- Meet regularly on a schedule it shall establish in its discretion, but no less than at least four (4) times a year during the Term.
- Govern itself through agreed upon procedures.
- Voting – each member shall have one vote, except for one committee member designated by the City of Ithaca who shall have two votes.



**EXHIBIT C**  
**BYLAWS PROVISIONS**

Section 1. Upon the occurrence of any of the following events and provision of written notice to the Corporation by the City of Ithaca, each director then serving on the Board of Directors of the Corporation shall be deemed to resign, and the individuals serving on the Fiscal Oversight Committee, as defined in that certain Funding and Financial Oversight Partner Agreement dated as of June 30, 2021 shall then constitute and serve as the Board of Directors of the Corporation:

(a) The Corporation:

(i) commences any case, proceeding, or other action under any existing or future Debtor Relief Law, seeking (A) to have an order for relief entered with respect to it, or (B) to adjudicate it as bankrupt or insolvent, or (C) reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, or other relief with respect to it or its debts, or (D) appointment of a receiver, trustee, custodian, conservator, or other similar official for it or for all or any substantial part of its assets or (y) makes a general assignment for the benefit of its creditors;

(ii) there is commenced against the Corporation in a court of competent jurisdiction any case, proceeding, or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged, unstayed, or unbonded for 180 days; or

(iii) there is commenced against the Corporation any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, stayed, or bonded pending appeal within 180 days from the entry thereof.

(b) The second anniversary of any default of the City of Ithaca under the Financial Assistance Agreement if then still in existence if such default shall have been continuous and not cured during such two year period.

**EXHIBIT D**  
**CONFERENCE CENTER SUPPORT AGREEMENT**

Executed Agreement to be Inserted

## CONFERENCE CENTER SUPPORT AGREEMENT

This **CONFERENCE CENTER SUPPORT AGREEMENT** (“Agreement”) is entered into as of June 30, 2021 (the “Effective Date”) by and among the **Tompkins County Chamber of Commerce Foundation, Inc.**, a charitable trust governed by the laws of the State of New York, with an address of 904 East Shore Dr., Ithaca, NY 14850 (“Foundation”); **Hotel Syracuse, LLC**, with an address of 130 E. Seneca Street, Ithaca, New York (“Hilton”); **LENROC LLC, d/b/a The Hotel Ithaca**, with a mailing address of 617 Dingens Street, Buffalo, New York 14206 (“Hotel Ithaca”); **Hotel Ithaca, LLC d/b/a Ithaca Marriott Downtown on the Commons**, with an address of 120 South Aurora Street, Ithaca, New York 14850 (“Marriott”), and **Ithaca Downtown Associates LLC, d/b/a Canopy by Hilton**, with an address of 324 E. State St., Ithaca, New York 14850 (“Canopy”), and together with Hilton, Hotel Ithaca, Marriott and Canopy, the “Hotel Group”) (each are a “Party” and together the “Parties”). The Ithaca Downtown Local Development Corporation, a New York State not-for-profit corporation with an address of 171 The Commons, #136, Ithaca, New York 14850 (the “LDC”) executes this Agreement solely for the purpose of accepting and agreeing solely to the terms of Sections 4.1, 4.2, 5, 6.2, 8, 9.5.1 and 9.10 hereof.

### RECITALS

**WHEREAS**, Foundation is recognized as exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and has as its charitable purpose the “making of payments to or for the use of charitable organizations”; and

**WHEREAS**, each of the Hilton, Hotel Ithaca, Marriott, and Canopy operates a hotel located in the downtown area of the City of Ithaca;

**WHEREAS**, Foundation, the Hotel Group and a variety of other government, tax exempt, and for-profit entities have participated in the creation and development of a conference center to be located in the downtown area of the City of Ithaca (the “Conference Center”); and

**WHEREAS**, the Conference Center is anticipated to support the Ithaca and Tompkins County tourism economy, by providing substantial benefits to the public in the form of job creation and new economic activity and long-term sustainable economic benefits to the Hotel Group; and

**WHEREAS**, the Conference Center is owned and operated by the LDC, which has applied to the Internal Revenue Service for recognition as an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code; and

**WHEREAS**, development of the Conference Center and support of the LDC is in direct furtherance of Foundation’s charitable purpose, due to its anticipated economic and public benefits; and

**WHEREAS**, the Hotel Group desires to financially support the Conference Center, and Foundation desires that the Hotel Group financially support the Conference Center.

