

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 2, 2020

NEW AND RENEWAL ISSUES

**RATING: SEE “RATING” HEREIN
SERIAL BONDS AND BOND ANTICIPATION NOTES**

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

The Town will NOT designate the Bonds or the Notes as “qualified tax-exempt obligations” pursuant to the provisions of Section 265(b)(3) of the Code.

**TOWN OF NORTH HEMPSTEAD
NASSAU COUNTY, NEW YORK**

\$4,292,666*

**PUBLIC IMPROVEMENT SERIAL BONDS – 2020 SERIES C
(the “Series C Bonds”)**

Dated Date: Date of Delivery

Maturity Date: September 15, 2021-2033

\$5,000,000*

**PUBLIC IMPROVEMENT SERIAL BONDS – 2020 SERIES D
(the “Series D Bonds” and together with the Series C Bonds, the “Bonds”)**

Dated Date: Date of Delivery

Maturity Date: September 15, 2021-2040

\$15,085,992

**BOND ANTICIPATION NOTES – 2020 SERIES C
(the “Notes”)**

Date of Issue: September 24, 2020

Maturity Date: September 24, 2021

The Bonds and the Notes are general obligations of the Town of North Hempstead, Nassau County, New York (the “Town”), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds and the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended, (the “Tax Levy Limit Law”). (See “Tax Levy Limit Law” herein.)

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on September 15, 2021, and semiannually thereafter on March 15 and September 15 in each year until maturity. The Bonds shall mature on September 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity as described herein. (See “Optional Redemption” herein.)

The Notes are dated their Date of Issue and bear interest from such date until the Maturity Date, at the annual rate(s) as specified by the purchaser(s) of the Notes. The Notes will not be subject to redemption prior to maturity.

At the option of the purchaser(s), the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, Jersey City, New Jersey (“DTC”) as book entry notes.

If the Notes are registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the Town, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder(s).

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as Securities Depository for such Notes. The Bonds will be issued in book-entry form. The Bonds and said Notes will be registered to Cede & Co. as partnership nominee for DTC. Individual purchases may be made in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof, except for one necessary odd denomination in the first maturity of the Series C Bonds and the Notes. Purchasers will not receive certificates representing their ownership interests in the Bonds and the Notes issued in book-entry-only form. Payment of the principal of and interest on such Bonds and Notes will be made by the Town to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of such Bonds and Notes as described herein. (See “Description of Book-Entry System” herein.)

The Bonds and the Notes are offered when, as and if issued and received by the purchasers and subject to the receipt of the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds and the Notes will be available for delivery through the offices of DTC in New York, New York or as otherwise agreed upon, on or about September 24, 2020.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE TOWN FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”). FOR A DESCRIPTION OF THE TOWN’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AND THE NOTES AS DESCRIBED IN THE RULE, SEE “CONTINUING DISCLOSURE” HEREIN.

Dated: September ___, 2020

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained in it are subject to completion and amendment in a final official statement. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there may not be any sale of the Bonds and the Notes, offered by this Preliminary Official Statement, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of that jurisdiction.

The Series C Bonds will mature on September 15, subject to optional redemption, in each year as set forth below:

| <u>Date</u> | <u>Amount⁽¹⁾</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP Number⁽³⁾</u> |
|---------------------|-----------------------------|--------------------------|--------------|---------------------------------------|
| 2021 | \$317,666 | % | % | |
| 2022 | 320,000 | | | |
| 2023 | 320,000 | | | |
| 2024 | 320,000 | | | |
| 2025 | 325,000 | | | |
| 2026 | 325,000 | | | |
| 2027 | 330,000 | | | |
| 2028 | 330,000 | | | |
| 2029 ⁽²⁾ | 335,000 | | | |
| 2030 ⁽²⁾ | 335,000 | | | |
| 2031 ⁽²⁾ | 340,000 | | | |
| 2032 ⁽²⁾ | 345,000 | | | |
| 2033 ⁽²⁾ | 350,000 | | | |

The Series D Bonds will mature on September 15, subject to optional redemption, in each year as set forth below:

| <u>Date</u> | <u>Amount⁽¹⁾</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP Number⁽³⁾</u> |
|---------------------|-----------------------------|--------------------------|--------------|---------------------------------------|
| 2021 | \$230,000 | % | % | |
| 2022 | 230,000 | | | |
| 2023 | 230,000 | | | |
| 2024 | 235,000 | | | |
| 2025 | 235,000 | | | |
| 2026 | 235,000 | | | |
| 2027 | 235,000 | | | |
| 2028 | 240,000 | | | |
| 2029 ⁽²⁾ | 240,000 | | | |
| 2030 ⁽²⁾ | 245,000 | | | |
| 2031 ⁽²⁾ | 245,000 | | | |
| 2032 ⁽²⁾ | 250,000 | | | |
| 2033 ⁽²⁾ | 255,000 | | | |
| 2034 ⁽²⁾ | 260,000 | | | |
| 2035 ⁽²⁾ | 260,000 | | | |
| 2036 ⁽²⁾ | 265,000 | | | |
| 2037 ⁽²⁾ | 270,000 | | | |
| 2038 ⁽²⁾ | 275,000 | | | |
| 2039 ⁽²⁾ | 280,000 | | | |
| 2040 ⁽²⁾ | 285,000 | | | |

- (1) The principal amounts of the Bonds are subject to adjustment following the sale of the Bonds, pursuant to the terms of the Notice of Sale accompanying the Bonds.
- (2) The Bonds maturing in the years 2029 and thereafter will be subject to redemption prior to maturity, as described herein (see “Optional Redemption”).
- (3) Copyright 1999-2013, Standard & Poor’s, a Division of The McGraw-Hill Companies, Inc. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor’s CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP number has been assigned by an independent company not affiliated with the Town and is included solely for the convenience of the owners of the Bonds. The Town is not responsible for the selection or uses of the CUSIP number, and no representation is made as to its correctness on the Bonds or as indicated above. The CUSIP number is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

**TOWN OF NORTH HEMPSTEAD
NASSAU COUNTY, NEW YORK**

TOWN BOARD

**Judi Bosworth
Supervisor**

Viviana L. Russell Councilwoman
Peter J. Zuckerman, Esq Councilman
Angelo P. Ferrara..... Councilman
Veronica Lurvey..... Councilwoman
Lee R. Seeman Councilwoman
Mariann Dalimonte Councilwoman

Wayne H. Wink, Jr. Town Clerk
Charles Berman Receiver of Taxes
Tania Orenstein, CPA Comptroller
Hilary Grossman, CPA Chief Deputy Comptroller
Steven Pollack Director of Finance
Alan Goldman, CPA Deputy Director of Finance
Diana Long, CPA. Accounting Manager
Leonard Kapsalis, Esq..... Town Attorney
Jeanine Dillon..... Chief of Staff

BOND COUNSEL

**Hawkins Delafield & Wood LLP
New York, New York**

MUNICIPAL ADVISOR



CAPITAL MARKETS ADVISORS, LLC
Long Island * Hudson Valley * Southern Tier * Western New York
(516) 570-0340

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

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OFFICIAL STATEMENT
TOWN OF NORTH HEMPSTEAD
NASSAU COUNTY, NEW YORK

relating to

\$4,292,666*

PUBLIC IMPROVEMENT SERIAL BONDS – 2020 SERIES C

and

\$5,000,000*

PUBLIC IMPROVEMENT SERIAL BONDS – 2020 SERIES D

and

\$15,085,992

BOND ANTICIPATION NOTES – 2020 SERIES C

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of North Hempstead, in the County of Nassau, in the State of New York (the “Town”, “County” and “State,” respectively) in connection with the sale of \$4,292,666* Public Improvement Serial Bonds – 2020 Series C (the “Series C Bonds”), \$5,000,000* Public Improvement Refunding Serial Bonds – 2020 Series D (the “Series D Bonds” and together with the Series C Bonds, the “Bonds”) and \$15,085,992 Bond Anticipation Notes – 2020 Series C (the “Notes”).

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

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

THE BONDS

Description

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity, payable on September 15, 2021, and semiannually thereafter on March 15 and September 15 in each year until maturity. The Bonds shall mature on September 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds maturing in the years 2021 to 2028, inclusive, will not be subject to redemption prior to maturity. The Bonds maturing in the years 2029 and thereafter will be subject to redemption prior to maturity as described herein. (See “*Optional Redemption*” herein.)

*Preliminary, subject to change.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as Securities Depository (defined herein) for the Bonds. Individual purchases may be made in book-entry form only, in principal amounts of \$5,000 and integral multiples thereof, except for one necessary odd denomination in the first maturity of the Series C Bonds.

Purchasers will not receive certificates representing their ownership interests in the Bonds. Principal and interest on the Bonds will be made by the Town to DTC, which will in turn remit such principal and interest to its Participants (defined herein), for subsequent disbursement to the Beneficial Owners of the Bonds as described under "Book-Entry-Only System," herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Town referred to therein.

The record payment date for the payment of principal and interest on the Bonds is the last day of the calendar month immediately preceding each interest payment date.

The Town will act as Paying Agent for the Bonds. Comptroller, Tania Orenstein, orensteint@northhempsteadny.gov, (516) 869-2911, shall be the Paying Agent contact.

Authority for and Purpose of the Series C Bonds

The Series C Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the Town Law, the Local Finance Law and various bond resolutions duly adopted by the Town Board on their respective dates for the objects or purposes listed below. The proceeds from the sale of the Series C Bonds will be used to provide original or additional original financing for certain purposes as reflected below. The Series C Bonds are being issued for the following purposes:

| <u>Purpose</u> | <u>Resolution Number</u> | <u>New Money</u> | <u>Amount to Bonds</u> |
|---|------------------------------|----------------------|----------------------------|
| Engineering Services for Fuschillo Park Improvements | 601-2019 | \$ 25,166 | \$ 25,166 |
| Martin "Bunky" Reid Park Pool Improvements | 653-2018 | 301,992 | 301,992 |
| Acquisition of Snowmobile | 604-2019 | 103,684 | 103,684 |
| Acquisition of Super Zs (3) | 604-2019 | 37,749 | 37,749 |
| Construction of Various Improvements to the Facilities of SWMA | 612-2019 | 75,498 | 75,498 |
| Replacement of the doors at the Transfer Station | 210-2020 | 196,000 | 196,000 |
| Acquisition of Equipment for SWMA | 316-2020 | 130,000 | 130,000 |
| Residential Road Resurfacing | 678-2017 | 2,415,937 | 2,415,937 |
| Highway Department Equipment and Vehicles | 615-2019 | <u>1,006,640</u> | <u>1,006,640</u> |
| Totals: | | <u>\$4,292,666</u> | <u>\$4,292,666</u> |

Authority for and Purpose of the Series D Bonds

The Series D Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the Town Law, the Local Finance Law and a bond resolution duly adopted by the Town Board on June 18, 2020 to finance the increase and improvements of facilities of the Manhasset-Lakeville Water District. The proceeds from the sale of the Series D Bonds in the amount of \$5,000,000 will be used to provide original financing for such project.

THE NOTES

Description

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

For any Notes issued in non-book-entry form, the purchaser(s) will serve as paying agent for such Notes. Paying agent fees, if any, will be paid by the purchaser(s). The Town will act as paying agent for the Notes issued in book-entry form. Comptroller, Tania Orenstein, orensteint@northhempsteadny.gov, (516) 869-2911, shall be the Paying Agent contact.

Authority for and Purpose of the Notes

The Notes are issued pursuant to the Constitution and Laws of the State, including among others, the Town Law, the Local Finance Law, and various bond resolutions duly adopted by the Town Board on their respective dates for the objects or purposes listed below. Proceeds from the sale of the Notes in the amount of \$8,451,000, together with \$612,000 in available funds, will be used to redeem the Town's \$9,063,000 Bond Anticipation Notes – 2019 Series B at maturity as reflected below.

| <u>Purpose</u> | <u>Resolution Number</u> | <u>Amount Outstanding</u> | <u>New Money</u> | <u>Principal Paydown</u> | <u>Total Proceeds</u> |
|--|------------------------------|-------------------------------|----------------------|------------------------------|---------------------------|
| Payment of a Judgment on Keyspan Litigation | 574- 2015 | \$ 301,000 | \$ 0 | \$301,000 | \$ 0 |
| Aquatic Sand Removal Manorhaven | 837- 2016 | 12,000 | 1,280,500 | 4,000 | 1,288,500 |
| Construction of Various Improvements at Tully Park | 830- 2016 | 114,000 | 0 | 6,000 | 108,000 |
| Improvements to North Hempstead Beach Park Pier | 167- 2015 ⁽¹⁾ | 445,000 | 0 | 17,000 | 428,000 |
| Parking Lot Improvements at Tully Park | 824- 2016 | 2,501,000 | 0 | 262,000 | 2,239,000 |
| Reconstruction of Parking Lots at North Hempstead Beach Park | 825- 2016 | 227,000 | 0 | 9,000 | 218,000 |
| Shoreline Stabilization – Bayview Avenue | 828- 2016 | 12,000 | 0 | 4,000 | 8,000 |
| Various Town Dock and Pier Reconstruction | 829- 2016 | 208,000 | 0 | 7,000 | 201,000 |
| Improvements of Facilities of the Harbor Hills Park District | 25- 2017 | 43,000 | 0 | 2,000 | 41,000 |
| Increase and Improvement to the Port Washington Water District Request | 369- 2019 | 0 | 3,514,492 | 0 | 3,514,492 |
| Increase and Improvement to the Port Washington Water Pollution Control District | 544- 2013 | 0 | 640,000 | 0 | 640,000 |
| Increase and Improvement to the Port Washinton Water Pollution Control District | 150- 2018 | <u>5,200,000</u> | <u>1,200,000</u> | <u>0</u> | <u>6,400,000</u> |
| Totals: | | <u>\$9,063,000</u> | <u>\$6,634,992</u> | <u>\$612,000</u> | <u>\$15,085,992</u> |

(1) As amended by 153-2016.

THE BONDS AND THE NOTES

Optional Redemption

The Bonds maturing on or before September 15, 2028 are not subject to redemption prior to maturity. The Bonds maturing on or after September 15, 2029 will be subject to redemption prior to maturity, at the option of the Town, on any date on or after September 15, 2028, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

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

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

Nature of Obligation

The Bonds and the Notes when duly issued and paid for will constitute a contract between the Town and the holders thereof.

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

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

Description of Book-Entry System

The Depository Trust Company (“DTC”) will act as securities depository for the Bonds and those Notes issued in book-entry form. The Bonds and those Notes issued in book-entry form will be issued as fully-registered bonds and notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each series of the Bonds and will be deposited with DTC. One fully-registered note certificate will be issued for each Note issued in book-entry form bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange

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

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of each bond or 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 Bonds and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

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

Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal and interest payments on the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town, on payable date in accordance with their respective holdings shown on DTC's records. Payments by the Town 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 Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company and Clearing Corporation.

REMEDIES UPON DEFAULT

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

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

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Bondholders and

Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

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

Pursuant to Article VIII, Section 2 of the State Constitution, the Town is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

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

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of bondholders and/or noteholders, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

NO PAST DUE DEBT

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

MUNICIPAL BANKRUPTCY

The undertakings of the Town should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended ("Chapter IX") and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the

purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner's creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

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

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

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has enacted legislation establishing financial control boards and fiscal stability authorities to monitor finance matters and restructure outstanding indebtedness for the cities of Yonkers, Troy and Buffalo and for the counties of Nassau and Erie.

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

The above references to the Bankruptcy Act are not to be construed as an indication that the Town is currently considering or expects to resort to the provisions of the Bankruptcy Act.

FINANCIAL CONTROL BOARDS

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality in the State may request the intervention of the State in its "property, affairs and government" by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the Cities of Buffalo, Troy and Yonkers and the Counties of Erie and Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and in certain cases approve or disapprove

collective bargaining agreements. Implementation is generally left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, upon the issuance of a certificate of necessity of the Governor reciting facts which in the judgment of the Governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature, the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of a local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

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

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

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

Several municipalities in the State are presently working with the FRB. The Town has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE

There are certain potential risks associated with an investment in the Bonds and 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 Town’s credit rating could be affected by circumstances beyond the Town’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 Town 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 Town’s credit rating could adversely affect the market value of the Bonds and/ or the Notes.

If and when an owner of any of the Bonds and/or the Notes should elect to sell all or a part of the Bonds and/or 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 Bonds and/or Notes. The market value of the Bonds and the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Bonds and Notes are sold prior to their 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 Bonds and/or 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 Town to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds and/or the Notes, could be adversely affected.

The Town 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 Town’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. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State’s economy and financial condition due to the novel coronavirus (“COVID-19”) outbreak and other circumstances, including State fiscal stress. Should the Town 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 Town is authorized pursuant to the Local Finance Law (“LFL”) 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 Town will have market access for any such borrowing on a cost effective basis. (See also “*State Aid*” herein.)

In addition, in some recent years, the Town’s receipt of State aid was delayed as a result of the County’s delay in disseminating State aid to towns within its borders, including the Town. If the County should further delay payments to the municipalities within its borders, including the Town, in this year or future years, the Town may be affected by such a delay.

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 Bonds and the Notes, for income taxation purposes could have an adverse effect on the market value of the Bonds and 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 Town, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Bonds and the Notes. (See “*The Tax Levy Limit Law*” herein.)

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

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 Town’s financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State’s operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact on the Town’s operations and finances as a result of COVID-19 is extremely difficult to predict due to uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurface later in the year could have a material adverse effect on the State and municipalities, including the Town. The Town is continuously monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

CYBERSECURITY

The Town, 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 Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town carries insurance with coverage for cyber incidents or attacks and invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

LITIGATION

The Town in the normal course of business is involved in various matters of litigation. Other than the cases described below, in the opinion of the Town Attorney, there is no litigation by or pending against the Town that is not covered by insurance, budgetary appropriations or other provisions which could have a materially adverse impact on the financial condition of the Town. In addition, notices of claim have been filed with the Town. The allegations set forth in the claims relate to various circumstances including personal injury, property damage, civil rights violations and breach of contract. The claims seek money damages.

Long Island Power Authority Case: The Town is a defendant in an action relating to expenses incurred in repairing an underground Long Island Power Authority (“LIPA”) line damaged by the Town during an excavation project. The Town engaged in the proper procedures, notifying One Call prior to the excavation, and LIPA and its agents came out and supposedly marked the locations of all of their lines prior to the Town undertaking the excavation. However, LIPA and its agent failed to mark out the damaged line. The complaint in the action seeks \$5,000,000 in damages and there is no excess coverage for this claim. The General Business Law applies to this claim. The Town moved to dismiss the complaint based upon such statute, which provides that if the utility does not diligently and accurately mark out its lines, it cannot recover for the expenses of repair. The statute does not preclude common law claims, however, LIPA's failure to accurately mark out its own lines would seem to militate against, or on the basis of comparative negligence at least dramatically reduce, the success of such claim regardless of how it is made. The Town's motion to dismiss was denied. On appeal, LIPA's General Business Law claims were dismissed. The negligence claims against the Town remain. Because of the appeal, the action was marked stayed in 2011. Although the appeal was decided in December 2012, LIPA has not filed the necessary papers to restore the matter to the active calendar. LIPA, its agent and the Town have attended Court-sponsored mediation without resolution. The last mediation was in November 2014. In April, 2019, co-defendant ELS filed motion to dismiss based on LIPA's failure to prosecute (over a year). LIPA cross-moved to restore the case to trial calendar. Co-defendant's motion to dismiss for failure to prosecute was granted. LIPA's cross-motion to restore was denied. The Court concluded that LIPA “failed to rebut the presumption of abandonment and ... failed to establish that the Defendant would not be prejudiced if the action was restored to the trial calendar.”