**NOW, THEREFORE**, pursuant to the premises, mutual agreements, covenants, representations, and warranties hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**1. Definitions.** Capitalized words not defined herein shall have the meaning given them in the Funding and Financial Oversight Partner Agreement by and among the City of Ithaca; Ithaca Downtown Business Improvement District, Inc.; Tompkins County Chamber of Commerce Foundation; and the LDC dated as of June 30, 2021.

**2. Term; Termination of Agreement.**

2.1. Commencement. This Agreement shall commence on the Effective Date and continue until any Party terminates this Agreement in accordance with the terms and conditions herein.

2.2. Term. This Agreement shall have a term of thirteen (13) years (the "Term"), commencing on the Effective Date.

2.3. Termination. Upon the abandonment of the Conference Center by formal action of the Oversight Committee, this Agreement shall be deemed terminated and all assets remaining in the Tertiary Operating Reserve shall be used for charitable purposes. Upon the natural expiration of this Agreement, this Agreement shall be deemed terminated and all assets remaining in the Tertiary Reserve Fund shall be delivered to the LDC and deposited into the Capital Reserve Fund.

**3. Relationship of the Parties.**

3.1. Charitable Intent. The Parties agree and acknowledge that Foundation is a charitable trust under the laws of the State of New York recognized by the Internal Revenue Service pursuant to Section 501(c)(3) of the Code. Foundation's charitable status shall govern the organization and operation of the agreements contained herein. The allocation of financial and other resources of the Foundation to the LDC is in direct furtherance of the Foundation's charitable purpose.

3.2. Independent Parties. The relationship between the Parties is that of independent parties. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture, or other forms of joint enterprise, employment, or fiduciary relationship between the Parties, and no Party shall have the authority to contract or bind another Party in any manner whatsoever.

**4. Hotel Group Financial Contributions to Conference Center.**

4.1. Funding of Hotel Group Capital Investments. Each of Hilton, Marriott, Hotel Ithaca, and Canopy shall provide two (2) separate payments of Twelve Thousand and Five Hundred Dollars and No Cents (**\$12,500.00**) to the Foundation, to be used as financial support for the construction of the Conference Center as follows: (A) the first payment shall be made on or by June 1, 2021; and (B) the second payment shall be made on or by December 1, 2021, amounting to a total of all payments from the Hotel Group of One Hundred Thousand Dollars and No Cents (**\$100,000.00**) (the “Hotel Group Capital Investment”), as shown on Schedule 4.1 attached hereto and incorporated herein.

4.2. Establishment and Funding of Tertiary Operating Reserve. The Hotel Group shall provide the following payments to the Foundation, to be held in by the Foundation in furtherance of its charitable mission and the development of the Conference Center in the Tertiary Operating Reserve:

4.2.1. *Initial Funding.* Each of the Hilton, Marriott, Hotel Ithaca, and Canopy shall provide three (3) separate payments of Twelve Thousand and Five Hundred Dollars and No Cents (**\$12,500.00**) each as initial funding to the Tertiary Operating Reserve Fund as follows: (A) the first payment shall be made on or by June 1, 2022; (B) the second payment shall be made on or by December 1, 2022; and (C) the third payment shall be made on or by June 1, 2023, as shown on Schedule 4.2.1 attached hereto and incorporated herein. The parties agree and acknowledge that the Tertiary Operating Reserve is intended to have an minimum balance of One Hundred and Fifty Thousand Dollars and No Cents (**\$150,000.00**) (the “Minimum Balance”).

4.2.2. *Maintenance Funding.* The parties agree and acknowledge that the Hotel Group is responsible for maintaining the Tertiary Operating Reserve with the Minimum Balance. In the event that the balance of the Tertiary Operating Reserve becomes less than such minimum balance, the Foundation shall send to each of the Hilton, Marriot, Hotel Ithaca, and Canopy an invoice for a prorated amount of such shortfall, payable by December 1 of such year; provided, however, that no invoice shall be rendered under this Section 4.2.2 unless the procedures set forth in Section 6.1.2 have been complied with in full.

**5. Sponsorship.** Each of the Hilton, Marriott, Hotel Ithaca, and Canopy shall provide at least Twelve Thousand and Five Hundred Dollars and No Cents (**\$12,500.00**) to the LDC or a designee thereof as sponsorship support (each, a “Sponsorship Payment”) for each year of a ten (10) year period. Delivery of the first Sponsorship Payment shall be upon the receipt of invoice issued by the LDC to each of the Hilton, Marriott, Hotel Ithaca, and Canopy, which shall occur on or about six (6) months prior to the anticipated commencement of operations of the Conference Center. In consideration of the Sponsorship Payment, the LDC shall provide the Hotel Group with preferential sponsorship packages not available on the same terms and conditions to other businesses.