This decision, by denying LIPA's motion to restore the matter to the trial calendar, is an effective “dismissal” of the case. LIPA filed an appeal in December, 2019. On June 9, 2020, LIPA informed the Town that it will request a further 60 days to perfect the appeal. It is the opinion of the Town Attorney that any potential exposure of the Town will not approach \$5,000,000.

Nassau County Storm Water Pipe Case: In August 2015, Town officials became aware that a storm water pipe was blocked, causing flooding in the area of the railroad and Rushmore Street in New Cassel. Town employees discovered that the pipe was blocked by a mass of concrete near Rushmore Street where a concrete company operated. The Town subsequently determined that the pipe was owned by Nassau County. On September 4, 2015, the County sent the Town a letter asserting that the Town was responsible for the concrete in the pipe and claimed that the Town would be liable to the County for all restoration costs. Nassau County subsequently filed a complaint against the Town and area concrete companies asserting \$1.4 million in damages. The County's theory against the Town is that the Town failed in its responsibility under its MS4 storm water permit to prevent concrete from discharging into the storm water system.

The Town counterclaimed against the County and cross-claimed against the concrete companies for the Town's expenses and flood damage. The Town's theory against the County is that the County failed to maintain its storm water pipe as is its obligation under its MS4 storm water permit. The Town, the County and the concrete companies are in the early stages of litigation over these issues. A Temporary Restraining Order jointly obtained by the Town and the County against the concrete companies prohibiting discharge of concrete slurry into the storm water drain system has been lifted. Pleadings were amended to assert a continuing nuisance and continuing damages from any continued discharge into the storm water drains. Document discovery and depositions are ongoing. The County and Town have proposed (and are discussing) discontinuing the claims and counterclaims between Town and County which would leave only County and Town claims against Commercial Concrete and NY Ready Mix. A further discovery was scheduled for March 25, 2020. However due to the limitations imposed by the pandemic (Covid-19), depositions were halted in March 2020 and none are currently scheduled.

Glenwood Power Plant Case: In April 2018, National Grid sued the County, the Town, North Shore Central School District, and various special districts within the Town alleging that when the Glenwood Power Plant was demolished the plant remained overtaxed because of the adjusted and current base proportions used to divide tax levy between property classes in the 2014/15 through 2017/18 tax years. The claim against Town defendants is for monies had and received. The Town defendants' position is that the claim is covered by the County guarantee and the Town has no refund liability. In a February 14, 2019 decision, the court dismissed National Grid's claims against the school districts based on the County Guarantee. The County Guarantee also applies to the claims against the Town. The Town did not file a motion in that case. However, that decision is "law of the case" and also bars the claims against the Town. The County filed an appeal from that decision but recently (February, 2020) withdrew the appeal. During a May 2020 phone conference, counsel for the County and National Grid confirmed that they are negotiating a possible settlement.

Villages Sales Tax Claim: Seven villages in the Town served a notice of claim on the Town and County for \$20 million in damages dating to the 1980's. The villages claim that they should have received a greater share of the portion of sales tax that the County is required by State Law to pay to the Towns. A similar claim was brought against the Town of Hempstead and the County. The Town of North Hempstead has now been named in two lawsuits relating to the apportionment of sales tax revenue by various incorporated villages, both within and outside of the Town, each claiming damages in the amount of \$21,500,000.00. Based upon the Town's analysis, if the claim has any merit against the Town, the liability would be substantially less than the claim. The Town's motion to dismiss the various claims was granted. In August 2019, plaintiff filed a Notice of Appeal. Under the applicable rules, plaintiff would have until February 2020 to perfect that appeal. The Town has not received notice of a request for additional time to perfect that appeal. However, in light of the limitations imposed by the pandemic (COVID-19), the Town expects that if plaintiff were to request an extension of time, such request would be granted.

Gramercy Group, Inc. Case: In 2017 the Town awarded a contract to Gramercy Group, Inc. for the renovation of the Clinton G. Martin Park, which included the renovation of the public swimming pool, with construction and renovation of other park facilities. The initial contract amount was \$20,731,000 and the project was to have been completed by April 24, 2018. Gramercy did not complete the project on time. Although the pool opened in June 2018, outstanding work remains to be completed and defective and non-compliant work remains to be remedied. Following discussions among the Town, Gramercy and its performance bond surety, the Town began the process under to the terms of the contract to declare Gramercy in default, to terminate the contract and demand that the surety complete the project. Shortly before the Town Board meeting to approve the declaration of default, Gramercy filed for Chapter 11 bankruptcy protection. Gramercy has, in the bankruptcy proceeding, commenced an adversary proceeding against the Town, seeking to recover \$2.8 million it claims the Town is wrongfully withholding. The Town intends to vigorously assert defenses and to pursue affirmative counterclaims. The Town has filed a motion to dismiss for lack of jurisdiction, which has been fully briefed and awaiting a date for oral argument. Discovery is not stayed during the pendency of the motion and is ongoing.

Estate of Schneider v. Hanasab, e al.: This wrongful death case stems from a June 6, 2016 automobile accident. Mr. Schneider, the deceased, while riding a motor scooter, was involved in an accident with a car driven by Mr. Hanasab. Mr. Schneider died as a result of injuries from that accident. Mr. Schneider's wife sued on behalf of herself and the Estate, claiming that the Town was negligent in the placement of a stop sign and in

the maintenance of nearby trees and shrubbery. The complaint alleged that the Town placed the stop sign at the wrong location and therefore caused the driver's view to be blocked by vegetation.

At a February 2020 trial, the jury found in favor of plaintiff. The jury awarded plaintiff \$2.7M in damages and apportioned 70% fault to the Town and 30% fault to the driver of the vehicle that struck Mr. Schneider. No judgment has been entered at this time. During a June 3, 2020 phone conference, plaintiff's counsel stated that he drafted a judgment and presented it to the County Clerk for entry, but because of the limitations imposed by the pandemic (Covid-19) that judgment has not yet been entered. Due to the limitations imposed by the pandemic, post-trial motions have not yet been filed. Post-trial motions are now scheduled to be filed in July 2020. When the proposed judgment is served, the Town will file a Notice of Appeal. By law, the Notice of Appeal will stay all attempts to enforce the judgment.

Estate of Rogerio P. Silva: A Notice of Claim was received recently by the Town from the Estate of the deceased on July 8, 2020, asserting a claim for unspecified damages for wrongful death and conscious pain and suffering arising from an incident at the Solid Waste Management Authority Transfer Station on March 15, 2020. Due to the date of notice of this claim the Town Attorney has not at this date evaluated if there is any potential exposure of the Town and if so whether it would be covered by existing insurance coverage. Accordingly, no amount for liability has been recorded in the Town's financial statements.

TAX MATTERS

Opinion of Bond Counsel

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

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

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

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating

to use and expenditure of gross proceeds of the Bonds and the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds and the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Town, in executing the Tax Certificate, will certify to the effect that the Town will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Bonds and the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond or Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds and Notes. In general, the issue price for each maturity of Bonds and Notes is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bond or Note having OID (a “Discount Obligation”), OID that has accrued and is properly allocable to the owners of the Discount Obligation under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bond or the Note.

In general, under Section 1288 of the Code, OID on a Discount Obligation accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Obligation. An owner’s adjusted basis in a Discount Obligation is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond or Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Obligation even though there will not be a corresponding cash payment.

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

Bond Premium

In general, if an owner acquires a bond or note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond or note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and the Notes will be subject to the respective final approving opinions of Hawkins Delafield & Wood LLP, Bond Counsel to the Town with respect to the Bonds and the Notes, the forms of which are set forth in Appendices D and E, respectively, hereto.

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”) with respect to the Bonds and the Notes, the Town will execute an Undertaking to Provide Continuing Disclosure for the Bonds, the form of which is attached hereto as Appendix F and a Certificate to Provide Notices of Events for the Notes, the form of which is attached hereto as Appendix G.

Compliance History

On March 16, 2017, Moody’s Investor’s Service upgraded the Town’s rating to “Aaa” from “Aa1”. An event notice was filed with the Electronic Municipal Market Access System (“EMMA”) on March 24, 2017 but did not include all the Town’s assigned CUSIP numbers. On April 3, 2017, a failure to file notice and notice of rating upgrade was filed to EMMA including the remaining CUSIP numbers.

RATING

On August 31, 2020, Moody’s Investors Service, Inc. (“Moody’s”) affirmed its “Aaa” rating with stable outlook to the outstanding uninsured general obligation limited tax debt of the Town and applied such rating to the Bonds.

Additionally, Moody’s assigned its “MIG 1” rating to the Notes.

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

MUNICIPAL ADVISOR

Capital Market Advisors, LLC, Great Neck and New York, New York (the “Municipal Advisor”), has served as the independent Municipal Advisor to the Town in connection with this transaction.

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

ADDITIONAL INFORMATION

Additional information may be obtained from Tania Orenstein, Comptroller, 220 Plandome Road, Manhasset, New York, (516) 869-2911 or from the Town’s Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 570-0340.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such

statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Town and the original purchasers or holders of any of the Bonds and the Notes.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC 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 Town nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Town 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. Capital Markets Advisors, LLC and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The Town 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.

Estimates and Forecasts. The statements contained in this Official Statement and the appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “illustrate,” “example,” and “continue,” or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date of this Official Statement, and the Town assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material.

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

TOWN OF NORTH HEMPSTEAD
NASSAU COUNTY, NEW YORK

By: _____
Judi Bosworth
Supervisor

DATED: September __, 2020

APPENDIX A

THE TOWN

THE TOWN

General Information

The Town of North Hempstead is located on the northeastern boundary of The City of New York. It encompasses 53.58 square land miles of the northwestern section of Nassau County. It is bounded on the east by the Town of Oyster Bay, on the south by the Town of Hempstead, and on the west by the Borough of Queens of The City of New York. To the north, the Town is bordered by the Long Island Sound on which there are located numerous marinas and yacht clubs. Due to its close proximity to New York City, many Town residents commute by car, bus or train to Manhattan, where they are engaged in various professions.