## **6. Administration of Hotel Group Contributions.**

6.1. Release of Funds.

6.1.1. *Hotel Group Capital Investments.* The Foundation shall deliver the Hotel Group Capital Investments to the LDC by December 31, 2021; provided, that (a) the payments shall be used solely for costs and expenses associated with the construction of the Conference Center, and (b) that the Foundation shall have received such funds in accordance with this Agreement prior to making any such payment.

6.1.2. *Tertiary Operating Reserve.* The Foundation may release funds to or in support of the Conference Center from the Tertiary Operating Reserve upon the satisfaction of the following conditions precedents: (A) receipt of notice from the Fiscal Oversight Committee regarding the necessity of payment of funds from the Tertiary Operating Reserve; and (B) confirmation that a third-party expert has been retained to review operations and budget of LDC.

6.2. Administrative Charge. Each of the Hilton, Marriott, Hotel Ithaca, and Canopy shall pay to the Foundation an annual payment Five Hundred Dollars and No Cents (**\$500.00**), for a total annual payment of Two Thousand Dollars and No Cents (**\$2,000.00**) by December 31 of each of 2021, 2022 and 2023 (the "Administrative Charge") to defray the costs Foundation incurs in administering the Tertiary Operating Reserve. Thereafter, the LDC shall pay the total annual Administrative Charge of Two Thousand Dollars and No Cents (\$2,000) to the Foundation.

6.3. Segregation. Foundation shall establish one (1) or more accounts for the Tertiary Operating Reserve, which shall be segregated from other assets of the Foundation. Each account shall hold no more than Two Hundred and Fifty Thousand Dollars and No Cents (**\$250,000.00**).

6.4. Financial Records and Reports. Foundation shall maintain consolidated financial records that will comply with Generally Accepted Accounting Principles. Foundation shall provide its annual reviewed financial reports to the Hotel Group, and financial reports of all income and expenses of the Tertiary Operating Reserve, no less than quarterly and upon request. Foundation shall also provide to the Hotel Group all financial reports received in connection with the Conference Center through its participation on the Fiscal Oversight Committee.

6.5. No Obligation to Contribute. Foundation has no obligation to contribute to the Tertiary Operating Reserve, including, without limitation, making loans or grants, advancing cash, covering direct expenses, deferring or waiving rights to the Administrative Charge, or forgiving loans. Any financial assistance provided by Foundation to the Tertiary Operating Reserve does not and will not create any right to further financial support.

6.6. Compliance with Laws. Foundation shall limit expenditures from the Tertiary Operating Reserve for any attempt to influence legislation within the meaning of Internal Revenue Code Section 501(c)(3), and shall prohibit the use of any portion of the Tertiary Operating Reserve to participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office, to induce or encourage violations of law or public policy, to cause any private inurement or improper private benefit to occur, or to take any other action inconsistent with Code Section 501(c)(3). Foundation shall assure that all applicable state and federal legal requirements are satisfied.

## **7. Liability; Indemnification.**

7.1. Indemnification of Hotel Group. To the fullest extent permitted by law, the Hotel Group shall jointly and severally indemnify, defend and hold harmless the Foundation from any loss, cost, expense, liability, obligation or other damage (including court costs and actual attorneys' fees) suffered by the Foundation resulting from, arising out of, or incurred with respect to the falsity or breach of any representation, warranty or covenant made by the Hotel Group in this Agreement.

7.2. Liability of Foundation. The Foundation shall be obligated only for the performance of such duties as are specifically set forth in this Agreement and may rely and shall be protected in acting or refraining from action on any instrument or signature believed by it to be genuine and to have been signed or presented by the proper party or parties duly authorized to do so. The Foundation shall have no responsibility for the contents of any writing contemplated herein and may rely without liability upon the contents thereof. The Foundation shall not be liable for any obligations taken or omitted by it in good faith and believed by it to be authorized by this Agreement, nor for action taken or omitted by it in accordance with advice of counsel, and shall not be liable for any mistake of fact or error of judgment or for any acts or omissions of any kind unless caused by willful misconduct or gross negligence.

**8. Representations and Warranties.** Each Party represents and warrants to the other Parties that:

8.1. it is duly organized, validly existing and in good standing as a corporation or other entity as represented herein under the laws and regulations of its jurisdiction of incorporation, organization, or chartering;

8.2. it has the full right, power, and authority to enter into this Agreement, to grant the rights and licenses granted hereunder, and to perform its obligations hereunder;

8.3. the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate action of the party; and

8.4. when executed and delivered by such party, this Agreement will constitute the legal, valid, and binding obligation of such party, enforceable against such party in accordance with its terms.

## **9. Miscellaneous**

9.1. Validity. In case one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or enforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid, illegal, or enforceable provisions had never been contained.

9.2. Notices. All notices required under this Agreement shall be in writing and shall be deemed to have been properly given: (i) upon delivery, if delivered personally or by a courier or by overnight delivery services; or (ii) five (5) business days after mailing by certified mail, postage prepaid, return receipt requested, to each Parties' address shown above (or to such other address of which a Party may notify the others in a notice that complies with the provisions of this paragraph).

9.3. Modification. No term, condition, understanding, or agreement purporting to modify the terms or conditions of this Agreement shall be binding unless made in writing and signed by all of the Parties.

9.4. Waiver. No term or condition of this Agreement shall be deemed to have been waived nor shall there be an estoppel to enforce any provisions of this Agreement, except a statement in writing signed by the Party against whom enforcement of the waiver or estoppel is sought. Any written waiver shall not be deemed a continuing waiver unless specifically stated, shall operate only as to the specific term or condition waived, and shall not constitute a waiver concerning such term or condition for the future or as to any act other than that specifically waived.

9.5. Assignment.

9.5.1. The Foundation may assign its rights and responsibilities under this Agreement at any time by giving written notice to the other Parties. Upon such notice, the assignee of this Agreement shall be selected upon unanimous consent of the Hotel Group and the LDC. If the Hotel Group and the LDC are unable to agree upon an assignee within thirty (30) days after the Foundation has delivered notice, the Foundation shall designate the LDC or any bank or trust company with an office in the State of New York to serve as a trustee or other fiduciary of the Tertiary Operating Reserve. The LDC promises in advance to accept such assignment. In the event any such designated bank or trust company fails to accept such appointment, then the Foundation shall be entitled to appoint its assignee, execute such assignment and assumption agreement, and deliver the balance of the Tertiary Operating Reserve to such assignee. Upon assignment, the assignee shall be substituted in for the Foundation, and shall be recognized as the Foundation's successor-in-interest in and to this Agreement. The remaining parties and assignee shall be bound by the terms hereof in every way as if assignee is named in this novated agreement in place of the Foundation as a party hereto.

9.5.2. No other party is permitted to assign this Agreement without the prior written consent of the other parties; provided, however, that any of Hilton, Marriott, Hotel Ithaca, and Canopy are permitted to assign this Agreement to a purchaser of their hotel; and provided further that the parties shall endeavor in good faith to amend this Agreement to include any new hotel of similar size constructed in the downtown area of the City of Ithaca

9.6. Governing Law; Venue. This Agreement shall be deemed to have been executed and delivered in Ithaca, New York, and its validity, enforceability, construction and interpretation shall be governed by New York law, exclusive of the law of the conflict of laws. Jurisdiction of any action or proceeding brought to enforce this Agreement or otherwise relating



to this Agreement shall be in the Supreme Court of the State of New York, with venue in Tompkins County.

9.7. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.8. Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

9.9. Several Obligations. All obligations of Hilton, Marriott, Hotel Ithaca, and Canopy shall be several and not joint, and in no event shall a party have any liability or obligation in connection with the acts or omissions of any other party to this Agreement.

9.10. Attorneys' Fees. In the event that the Foundation or LDC institutes any legal suit, action, or proceeding against any of Hilton, Marriott, Hotel Ithaca, and Canopy to enforce the covenants contained in this Agreement (or obtain any other remedy in respect of any breach of this Agreement, Hilton, Marriott, Hotel Ithaca, and Canopy as the case may be shall be solely responsible for the costs incurred by the Foundation or LDC in conducting the suit, action, or proceeding, including reasonable attorneys' fees and expenses and court costs.

9.11. Entire Agreement. Any Exhibits and schedules attached to this Agreement are incorporated into and made a part of this Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof, superseding any and all previous proposals, representations, agreements or statements, oral or written.

9.12. Headings. The headings of this Agreement are for reference only and show not affect the interpretation of this Agreement.

9.13. Cumulative Remedies. The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

9.14. Binding and Benefit. This Agreement shall bind and inure to the benefit of the Parties and their respective heirs, representatives, successors, and assigns.