The Town's five geographical areas are divided into thirty-one (31) incorporated villages and unincorporated communities. The Great Neck area consists of the incorporated villages of Kings Point, Great Neck, Saddle Rock, Kensington, Great Neck Estates, Great Neck Plaza, Thomaston, Russell Gardens, Lake Success and the unincorporated areas of Great Neck Gardens, Harbor Hills, Saddle Rock Estates and University Gardens. The Port Washington-Manhasset area is composed of the incorporated villages of Sands Point, Manorhaven, Port Washington North, Baxter Estates, Plandome, Plandome Manor, Plandome Heights, Flower Hill and Munsey Park, as well as the unincorporated areas of Port Washington and Manhasset. The Roslyn-Albertson area includes the incorporated villages of Roslyn, Roslyn Harbor, Roslyn Estates, East Hills, and North Hills as well as the unincorporated areas of Roslyn Heights, Greenvale, Albertson-Searingtown and Strathmore. The New Hyde Park-Mineola area is made up of the incorporated villages of Floral Park, Garden City (partially located in the Town), New Hyde Park, Mineola, Williston Park, East Williston and the unincorporated areas of Garden City Park – Herricks and North New Hyde Park while the Westbury area contains the incorporated villages of Westbury and Old Westbury and unincorporated areas of Carle Place and New Cassel.

Form of Government

The Town was established in 1784 as a separate political entity vested with independent taxing and debt issuance authority. The 31 incorporated villages located within the Town have independent forms of government, while the taxable real property within these villages is subject to taxation by the Town. There are also 13 independent school districts and four fire districts completely within the Town, which rely on their taxing powers granted by the State to raise revenues for school and fire district purposes, respectively.

Subject to the provisions of the State Constitution, the Town operates pursuant to the Town Law, General Municipal Law, the Local Finance Law, other laws generally applicable to the Town and any special laws applicable to the Town. Under such laws, there is no authority for the Town to have a charter, but pursuant to the Constitution, the Town Law, General Municipal Law, and other laws generally applicable to home rule, the Town may from time to time adopt local laws.

The legislative power of the Town is vested in the Town Board, consisting of a Supervisor, who is elected for a two-year term, and six board members, who are elected for four-year terms. There is no limitation as to the number of terms that may be served by a board member, including the Supervisor. The Supervisor is the chief executive officer and chief fiscal officer of the Town. Judi Bosworth was re-elected Supervisor of the Town at the general election held on November 5, 2019 for a fourth, two-year term which commenced on January 1, 2020.

The Town Clerk serves as custodian of the Town's legal documents and papers, maintains the minutes of proceedings of the Town Board and is responsible for the publication and filing of all official notices. Pursuant to a local referendum, the Town Clerk is elected to serve a four-year term. The number of terms that the Town Clerk may serve is not limited.

The Receiver of Taxes, unless otherwise provided by law, has the duty to receive and collect all State, County, Town and school taxes and all assessments that may be levied in the Town. A four-year elected term is prescribed by law for the Receiver of Taxes and the number of terms that the Receiver of Taxes may serve is not limited.

The Town Board also appoints the Town Comptroller, the Director of Finance, the Director of Purchasing, the Town Attorney, and the Superintendent of Highways. The Executive Director of the Solid Waste Management Authority ("SWMA") is appointed by the SWMA Board.

Services

The Town is responsible for providing most governmental services to its residents. Recreation is provided by public parks and recreational facilities maintained by the Town and special park districts located within the Town, while other recreational facilities are maintained by the County and the various incorporated villages. The construction and maintenance of Town highways is also a Town function; parking facilities are provided by Town public parking areas and public parking districts. Other services provided by the Town include planning, building inspection and zoning administration.

Certain services are provided through Town Operated Special Districts or Commissioner Operated Special Districts. Town Operated Special Districts are managed and operated by the Town Board. The Commissioners of Commissioner Operated Special Districts are elected to office and have complete responsibility for the management of the district and accountability for fiscal matters. Such special districts are accountable to the Town Board for budget approval. Such districts are not authorized to issue indebtedness; the Town issues bonds and/or notes, as needed, to finance certain capital projects in and for the districts.

The County provides police service in the unincorporated areas of the Town. Villages in the Town contract for police service with the County, except for Sands Point, Floral Park, Great Neck Estates, Old Westbury, Kensington, Kings Point and Lake Success, which maintain their own police departments for basic police service. The hamlet of Port Washington has its own special police district to provide law enforcement services. Education is the responsibility of the State and is provided by the independent school districts operating within the Town. Fire protection is provided by various fire districts and village fire departments.

Employees

As of the payroll for July 31, 2020, the Town and the Town of North Hempstead Solid Waste Management Authority employed 411 full-time workers. Additionally, the Town employed 270 part-time/seasonal employees, with most serving in various capacities in its Department of Parks and Recreation. Approximately 80% of the full-time employees are represented as follows:

| <u>Employees</u> | | |
|-------------------------|--|-------------------------------|
| <u>Number of</u> | | <u>Contract</u> |
| <u>Employees</u> | <u>Union</u> | <u>Expiration Date</u> |
| 329 | Civil Service Employees Association ("CSEA") | 12/31/22 |

Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System (the "Retirement System" or "ERS"). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for members hired on or after January 1, 2010 whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. Members hired after January 1, 2010 must contribute three percent or more of their gross annual salary toward the costs of retirement programs for the duration of their employment.

The employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1. The law requires a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible. The pension payment date for all local governments is February 1.

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

The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discounted amount. The Town did not prepay its employer contribution payments in December 2015 but has prepaid its contribution in each year since. The Town intends to prepay its employer contribution in December 2020.

The employer contribution rate for the State’s Retirement System continues to be higher than the minimum contribution rate established by law. Contribution rates are expected to remain higher than the minimum contribution rates set by law in the near-term. To mitigate the expected increases in the employer contribution rate, legislation was enacted in 2010 that authorizes local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 3%. The legislation also requires those local governments and school districts, which decide to amortize their pension obligations pursuant to this law, to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance.

The Town elected to amortize a portion of its required ERS pension contribution payment invoiced in 2010, 2011, 2012, 2013, 2014, 2015 and 2016. Starting with the 2015 budget, the Town increased the portion of its current year pension contribution and reduced the amount it amortized. The Town receives an annual invoice that reflects the last three quarters of the previous year and the first quarter of the current year. The Town contributed \$5,035,264 to the State’s Retirement System and elected to amortize \$1,451,815 of the contribution related to the 2015 annual invoice. The Town amortized \$809,000 of the approximate \$6,247,000 payment related to the 2016 annual invoice. The Town did not amortize any portion of the required 2017, 2018 or 2019 contributions. The Town does not plan to amortize any future amounts. See Appendix C to this Official Statement for a link to the Town’s 2019 audited financial statements providing details on the amounts amortized, amounts outstanding and the payments due on amortized amounts. The Town prepaid its 2018 contribution, realizing a savings of approximately \$43,066. The Town also prepaid its 2019 contribution of \$5,439,042, realizing a savings of \$42,335.

In 2013, the State and ERS approved a Stable Contribution Option (“SCO”), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). The plan authorizes municipalities to pay the SCO amount in lieu of the ARC amount. The Town has not participated and does not intend to participate in the modified ERS SCO plan in the foreseeable future.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic has caused extreme volatility across all financial markets, including those markets in which the Retirement System funds are invested. While State Comptroller DiNapoli has made recent comments that the Common Retirement Fund is well-positioned to withstand current market disruption, the impacts of such volatility on future contribution rates, if any, cannot be known at this time. (See “*Market Factors Affecting Financings of the State and Municipalities of the State*” herein.)

Other Post Employment Benefits

The Town implemented GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), which replaces GASB Statement No. 45 as of fiscal year ended December 31, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

GASB 75 requires state and local governments to measure a defined benefit OPEB plan as the portion of the present value of projected benefit payments to be provided to current active and inactive employees, attributable to past periods of service in order to calculate the total OPEB liability. Total OPEB liability generally is required to be determined through an actuarial valuation using a measurement date that is no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year.

GASB 75 requires that most changes in the OPEB liability be included in OPEB expense in the period of the changes. Based on the results of an actuarial valuation, certain changes in the OPEB liability are required to be included in OPEB expense over current and future years.

The Town's total OPEB liability as of December 31, 2019 was \$209,081,462 using a discount rate of 2.70% and actuarial assumptions and other inputs as described in the Town's December 31, 2019 audited financial statements.

Should the Town be required to fund the total OPEB liability, it could have a material adverse impact upon the Town's finances and could force the Town to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Town to partially fund its OPEB liability.

At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Town will continue funding this expenditure on a pay-as-you-go basis.

Legislation has been introduced from time to time to create an optional investment pool to help the State and local governments fund retiree health insurance and OPEB. Such legislation would generally authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. In addition, there would be no limits on how much a local government can deposit into the trust. The Town cannot predict whether such legislation will be enacted into law in the foreseeable future.

FINANCIAL FACTORS

Budgetary Procedure

The Supervisor is the Town's budget officer and chief fiscal officer and is required by law to file a tentative budget with the Town Clerk on or before September 30 of each year. The tentative budget is submitted to the Town Board not later than October 5 of the same year, and following review and modification, a preliminary budget hearing is held. At this hearing, members of the public may express opinions which the Town Board may take under advisement. Approval of the budget is not subject to a vote of the electorate and the Town Board may make changes following the hearing process. The preliminary budget as submitted or amended shall be adopted by resolution of the Town Board no later than November 20. The preliminary budget as adopted shall be known as the annual budget for the Town for the fiscal year beginning on the first day of January next succeeding, and it shall be entered in the minutes. In the event that the Town Board shall fail to adopt a budget as of November 20, the preliminary budget, with such changes, alterations and revisions, if any, as shall have been made by the Town Board, shall constitute the budget for the ensuing fiscal year. The Town Board levies and causes to be raised the amount of taxes and assessments specified in the budget. From time to time, the Town Board may make changes or modifications in the amount of annual appropriations, subject to applicable legal restrictions. On a monthly basis, the Town's Finance Department distributes to each Town department budgeted-to-actual performance reports. This enables each department to adjust its activities on an ongoing basis to stay within its budget.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions outlined in the law. All tax levies for budgets of the Town adopted in accordance with the procedures discussed herein must comply with the requirements of the Tax Levy Limit Law. (See "*Tax Levy Limit Law*" herein).