[signature page(s) follow]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

The Tompkins County Chamber of Commerce Foundation

By: Jeffrey M. Matson  
Jeffrey Matson, Chairman

Hotel Syracuse, LLC, d/b/a Hilton of Ithaca

By: \_\_\_\_\_  
Name:  
Title:

LENROC LLC, d/b/a The Hotel Ithaca

By: \_\_\_\_\_  
Name:  
Title:

Hotel Ithaca, LLC d/b/a Ithaca Marriott Downtown on the Commons

By: \_\_\_\_\_  
Name:  
Title:

Ithaca Downtown Associates LLC, d/b/a Canopy by Hilton

By: \_\_\_\_\_  
Name:  
Title:

*For purposes of Sections 4.1, 4.2, 5, 6.2, 8, 9.5.1 and 9.10 only:*

ITHACA DOWNTOWN LOCAL DEVELOPMENT CORPORATION

By: \_\_\_\_\_  
Jennifer Tavares, President

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

The Tompkins County Chamber of Commerce Foundation

By: \_\_\_\_\_  
Jeffrey Matteson, Chairman

Hotel Syracuse, LLC, d/b/a Hilton <sup>Garden Inn</sup> of Ithaca

By: \_\_\_\_\_  
Name: TERI TARSTUS  
Title: General Manager

LENROC LLC, d/b/a The Hotel Ithaca

By: \_\_\_\_\_  
Name:  
Title:

Hotel Ithaca, LLC d/b/a Ithaca Marriott Downtown on the Commons

By: \_\_\_\_\_  
Name:  
Title:

Ithaca Downtown Associates LLC, d/b/a Canopy by Hilton

By: \_\_\_\_\_  
Name:  
Title:

*For purposes of Sections 4.1, 4.2, 5, 6.2, 8, 9.5.1 and 9.10 only:*

ITHACA DOWNTOWN LOCAL DEVELOPMENT CORPORATION

By: \_\_\_\_\_  
Jennifer Tavares, President

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

The Tompkins County Chamber of Commerce Foundation

By: \_\_\_\_\_  
Jeffrey Matteson, Chairman

Hotel Syracuse, LLC, d/b/a Hilton of Ithaca

By: \_\_\_\_\_  
Name:  
Title:

LENROC LLC, d/b/a The Hotel Ithaca

By: \_\_\_\_\_  
Name: **DAVID HART**  
Title: **MANAGER**

Hotel Ithaca, LLC d/b/a Ithaca Marriott Downtown on the Commons

By: \_\_\_\_\_  
Name:  
Title:

Ithaca Downtown Associates LLC, d/b/a Canopy by Hilton

By: \_\_\_\_\_  
Name:  
Title:

*For purposes of Sections 4.1, 4.2, 5, 6.2, 8, 9.5.1 and 9.10 only:*

ITHACA DOWNTOWN LOCAL DEVELOPMENT CORPORATION

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Jennifer Tavares, President

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The Tompkins County Chamber of Commerce Foundation

By: \_\_\_\_\_  
Jeffrey Matteson, Chairman

Hotel Syracuse, LLC, d/b/a Hilton of Ithaca

By: \_\_\_\_\_  
Name:  
Title:

LENROC LLC, d/b/a The Hotel Ithaca

By: \_\_\_\_\_  
Name:  
Title:

Hotel Ithaca, LLC d/b/a Ithaca Marriott Downtown on the Commons

By: Cathy Hart  
Name: Cathy Hart  
Title: General Manager

Ithaca Downtown Associates LLC, d/b/a Canopy by Hilton

By: \_\_\_\_\_  
Name:  
Title:

*For purposes of Sections 4.1, 4.2, 5, 6.2, 8, 9.5.1 and 9.10 only:*

ITHACA DOWNTOWN LOCAL DEVELOPMENT CORPORATION

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Jennifer Tavares, President

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The Tompkins County Chamber of Commerce Foundation

By: \_\_\_\_\_  
Jeffrey Matteson, Chairman

Hotel Syracuse, LLC, d/b/a Hilton of Ithaca

By: \_\_\_\_\_  
Name:  
Title:

LENROC LLC, d/b/a The Hotel Ithaca

By: \_\_\_\_\_  
Name:  
Title:

Hotel Ithaca, LLC d/b/a Ithaca Marriott Downtown on the Commons

By: \_\_\_\_\_  
Name:  
Title:

Ithaca Downtown Associates LLC, d/b/a Canopy by Hilton

By: \_\_\_\_\_  
Name: Neil Patel  
Title: M. Member

*For purposes of Sections 4.1, 4.2, 5, 6.2, 8, 9.5.1 and 9.10 only:*

ITHACA DOWNTOWN LOCAL DEVELOPMENT CORPORATION

By: \_\_\_\_\_  
Jennifer Tavares, President

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By: \_\_\_\_\_  
Jeffrey Matteson, Chairman

Hotel Syracuse, LLC, d/b/a Hilton of Ithaca

By: \_\_\_\_\_  
Name:  
Title:

LENROC LLC, d/b/a The Hotel Ithaca

By: \_\_\_\_\_  
Name:  
Title:

Hotel Ithaca, LLC d/b/a Ithaca Marriott Downtown on the Commons

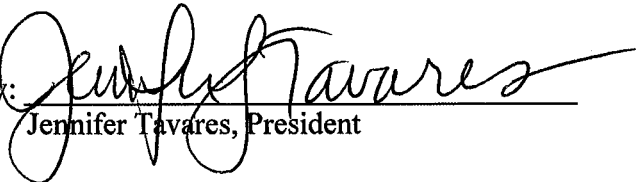
By: \_\_\_\_\_  
Name:  
Title:

Ithaca Downtown Associates LLC, d/b/a Canopy by Hilton

By: \_\_\_\_\_  
Name:  
Title:

*For purposes of Sections 4.1, 4.2, 5, 6.2, 8, 9.5.1 and 9.10 only:*

ITHACA DOWNTOWN LOCAL DEVELOPMENT CORPORATION

By:   
Jennifer Tavares, President

Schedule 4.1  
(Hotel Group Capital Investment)

<u>Party</u>	<u>6/1/2021 Payment</u>	<u>12/1/2021 Payment</u>	<u>Total Payment</u>
Hilton	\$12,500	\$12,500	\$25,000
Marriott	\$12,500	\$12,500	\$25,000
Hotel Ithaca	\$12,500	\$12,500	\$25,000
Canopy	\$12,500	\$12,500	\$25,000
		<b>TOTAL</b>	\$100,000



Schedule 4.2.1

(Initial Funding of Tertiary Operating Reserve)

<b><u>Party</u></b>	<b><u>6/1/2022 Payment</u></b>	<b><u>12/1/2022 Payment</u></b>	<b><u>6/1/2023 Payment</u></b>	<b><u>Total Payment</u></b>
Hilton	\$12,500	\$12,500	\$12,500	\$37,500
Marriott	\$12,500	\$12,500	\$12,500	\$37,500
Hotel Ithaca	\$12,500	\$12,500	\$12,500	\$37,500
Canopy	\$12,500	\$12,500	\$12,500	\$37,500
			<b>TOTAL</b>	\$150,000

**EXHIBIT E**  
**APPROPRIATION CERTIFICATE**

City Controller  
City of Ithaca  
108 E. Green Street  
Ithaca, NY 14850

**RE: Submission of Appropriation Certificate**  
**\$\_[ ] TOTAL APPROPRIATION**

- **20[ ] Projected Net Deficiency**
- **\$34,505,000 Tompkins County Industrial Development Agency Taxable Revenue Bonds (Astari Conference, LLC Project), Series 2021B (the "Bonds Issuance")**

Dear City Controller,

In relation to the Downtown Ithaca Conference Center (the "Conference Center"), owned and operated by the Downtown Ithaca Local Development Corporation, the Conference Center Fiscal Oversight Committee has adopted the 20[ ] budget (the "Budget").

The Budget, reflecting the expected revenues and expenses approved by the Fiscal Oversight Committee, calculates a projected net deficiency of \$[ ], inclusive of the following Appropriation Amounts:

**Bond Appropriation Amount:** \$[ ] required in connection with the above referenced Bonds Issuance

**Operations Appropriation Amount:** \$[ ] required for the Conference Center to operate in accordance with the Budget

**City Cost Appropriation Amount:** \$[ ] required to (1) pay to the City an administrative fee (not to exceed 4%) of all City of Ithaca hotel room tax assessments funds; (2) reimburse the City for any payments made from the City's general fund as required by the Financial Assistance Agreement in connection with the Bonds Issuance; and; (3) to be held by the City in the Conference Center Reserve account

**TOTAL APPROPRIATION REQUEST:** \$[ ]

Please consider this communication to constitute the "Appropriation Certificate." **This total appropriation amount is to be disbursed in accordance with the City's accounting practices.**

Per the Financial Assistance Agreement, on or before [ ] 15 and [ ] 15 of each year commencing on [ ] 15, 20[ ], the City shall pay over to the Trustee one-half (1/2) of the Bond Appropriation Amount for such year.