In November 2019, the Town Board by a 5-1 vote (1 board member was absent) adopted the 2020 operating budget. The levy increase did not exceed the allowable tax levy cap. The Town did not override the allowable tax levy cap for any budgets adopted for fiscal years 2014 through 2020. (See "*Tax Levy Limit Law*" herein).

Independent Audits

The Town has retained the firm of PKF O'Connor Davies, LLP, to audit its financial statements. Appendix B to this Official Statement includes summaries of the Town's most recent audit reports covering the fiscal years ended December 31, 2015 through 2019 for the General Fund, Special Revenue Funds, which include funds for Town Operated Special Districts, and Component Units consisting of certain Commissioner Operated Special Districts.

Certificate of Achievement for Excellence in Financial Reporting

Every year from 2010 through 2018 the Town has been awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for their annual financial statements. The Town expects to once again receive this award for its 2019 financial statements.

The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) in 1945, to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles, to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure. GFOA then recognizes individual governments that succeed in achieving that goal. Reports submitted to the CAFR program are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee (SRC), which is comprised of individuals with expertise in public-sector financial reporting and includes financial statement preparers, independent auditors, academics, and other finance professionals.

Recent and Current Operations

See also “*Town of North Hempstead Solid Waste Management Authority*” herein.

General Fund

For the fiscal year ended December 31, 2014, based on audited figures, the Town’s General Fund revenues and other sources were \$65,380,160 and General Fund expenditures and other uses were \$68,715,156. The General Fund recognized an operating deficit of \$3,334,996, resulting in a cumulative General Fund balance of \$10,383,748 as of December 31, 2014.

For the fiscal year ended December 31, 2015, based on audited figures, the Town’s General Fund revenues and other sources were \$67,568,287 and General Fund expenditures and other uses were \$66,260,576. The General Fund recognized an operating surplus of \$1,307,711, resulting in a cumulative General Fund balance of \$11,691,459 as of December 31, 2015.

For the fiscal year ended December 31, 2016, based on audited figures, the Town’s General Fund revenues and other sources were \$71,357,653 and General Fund expenditures and other uses were \$68,730,802. The General Fund recognized an operating surplus of \$2,626,851, resulting in a cumulative General Fund balance of \$14,318,310 as of December 31, 2016.

For the fiscal year ended December 31, 2017, based on audited figures, the Town’s General Fund revenues and other sources were \$67,722,035 and General Fund expenditures and other uses were \$67,703,660. The General Fund recognized an operating surplus of \$18,375, resulting in a cumulative General Fund balance of \$14,336,685 as of December 31, 2017.

For the fiscal year ended December 31, 2018, based on audited figures, the Town’s General Fund revenues and other sources were \$67,192,516 and General Fund expenditures and other uses were \$65,660,378. The General Fund recognized an operating surplus of \$1,532,138 resulting in a cumulative General Fund balance of \$15,868,823 as of December 31, 2018.

For the fiscal year ended December 31, 2019, based on audited figures, the Town’s General Fund revenues and other sources were \$68,631,321 and General Fund expenditures and other uses were \$67,194,717. The General Fund recognized an operating surplus of \$1,436,604 resulting in a cumulative General Fund balance of \$17,305,427 as of December 31, 2019.

The Adopted Budget for the 2020 fiscal year includes a tax levy increase which remained within the allowable tax levy cap. The budgeted revenues and expenditures for 2020 are \$69,478,524. (For a discussion of the impacts of the COVID-19 pandemic, see also “*Market Factors Affecting Financings of the State and Municipalities of the State*” and “*Impacts of COVID-19*” herein.)

Town Outside Village Fund

In 2006, legislation was enacted by the New York State legislature and signed into law, permitting the merger of the Part-Town and Highway Funds of the Town to be known as the Town Outside Village (“TOV”) Fund.

For the fiscal year ended December 31, 2014, based on audited figures, the Town’s TOV fund revenues were \$35,564,370 and TOV expenditures and other uses were \$35,378,770. The TOV fund recognized an operating surplus of \$185,600, resulting in a cumulative fund balance of \$11,877,487 as of December 31, 2014.

For the fiscal year ended December 31, 2015, based on audited figures, the Town's TOV fund revenues were \$35,469,567 and TOV expenditures and other uses were \$36,045,747. The TOV fund recognized an operating deficit of \$576,180, resulting in a cumulative fund balance of \$11,301,307 as of December 31, 2015.

For the fiscal year ended December 31, 2016, based on audited figures, the Town's TOV fund revenues were \$37,876,469 and TOV expenditures and other uses were \$36,030,436. The TOV fund recognized an operating surplus of \$1,846,033, resulting in a cumulative fund balance of \$13,147,340 as of December 31, 2016.

For the fiscal year ended December 31, 2017, based on audited figures, the Town's TOV fund revenues were \$35,263,942 and TOV expenditures and other uses were \$34,666,398. The TOV fund recognized an operating surplus of \$597,544. The Town's Highway Fund had a positive prior period adjustment of \$638,279 resulting from receipt of reimbursement from FEMA for debris removal related to Superstorm Sandy, resulting in a cumulative fund balance of \$14,383,163 as of December 31, 2017.

For the fiscal year ended December 31, 2018, based on audited figures, the Town's TOV fund revenues were \$37,058,720 and TOV expenditures and other uses were \$35,067,911. The TOV fund recognized an operating surplus of \$1,990,809, resulting in a cumulative fund balance of \$16,373,972 as of December 31, 2018.

For the fiscal year ended December 31, 2019, based on audited figures, the Town's TOV fund revenues were \$38,867,362 and TOV expenditures and other uses were \$35,178,882. The TOV fund recognized an operating surplus of \$3,688,480, resulting in a cumulative fund balance of \$20,062,452 as of December 31, 2019.

The Adopted Budget for the 2020 fiscal year includes a tax levy increase which remained within the allowable tax levy cap. The budgeted revenues and expenditures for 2020 are \$38,264,490. (For a discussion of the impacts of the COVID-19 pandemic, see also "*Market Factors Affecting Financings of the State and Municipalities of the State*" and "*Impacts of COVID-19*" herein.)

Property Taxes. The Town derives a major portion of its revenues from a tax on real property (see "*Statement of Revenues, Expenditures and Changes in Fund Balance*" in Appendix B herein.) Property taxes accounted for 36.5% of total General Fund revenues for the fiscal year ended December 31, 2019. (See also "*Tax Levy Limit Law*" herein).

The following table sets forth total General Fund revenues and real property taxes received for each of the last five audited fiscal years and amounts budgeted for the 2020 fiscal year.

| <u>General Fund Revenues & Real Property Taxes</u> | | | |
|---|--|---------------------------------------|--|
| <u>Fiscal Year Ended December 31:</u> | <u>Total Revenues⁽¹⁾</u> | <u>Real Property Taxes</u> | <u>Ratio of Real Property Taxes to Total Revenues</u> |
| 2015 | \$66,751,164 | \$24,740,955 | 37.1% |
| 2016 | 69,027,897 | 25,083,628 | 36.3 |
| 2017 | 67,451,295 | 24,205,519 | 35.9 |
| 2018 | 66,177,357 | 24,538,509 | 37.1 |
| 2019 | 68,631,321 | 25,031,636 | 36.5 |
| 2020 (Adopted Budget) | 69,478,524 | 25,286,128 | 36.4 |

(1) General Fund, Townwide.
Source: Audited Financial Statements and Adopted Budget of the Town.

State Aid. The Town receives financial assistance from the State. In its budget for the current fiscal year, approximately 12.9% of the total General Fund revenues of the Town are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. There can be no assurance that the State's financial position will not

change materially and adversely from current projections. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also *“Market Factors Affecting Financings of the State and Municipalities of the State”* and *“Impacts of COVID-19”* herein.)

The Governor’s Executive Budget for the State’s 2019-2020 fiscal year included the elimination of State Aid and Incentives for Municipalities (“AIM”) for certain municipalities, including the Town. However, in the State’s final 2019-2020 Executive Budget, additional sales tax revenue from the elimination of the internet tax advantage was used to keep towns and villages whole. The Governor’s Executive Budget for the State’s 2020-2021 fiscal year maintains the Aid and Incentives for Municipalities (“AIM”) Related Revenue Sharing consistent with the 2019-2020 Enacted Budget.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State’s 2019-2020 Budget continues authorization for a process by which the State would manage significant reductions in federal aid during Federal fiscal year 2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State’s General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

The State’s 2020-2021 Adopted Budget authorizes the State’s Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State’s 2020-2021 budget is balanced during three “measurement periods”: April 1 to April 30, May 1 to June 30, and July 1 to Dec. 31. According to the legislation, if “a General Fund imbalance has occurred during any Measurement Period,” the State’s Budget Director will be empowered to “adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget,” and “such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed.” The legislation further provides that prior to making any adjustments or reductions, the State’s Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director’s reductions take effect automatically.

It is anticipated that the State Budget Director’s powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. On April 25, 2020, the New York State Division of the Budget announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the “Financial Plan”), projects a \$13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions are expected to significantly reduce State spending in several areas, including “aid-to-localities,” a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four-year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

The amount of State aid to municipalities, including the Town, and school districts in the State is dependent in part upon the financial condition of the State. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected

to be known for some time; however, it is anticipated that the State will be required to take certain gap-closing actions. Such actions may include but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of local governments in the State, including the Town.

Should the Town 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 Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The following table sets forth total General Fund revenues, State aid and Mortgage tax received for each of the last five audited fiscal years and the amounts budgeted for the 2020 fiscal year.

| <u>General Fund Revenues, State Aid and Mortgage Tax</u> | | | | | |
|---|--|-------------------------|----------------------------|--|---|
| <u>Fiscal Year Ended December 31:</u> | <u>Total Revenues⁽¹⁾</u> | <u>State Aid</u> | <u>Mortgage Tax</u> | <u>Total State Aid and Mortgage Tax⁽²⁾</u> | <u>Ratio of State Aid and Mortgage Tax to Total Revenues</u> |
| 2015 | \$66,751,164 | \$1,259,417 | \$7,698,406 | \$ 8,957,823 | 13.4% |
| 2016 | 69,027,897 | 1,331,648 | 9,556,463 | 10,888,111 | 15.8 |
| 2017 | 67,451,295 | 1,407,528 | 9,184,447 | 10,591,975 | 15.7 |
| 2018 | 66,177,357 | 1,177,409 | 7,819,351 | 8,996,760 | 13.6 |
| 2019 | 68,631,321 | 1,269,096 | 8,161,165 | 9,430,261 | 13.7 |
| 2020 (Adopted Budget) | 69,478,524 | 1,137,377 | 7,700,000 | 8,837,377 | 12.7 |

(1) General Fund, Townwide.

(2) Includes AIM aid. Excludes Local aid components (primarily mortgage tax revenues) which are reflected as Non-Property Tax Items in the Town's Audited Financial Statements.

Source: Audited Financial Statements and Adopted Budget of the Town. Summary is not audited.

The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller ("OSC") has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

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

The most current applicable report of the State Comptroller designates the Town as "No Designation" with a Fiscal Score of 1.7 and an Environmental Score of 13.3.

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. The Town was one of eight municipalities audited for a Statewide report entitled Long Island Workforce Housing Act for the audit year 2016 and one of eleven local governments audited for a Statewide report entitled Parkland Alienation for the audit year 2015. Complete reports can be obtained from OSC's website.

See the State Comptroller's official website for more information. Reference to this website implies no warranty of accuracy of information therein. References to websites and/or website addresses presented herein are for informational purposes only.

Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Town of North Hempstead Solid Waste Management Authority

In 1984, the Town of North Hempstead Solid Waste Management Authority (the “Authority”) was created pursuant to the Public Authorities Law of the State of New York to assist the Town in managing its waste disposal needs. The Town Board serves as the Board of the Authority. The Supervisor serves as the Authority’s Chairman, a Town Board member serves as Treasurer and the Town Comptroller serves as the Authority’s Assistant Treasurer. Pursuant to the Landfill Concession and Solid Waste Service Agreement (the “Service Agreement”) between the Town and the Authority, the Town provides financial support to the Authority to fund operations and debt service payments of the Authority when Authority revenues are insufficient to cover such items. The terms of the financial support provided to the Authority by the Town is governed by the Service Agreement, which is available upon request.

In 1988, the Authority purchased approximately 465 acres of real property, known as the Morewood Property, as the site for a mass burn incinerator. The purchase of the Morewood Property was initially funded through several issuances of Project Notes beginning in 1988. In 1990, the Town abandoned its plan to build the incinerator. In 1991, the Project Notes were combined into a single issue of \$61,000,000 Solid Waste Management Revenue Bonds, 1991 Series. In 1993, the Authority issued \$66,500,000 Solid Waste Management Revenue Refunding Bonds, 1993 Series A and B to refund its 1991 Bonds.

In 1996 and 1997, the Town purchased a large portion of the Morewood Property from the Authority, which in turn used the sale proceeds of \$30,500,000 to redeem its outstanding Solid Waste Management Revenue Refunding Bonds, 1993 Series A and to pay debt service on its Solid Waste Management Revenue Refunding Bonds, 1993 Series B. The Town subsequently issued \$19,905,000 Solid Waste Management Revenue Refunding Bonds-2003 to refund a portion of the Solid Waste Management Revenue Refunding Bonds, 1993 Series B bonds. The Town used this property to construct a comprehensive recreational facility, including an 18-hole championship golf course, a 9-hole executive course, a miniature golf course, a driving range, and four athletic fields.

In 1997, the Authority sold portions of the former Morewood property to a private developer to construct 275 units of senior citizen housing (detached units and a mid-rise complex) and a 400-unit senior citizen life care facility. The Authority received \$26,350,000 on March 19, 1998 in land sale proceeds which were used to redeem a portion of the Solid Waste Management Revenue Refunding Bonds, 1993 Series B and to pay debt service. (See “*Revenue Bonds of the Solid Waste Management Authority*” under “*TOWN INDEBTEDNESS*” herein). Construction of the senior citizen housing was completed in 2004 and the Town has since issued all Certificates of Occupancy for the units.

On August 6, 2004, the Authority finalized the sale of another parcel of land. The sale price of that parcel totaled \$1,795,000. The Authority sold the remainder of its land to the Town in 2009 for \$2,000,000.

For the fiscal year ended December 31, 2015, based on audited figures, the Authority’s revenues and other sources were \$17,642,905 and expenditures and other uses were \$17,658,613 which resulted in an operating deficit of (\$15,708). The Authority recognized a cumulative Fund Balance of \$2,755,691 as of December 31, 2015. The Town provided \$825,000 in financial support to the Authority in the fiscal year ended December 31, 2015 related to post-closure activities associated with the Port Washington landfills.

For the fiscal year ended December 31, 2016, based on audited figures, the Authority’s revenues and other sources were \$17,178,244 and expenditures and other uses were \$17,196,278 which resulted in an operating deficit of (\$18,034). The Authority recognized a cumulative Fund Balance of \$2,737,657 as of December 31, 2016. The Town provided \$750,000 in financial support to the Authority in the fiscal year ended December 31, 2016 related to post-closure activities associated with the Port Washington landfills.

For the fiscal year ended December 31, 2017, based on audited figures, the Authority’s revenues and other sources were \$16,624,509 and expenditures and other uses were \$17,149,048 which resulted in an operating deficit of (\$524,539). The Town’s SWMA Fund had a negative prior period adjustment of \$638,279 related to reconciliation of expenses to receipt of revenue from FEMA for debris removal related to Superstorm Sandy, resulting in a cumulative fund balance of \$1,574,839 as of December 31, 2017. The Town provided \$750,000 in financial support to the Authority in the fiscal year ended December 31, 2017 related to post-closure activities associated with the Port Washington landfills.

For the fiscal year ended December 31, 2018, based on audited figures, the Authority's revenues and other sources were \$16,814,302 and expenditures and other uses were \$17,612,573 which resulted in an operating deficit of (\$798,271). The decrease of \$798,271 in fund balance was related to a final debt payment made in February 2018 of \$900,786 that was paid via a release of restricted fund balance of the same amount. The Authority recognized a cumulative Fund Balance of \$776,568 as of December 31, 2018. The Town provided \$750,000 in financial support to the Authority in the fiscal year ended December 31, 2018 related to post-closure activities associated with the Port Washington landfills.

For the fiscal year ended December 31, 2019, based on audited figures, the Authority's revenues and other sources were \$16,715,592 and expenditures and other uses were \$16,867,833 which resulted in an operating deficit of (\$152,241). The Authority has a cumulative Fund Balance of \$624,327 as of December 31, 2019.

The budgeted revenues and expenditures for the 2020 Adopted Budget are \$17,799,209, with no budgeted fund balance appropriation. Revenues increased by \$579,156 and expenditures increased by \$527,177 from the 2019 budget. The Town's 2020 Adopted Budget provides \$931,567 in support related to post-closure activities associated with the Port Washington landfills. (See also "*Market Factors Affecting Financings of the State and Municipalities of the State*" and "*Impacts of COVID-19*" herein.)

Financial support is also provided to the Authority by the Town pursuant to the Service Agreement and it has been used by the Authority to pay debt service on its outstanding bonds in recent years. On June 29, 2012, the Authority issued \$5,048,791 Solid Waste Management Revenue Refunding Bonds – 2012 (Federally Taxable) (the "*2012 Bonds*"), which restructured the remaining debt service on the Authority's \$19,905,000 Solid Waste Management Revenue Refunding Bonds -2003 by extending the final maturity of such bonds from February 1, 2014 to February 1, 2018 and reduced the annual debt service requirements of the Authority, thereby decreasing the amount of financial support required for debt service of the Town. The Authority's 2012 Bonds were retired on February 1, 2018. The Town provides financial support of post closure activities associated with Port Washington landfills and debt service for capital projects financed by the Town on behalf of the Authority. In 2019 and 2020, the Town's financial support increased due to the post-closure activities. (See "*Port Washington Landfills –Post Closure Activities*" herein).

See also "*Revenue Bonds of the Solid Waste Management Authority*," "*Solid Waste Management System*" and "*Solid Waste Collection and Transfer Station Operations*" herein.

Impacts of COVID-19

The COVID-19 pandemic has impacted the Town's fees which include building permits, parking fees, court fees, Parks and Recreation and sales tax receipts; however, the impact on mortgage tax has appeared to be positive. In response to these decreases in receipts, the Town has reduced planned borrowing in 2020 of capital projects and equipment, lowered expenditures by focusing on only essential purchases and significantly reduced expenditures at the golf course. In addition, the Town is actively working with its assigned Disaster Assistance Representative from New York State to capture all expenses directly related to the COVID-19 crisis for FEMA reimbursement. Other unbudgeted revenue from utility and franchise fee audits is anticipated to offset such reductions in receipts.

In addition, through July of 2020, residential waste collection in terms of tonnage compared to prior years was slightly up but has leveled off, while commercial waste collection in tonnage has partially recovered from prior years. This decrease in commercial waste collection is likely due to the pause in construction activity resulting from impacts of the COVID-19 pandemic.

Investment Policy of the Town

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the Town is generally permitted to deposit moneys in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The Town may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State; (4) with the approval of the State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the

Town, or (5) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of instruments and investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the Town, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

The Town Board has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the Town are made in accordance with such policy.

TAX INFORMATION

Valuations and Tax Data

The following table shows the trend during the last five years for taxable assessed valuations, State equalization ratios, full valuations, real property taxes and real property tax rates per \$1,000 assessed valuation.