**CASH FLOW AND OPERATING BUDGET**

**City Room Tax Revenue Budget and Actual**

Quarter	2021		2022		2023			2024			2025	2026	2027	2028	2029	2030
	Budget	Actual	Budget	Actual	Budget	odified Budg	Actual	Budget	odified Budg	Actual						
Q1 - Dec-Jan-Feb	0	0	168,983	160,351	179,097	160,351	236,854	163,558	203,918	203,918	203,919	207,998	212,158	216,401	220,729	225,143
Q2 - March-April-May	206,103	176,314	380,144	547,667	402,896	547,667	604,442	558,620	558,620	635,503	648,213	661,177	674,400	687,889	701,646	715,679
Q3 - June-July-Aug	439,640	591,290	543,295	819,402	575,812	819,402	805,210	835,790	835,790	825,878	842,396	859,244	876,429	893,957	911,837	930,073
Q4-Sept-Oct-Nov	349,074	486,855	431,377	608,258	457,195	608,258	618,626	620,423	620,423		632,832	645,488	658,398	671,566	684,997	698,697
<b>SUBTOTAL</b>	994,817	1,254,459	1,523,800	2,135,678	1,615,000	2,135,678	2,265,132	2,178,392	2,218,752		2,327,360	2,373,907	2,421,385	2,469,813	2,519,209	2,569,593
<i>difference actual-budget</i>																

**4% of County Room Tax Revenue Projection**

Twice Annual Payments to the City	2021		2022		2023			2024			2025	2026	2027	2028	2029	2030
	Budget	Actual	Budget	Actual	Budget	odified Budg	Actual	Budget	UPDATED	Actual						
P1-July 31	27,488	36,066	35,070	67,514	38,247	67,514	65,809	68,865	68,865	67,404	68,752	70,127	71,530	72,960	74,419	75,908
P2-January 31 following year	48,790	84,294	62,248	100,600	67,887	100,600	100,532	102,612	102,612		104,664	106,758	108,893	111,071	113,292	115,558
<b>SUBTOTAL</b>	76,278	120,360	97,319	168,114	106,134	168,114	166,341	171,477	171,477		173,416	176,885	180,422	184,031	187,711	191,466
<i>difference actual-budget</i>		44,082		70,796												
<b>TOTAL COMBINED</b>	1,071,095	1,374,819	1,621,119	2,303,793	1,721,134	2,303,793	2,431,473	2,349,869	2,390,229		2,500,776	2,550,791	2,601,807	2,653,843	2,706,920	2,761,059
<i>difference actual-budget</i>		303,724														

**ASM Operating Loss/Revenue**

Net Operating Income after Incentive								-533,099	-459,159		-471,501	-250,000	-250,000	-250,000	-250,000	-250,000
Contributions from Operating Loss Reserve								533,099	459,159		245,841	0	0	0	0	0
Net ASM Operating Loss/Revenue								0	0		-225,660	-250,000	-250,000	-250,000	-250,000	-250,000

**LDC Payments/Allocations**

Payments from the City to the LDC	by Year (2021-2023=pre-opening period)															
	2021 - Budget	2021 Paid	2022	2022 Paid	2023 Budget	Modified Bu	2023 Paid	2024	2024	2024	2025	2026	2027	2028	2029	2030
Net ASM Operating Loss								0			225,660	250,000	250,000	250,000	250,000	250,000
ASM Pre-Opening 2021-Jun 2024	72,164	72,164	489,687	489,687	249,139	249,139	249,139	0	0		0	0	0	0	0	0
Pre-Fund ASM operating loss reserve	0	0	200,000	200,000	505,000	505,000	505,000	0	0		0	0	0	0	0	0
Capital Reserve	200,000	200,000	200,000	200,000	100,000	100,000	100,000	500,000	500,000		0	50,000	50,000	100,000	100,000	100,000
Operating Reserve	200,000	200,000	200,000	200,000	100,000	100,000	100,000	500,000	500,000		0	0	0	0	0	0
Working Capital Reserve	150,000	150,000	0	0	250,000	250,000	250,000	0	0		145,081	0	0	0	0	0
LDC Pre-Opening Soft Costs	70,000	70,000	140,000	140,000	131,000	131,000	131,000	0	0		0	0	0	0	0	0
ESD 3rd Payment Grant Withholding	200,000	200,000	200,000	200,000	100,000	100,000	100,000	0	0		0	0	0	0	0	0
Vecino Rental Fee	0	0	0	0	0	0	0	12,000	12,000		24,000	24,000	24,000	24,000	24,000	24,000
Shared Building Operations/Maintenance Costs	0	0	0	0	0	0	0	15,000	15,000		15,000	15,000	15,000	15,000	15,000	15,000
Conference Center Building Insurance	0	0	0	0	0	0	0	60,000	60,000		60,000	60,000	60,000	60,000	60,000	60,000
BID Assessment	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0
LDC Administrative Expenses (see tab titled LDC budget)	0	0	140,000	140,000	142,800	145,656	0	287,903	287,903		179,553	251,840	256,777	261,812	266,949	272,188
LDC Operating Expenses (from pro-forma)	0	0	0	0	60,058	60,058	60,058	0	0		0	0	0	0	0	0
DPW rent (from City General Fund) - offsetting revenue								-17,250	-16,500		-23,000	-23,000	-23,000	-23,000	-23,000	-23,000
<b>Total Annual LDC</b>	892,164	892,164	1,569,687	1,569,687	1,637,997	1,640,853	1,495,197	1,357,653	1,358,403		626,294	627,840	632,777	687,812	692,949	698,188
Quarterly LDC payment			392,422	1,569,687	409,499	410,213		339,413			156,573.55	156,960	158,194	171,953	173,237	174,547