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-------------------------|----------------|-------------------------------|----------------|----------------|----------------|
| Assessed Value | \$ 152,541,032 | \$ 139,532,268 ⁽²⁾ | \$ 135,990,454 | \$136,942,100 | \$133,045,963 |
| Equal. Ratio | 0.0028 | 0.0027 | 0.0025 | 0.0023 | 0.0021 |
| Full Value | 54,478,940,000 | 51,678,617,778 | 54,396,181,600 | 59,540,043,478 | 63,355,220,476 |
| Tax Levy: | | | | | |
| Town: General Fund | 24,858,198 | 24,100,251 | 24,449,155 | 24,976,788 | 25,286,155 |
| TOV Fund | 26,886,589 | 24,545,470 | 26,248,756 | 26,887,622 | 26,994,314 |
| Spec. Districts | 110,658,884 | 106,517,557 | 113,256,296 | 117,687,269 | 120,171,583 |
| General Fund | | | | | |
| Tax Rate ⁽¹⁾ | \$162.96 | \$172.72 | \$179.80 | \$182.40 | \$190.06 |

(1) Per \$1,000 assessed valuation of the Town – General Fund.

(2) Decline in Assessed Value related to conversion of Long Island Power Authority (LIPA) properties to tax-exempt status in 2016 and conversion of equivalent tax payments to PILOTs.

Source: Town of North Hempstead, Office of the Comptroller.

Tax Collection Procedures

The Town Receiver of Taxes bills and collects real property taxes for the County, the Town, which includes taxes for Townwide, Part Town and Highway purposes, as well as Town and Commissioner-run Special Districts and school districts located within the Town. Town and County taxes are levied on January 1 and are due in two installments on January 1 and July 1, payable without penalty until February 10 and August 10, respectively. Payments made subsequent to these dates are assessed a penalty at a rate of 1% per month. The Town retains 100% of the amount levied for Town, Part Town and Special District purposes from all of the real property taxes collected by the Town on behalf of the County; taxes uncollected at the expiration of the tax warrant are reported to the County for collection and enforcement. School district taxes are levied on October 1 and are due in two installments on October 1 and April 1, payable without penalty to November 10 and May 10, respectively. The County is also responsible for uncollected school taxes.

As a result of the COVID-19 pandemic, the Governor recently issued an Executive Order which authorizes the County to postpone the tax warrant process by a month. This action will give taxpayers until December 10 (instead of November 10) to pay their property taxes without penalty. As a result, there is likely to be a delay in the receipt of certain taxes collected and

paid to school districts in the County. No assurance can be given that similar extensions with respect to the deadlines to pay school district property taxes, without interest or penalty, may occur in the future. Any such extensions may result in a delay in the receipt of taxes collected and paid to municipalities (such as the Town) and school districts.

Under existing law, the County assumes liability for all tax certiorari refund payments, including any portion of the refund attributable to the reduction in the amount of taxes raised to support Town operations. Historically, the County has not sought reimbursement from the affected school district, village or town following the payment of a refund to a taxpayer. However, by local law, the County amended the Administrative Code and the County Charter to eliminate the County guarantee relative to assessment errors. Commencing in 2013, the County sought to end the long-standing practice of paying tax certiorari settlements on behalf of local taxing jurisdictions, including the Town. As a result, the Town would be required to pay tax certiorari refunds attributable to a reduction in its Town tax levy. In response to the adoption of the local law by the County, the Town, together with a number of school districts, challenged the amendment, arguing amongst other things that the County did not have the ability to amend a State law and that it could not be done without referendum. In early 2014, the Court of Appeals ruled unanimously that the County did not have the authority to enact the law. As a result, municipalities, including the Town, and school districts located in the County will not be required to pay tax certiorari refunds, such refunds will continue to be the responsibility of the County.

The following table reflects real property tax levies and collections of the Town for the past five fiscal years and the amount collected to date for the current fiscal year:

Real Property Tax Levies and Collections

| <u>Fiscal Year Ended December 31:</u> | <u>Gross Tax Levy⁽¹⁾</u> | <u>Current Taxes Collected</u> | <u>Percentage Current Taxes Collected⁽²⁾</u> |
|---|---|------------------------------------|---|
| 2015 | \$397,817,335 | \$383,885,148 | 96.5% |
| 2016 | 393,506,864 | 386,960,136 | 98.3 |
| 2017 | 406,476,951 | 399,657,611 | 98.3 |
| 2018 | 426,027,889 | 419,031,503 | 98.4 |
| 2019 | 417,055,908 | 410,488,150 | 98.4 |
| 2020 ⁽³⁾ | 424,472,260 | 405,417,314 | 95.5 |

(1) Includes Town, Special District and County purposes.

(2) Notwithstanding the percentages set forth in the column entitled “Percentage Current Taxes Collected,” the Town retains 100% of the amount levied for Town, Part Town and Special District purposes from all of the real property taxes collected by the Town on behalf of the County; taxes uncollected at the expiration of the tax warrant are reported to the County for collection and enforcement.

(3) As of August 12, 2020.

Source: Town of North Hempstead, Office of the Receiver of Taxes.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the New York Laws of 2011, as amended (the “Tax Levy Limit Law”), all the taxable real property within the Town has been subject to the levy of ad valorem taxes to pay the notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year commencing after January 1, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the “Allowable Levy Growth Factor”, which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The “Inflation Factor” is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-

month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Town, a local law to override such limit for such coming fiscal year. At a Special For the 2013 budget year, the Town Board voted to override the 2% tax levy cap however since then has consistently stayed below the cap. A supermajority of the members of the Town Board voted in favor of the measure and enacted a local law amending Chapter 24 of the Town Code entitled, "Governmental Operations." The Town Board did not override the tax levy limit in connection with the adoption of its budget since 2013 and does not currently plan to override the tax levy limit in connection with the Proposed 2021 Budget.

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

Largest Taxpayers

The following table presents the taxable assessments of the Town's ten largest taxpayers for the 2020 fiscal year:

| <u>Taxable Assessments</u> | | | |
|-----------------------------------|---------------------------|---------------------------|--------------------------------------|
| <u>Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>% of Total Assessed Valuation</u> |
| Keyspan Gas East | Utility | \$3,278,798 | 2.46% |
| Verizon NY | Utility | 706,159 | 0.53% |
| Fifth Avenue of L I Real | Real Estate | 933,928 | 0.70% |
| County Glen LLC | Shopping Center | 411,856 | 0.31% |
| 1111 Marcus Avenue | Real Estate | 752,158 | 0.57% |
| CLK Marcus Avenue Property | Real Estate | 577,903 | 0.43% |
| We're Associates Inc | Real Estate | 546,591 | 0.41% |
| Lake Success Shopping | Shopping Center | 343,378 | 0.26% |
| Basser-Kaufman | Real Estate | 203,759 | 0.15% |
| Voice Road Plaza LLC | Shopping Center | 195,141 | 0.15% |
| Total: | | <u>\$7,949,671</u> | <u>5.98%</u> |

(1) Based on the 2020 assessment roll. The total 2020 assessed value of the Town's General Fund is \$133,045,963.

Source: Nassau County Assessor's Office.

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TOWN INDEBTEDNESS

Constitutional Requirements

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted, no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town determines to issue debt amortized on the basis of substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. The State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town's power to increase its annual tax levy. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*" herein.)

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven per centum of the most recent five-year average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the final equalization rate as determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such rate shall be determined. The average full valuation is determined by taking the sum of full valuations of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

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

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Certain such resolutions may be subject to permissive referendum, or may be submitted to the Town voters at the discretion of the Town Board. If a bond resolution is submitted to the voters by the Town Board, then only a three-fifths vote of the Town Board is needed for adoption.

The Local Finance Law also provides for a twenty-day statute of limitations after publication of a bond resolution (in summary or in full), together with a statutory notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. Except on rare occasions the Town complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement. Due to an Executive Order of the Governor of the State of New York, estoppel periods have been tolled effective as of March 20, 2020 through August 5, 2020, which has prevented the Town from complying with the estoppel procedures with respect to certain of the bond resolutions pursuant to which a portion of the Bonds are being issued.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

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

The Town Board, as the finance board of the Town, has the power, pursuant to the Local Finance Law, to adopt tax and revenue anticipation note resolutions by majority vote. Such resolutions may authorize the issuance of tax or revenue anticipation notes in an aggregate principal amount necessary to fund anticipated cash flow deficits, but, in no event, exceeding the amount of taxes or moneys estimated to be received by the Town, less any tax or revenue anticipation note previously issued and less the amount of such taxes or revenues previously received by the Town.

In addition, under each bond resolution, the Town Board may delegate the power to issue and sell bonds and notes to the Supervisor, the chief fiscal officer of the Town.

In general, the Local Finance Law contains similar provisions providing the Town with power to issue general obligation capital notes, deficiency notes and budget notes.

Constitutional Debt-Contracting Limitation

The following table sets forth the current debt-contracting limitation of the Town.

| <u>Debt Contracting Limitation</u> | | | |
|--|-------------------------------------|---|---------------------------------|
| <u>Fiscal Year Ended</u> <u>December 31:</u> | <u>Assessed</u> <u>Valuation</u> | <u>State Equalization</u> <u>Ratio⁽¹⁾</u> | <u>Full</u> <u>Valuation</u> |
| 2016 | \$152,541,032 | .0028 | \$ 54,478,940,500 |
| 2017 | 139,532,268 ⁽²⁾ | .0027 | 51,678,617,778 |
| 2018 | 135,990,454 | .0025 | 54,396,181,600 |
| 2019 | 136,942,100 | .0023 | 59,540,043,478 |
| 2020 | 133,045,963 | .0021 | <u>63,355,220,476</u> |
| Total Five-Year Full Valuation | | | <u>\$283,449,003,832</u> |
| Average Five-Year Full Valuation | | | <u>\$56,689,800,766</u> |
| Debt Contracting Limitation - 7% of Average Full Valuation | | | <u>\$3,968,286,054</u> |

⁽¹⁾ Equalization rates are established by the New York State Board of Real Property Services.