City Allocations	by Year														
	2021 Budget	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Modifier	2023 Actual	2024	2024 update	2025	2026	2027	2028	2029	2030
LDC (from above)	892,164	892,164	1,569,687	1,569,687	1,637,997	1,640,853	1,495,197	1,357,653	1,357,653	626,294	627,840	632,777	687,812	692,949	698,188
Debt Service (Bond Payments)	0	0	0	0	0	0	0	1,809,484	1,809,484	1,803,968	1,804,768	1,805,268	1,805,468	1,804,613	1,801,903
Tax Administration (City Departments - <4%)	20,000	20,000	20,400	20,400	20,808	20,808	20,808	41,224	41,224	42,049	42,890	43,747	44,622	45,515	46,425
To City Final Reserve	100,000	100,000	100,000	100,000	200,000	200,000	200,000	700,000	700,000	100,000	0	0	0	0	0
<b>Total Annual City Room Tax Expenses</b>	<b>1,012,164</b>	<b>1,012,164</b>	<b>1,690,087</b>	<b>1,690,087</b>	<b>1,858,805</b>	<b>1,861,661</b>	<b>1,716,005</b>	<b>3,908,361</b>	<b>3,908,361</b>	<b>2,572,310</b>	<b>2,475,497</b>	<b>2,481,792</b>	<b>2,537,902</b>	<b>2,543,076</b>	<b>2,546,515</b>
Room Tax Revenues	1,071,095	1,374,819	1,621,119	2,303,793	1,721,134	2,303,793	2,303,793	2,349,869	2,349,869	2,500,776	2,550,791	2,601,807	2,653,843	2,706,920	2,761,059
Net Revenues (Revenues minus Expenses)	58,931	362,655	-68,968	613,706	-137,672	442,131	587,787	-1,558,492	-1,558,492	-71,534	75,294	120,016	115,941	163,844	214,543
Room Tax Unallocated Fund Balance	58,931	362,655	293,686	976,361	156,015	1,418,492	1,735,812	177,320	177,320	105,785	181,080	301,095	417,036	580,881	795,424
City Final Reserve Balance	100,000	100,000	200,000	200,000	400,000	400,000	400,000	1,100,000	1,100,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Special Funds (MRT)		235,350													
<b>Subtotal-City room tax fund balances</b>		<b>698,005</b>	<b>493,686</b>	<b>1,176,361</b>	<b>556,015</b>	<b>1,818,492</b>	<b>2,135,812</b>	<b>1,277,320</b>	<b>1,277,320</b>	<b>1,305,785</b>	<b>1,381,080</b>	<b>1,501,095</b>	<b>1,617,036</b>	<b>1,780,881</b>	<b>1,995,424</b>
<b>LDC Year-End Reserve Fund Balances</b>															
	<b>2021 Budget</b>	<b>2021 Actual</b>	<b>2022</b>	<b>2022 Actual</b>	<b>2023 Budget</b>	<b>Modified Budget</b>		<b>2024</b>	<b>2024 update</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Capital Reserve	200,000	200,000	400,000	400,000	500,000	500,000	500,000	1,000,000	1,000,000	1,000,000	1,050,000	1,100,000	1,200,000	1,300,000	1,400,000
Primary Operating Reserve	200,000	200,000	400,000	400,000	500,000	500,000	500,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Working Capital Reserve	150,000	150,000	150,000	150,000	400,000	400,000	400,000	400,000	144,919	290,000	290,000	290,000	290,000	290,000	290,000
ESD 3rd Payment Grant Withholding	200,000	200,000	400,000	400,000	500,000	500,000	500,000	0	0	0	0	0	0	0	0
Pre-fund ASM Operating Loss Reserve	0	0	200,000	0	705,000	705,000	705,000	171,901	245,841	0	0	0	0	0	0