⁽²⁾ Decline in Assessed Value related to conversion of Long Island Power Authority (LIPA) properties to tax-exempt status in 2016 and conversion of equivalent tax payments to PILOTs.

Source: Town of North Hempstead, Town Receiver of Taxes Office and the New York State Board of Real Property Services.

Tax and Revenue Anticipation Notes

The Town has not found it necessary to issue tax or revenue anticipation notes in any of the last five years, and has no plans of issuing any in the foreseeable future.

Bond Anticipation Notes and Other Short-Term Obligations

The Town currently has the following bond anticipation notes and other short-term obligations outstanding:

Bond Anticipation Notes

| <u>Dated</u> | <u>Due</u> | <u>Issue</u> | <u>Amount</u> |
|--------------|------------|--|------------------------|
| 03/26/20 | 03/26/21 | Bond Anticipation Notes – 2020 Series A | \$ 8,392,500 |
| 09/26/19 | 09/25/20 | Bond Anticipation Notes – 2019 Series B | 9,063,000 |
| 12/03/15 | 12/03/20 | EFC Grid Notes – Belgrave Water Pollution Control District | 426,026 ⁽¹⁾ |
| 03/02/17 | 04/05/21 | EFC Grid Notes – North Hempstead Beach Park | 0 ⁽¹⁾ |
| Total: | | | <u>\$17,881,526</u> |

- (1) Amounts outstanding represent the amounts drawn down to date by the Town. (See “*Environmental Facilities Corporation State Revolving Loan Fund Program*” herein.)

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The following table, based on information furnished by the Town, presents the debt-incurring power of the Town and shows that the Town is within its constitutional debt limit.

Statement of Debt-Contracting Power
(as of September 2, 2020)

| | |
|------------------------------|-----------------|
| Debt-Contracting Limitation: | \$3,968,286,054 |
|------------------------------|-----------------|

Gross Direct Indebtedness ⁽¹⁾:

Bonds:

| | |
|-----------------|-------------------|
| General Purpose | \$ 231,448,632 |
| Water | 68,717,444 |
| Sewer | <u>79,438,490</u> |
| | 379,604,566 |

Bond Anticipation Notes:

| | |
|-----------------|------------------|
| General Purpose | \$ 16,255,500 |
| Water | 11,200,000 |
| Sewer | <u>5,475,000</u> |
| | 32,930,500 |

NYS Environmental Facilities Corporate

| | |
|--------------------------------------|------------|
| Short Term Loan Borrowings | |
| EFC Notes Belgrave Water Pollution | \$ 462,026 |
| EFC Notes North Hempstead Beach Park | <u>0</u> |

| | |
|---------------------------------|--------------------|
| Total Gross Direct Indebtedness | <u>412,997,092</u> |
|---------------------------------|--------------------|

Less Exclusions and Deductions:

| | |
|--|-------------------|
| Water Bonds | \$ 68,717,444 |
| Water Bond Anticipation Notes | 11,200,000 |
| Appropriations for Non-Exempt | |
| Indebtedness – Balance of 2020 Fiscal Year | <u>17,164,661</u> |

| | |
|-------------------------------|-------------------|
| Total Exclusions & Deductions | <u>97,082,105</u> |
|-------------------------------|-------------------|

| | |
|-------------------------------|--------------------|
| Total Net Direct Indebtedness | <u>315,914,987</u> |
|-------------------------------|--------------------|

| | |
|-------------------------|------------------------|
| Debt-Contracting Margin | <u>\$3,652,371,067</u> |
|-------------------------|------------------------|

| | |
|--|--------------|
| Percentage of Debt-Contracting Power Exhausted | <u>7.96%</u> |
|--|--------------|

(1) Inclusive of debt issued on behalf of the Town through the New York State Environmental Facilities Corporation.

Source: Town of North Hempstead, Office of the Town Comptroller.

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Trend of Capital Indebtedness

The following table sets forth the amount of direct capital indebtedness outstanding at year end for the last five fiscal years.

Direct Capital Indebtedness Outstanding ⁽¹⁾

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Bonds | \$232,990,000 | \$288,721,943 | \$354,161,528 | \$357,649,614 | \$366,348,461 |
| Bond Anticipation Notes | <u>101,486,830</u> | <u>45,798,199</u> | <u>12,083,961</u> | <u>11,320,984</u> | <u>15,523,187</u> |
| Totals: | <u>\$334,485,830</u> | <u>\$334,520,142</u> | <u>\$366,245,489</u> | <u>\$368,970,598</u> | <u>\$381,871,648</u> |

(1) Exclusive of short-term EFC grid notes.

Source: Town of North Hempstead, Office of the Town Comptroller and Audited Financial Statements of the Town.

Overlapping and Underlying Debt

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County, as well as various villages, school districts, and fire districts. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values. The table below sets forth both the total outstanding principal amount of debt issued by the Town and the approximate magnitude of the burden on taxable property in the Town of the debt issued and outstanding by such overlapping entities.

Statement of Direct and Estimated Overlapping Indebtedness

| | |
|---------------------------|-----------------------|
| Gross Direct Indebtedness | \$ 412,997,092 |
| Exclusions and Deductions | <u>97,082,105</u> |
| Net Direct Indebtedness | <u>\$ 315,914,987</u> |

Overlapping Debt

| <u>Issuer</u> | <u>Net Debt Outstanding</u> | <u>Town Share</u> | <u>As of</u> | <u>Amount Applicable To Town</u> |
|---------------------------------------|---------------------------------|-----------------------|------------------|--------------------------------------|
| Nassau County | \$3,030,135,000 | 24.7% | 06/30/20 | \$ 748,443,345 |
| Incorporated Villages (30) | 126,318,927 | varied ⁽¹⁾ | 05/31/19 | 109,277,907 |
| School Districts (10) | 238,642,496 | varied ⁽²⁾ | 06/30/19 | 238,184,815 |
| Fire Districts (4) | 0 | 100.0 | 12/31/19 | <u>0</u> |
| Total Net Overlapping Debt | | | | 1,095,906,067 |
| Total Net Direct Debt | | | | <u>315,914,987</u> |
| Total Net Direct and Overlapping Debt | | | | <u>\$1,411,821,054</u> |

(1) Six of the villages located in the Town are also partially located in the neighboring towns.

(2) One of the school districts located in the Town are also partially located in one of the neighboring towns.

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Debt Ratios

The following table presents certain debt ratios relating to the Town's direct and overlapping indebtedness.

| <u>Debt Ratios</u> | | | |
|---------------------------------|----------------|--|---|
| | <u>Amount</u> | Debt Per <u>Capita</u> ⁽¹⁾ | Debt to <u>Full Value</u> ⁽²⁾ |
| Net Direct Debt | \$ 315,914,987 | \$1,367.99 | 0.50% |
| Net Direct and Overlapping Debt | 1,411,821,054 | 6,113.55 | 2.23 |

- (1) The population of the Town is 230,933 according to the U.S. Census Bureau 2019 Estimates.
(2) The full value of real property located in the Town for the 2020 fiscal year is \$63,355,220,476.

Authorized but Unissued Debt

The Town anticipates issuing additional bond anticipation notes and/or bonds from time to time to renew or redeem the Town's outstanding bond anticipation notes and/or to provide financing for new projects. As of September 2, 2020, the Town has authorized but unissued debt of \$331,959,204 for the following purposes:

- 1) \$89,208,539 for various Town purposes;
- 2) \$25,844,685 for various Highway purposes;
- 3) \$2,755,000 for various TOV purposes and;
- 4) \$214,150,980 for various Special District purposes.

The Town anticipates that Water Districts located within the Town will continue to request that the Town Board adopt bond authorizations to allow for the issuance of bonds to finance upgrades to water distribution and treatment systems, to address anticipated new drinking water standards and to maintain existing District infrastructure. The costs of the forgoing are expected to be substantial and will continue to impact the size of the Town bond and note issues.

Source: Town of North Hempstead, Office of the Comptroller.

Environmental Facilities Corporation State Revolving Loan Fund Program

The Town has participated in the past and expects to participate in the future in the New York State Environmental Facilities Corporation's ("EFC") loan programs for various projects in and for the Town. In the past, the Town has obtained funding through EFC in connection with the closure of the Town's L-5 Landfill located in Port Washington, for the construction of a new sewage treatment plant in the Great Neck Water Pollution Control District and projects including Port Washington Water District, Port Washington Water Pollution Control District and Belgrave Water Pollution Control District, among others.

In addition, the Town currently is financing certain ongoing projects with the short-term loans from EFC. The following is the status of such loans:

| CWSRF Project <u>Number</u> | <u>Purpose</u> | Date <u>Originated</u> | CWSRF Financing <u>Amount</u> | Amount <u>Drawn Down</u> | Expected Conversion <u>To Long Term</u> |
|--------------------------------|--|---------------------------|----------------------------------|-----------------------------|---|
| C1-5153-18-00 | North Hempstead Beach Park | 3/2/2017 | \$1,050,000 | \$ 0 | 4/5/2021 |
| C1-5100-07-75,78 | Belgrave Water Pollution Control District | 12/3/2015 | 8,729,751 | 426,026 | 12/3/2020 |

Upon completion, the Town expects to issue long-term bonds to EFC to provide permanent financing for the projects.

Environmental Legacy Fund

Local Law 13-2000 of the Town, which has been codified as Chapter 20D of the Town Law, established the Environmental Legacy Fund (the "Program") for the purpose of acquiring land for open space preservation, the restoration and protection of environmentally sensitive areas and the improvement and enhancement of coastal areas and waterways by the Town. Among

other things, Local Law 13-2000 also establishes certain eligibility criteria, authorizes the creation of an advisory committee and sets forth certain other guidelines for the administration of the Program.

Prior to the enactment of Local Law 13-2000, the Town Board stated that the funds necessary to pay debt service for eligible projects would come from additional property taxes, not from current taxes and revenues. To date, bonds or notes of the Town have been issued to finance eligible projects that have been recommended by an advisory committee established pursuant to the provisions of the Local Law and approved by the Town Board. Extra-jurisdictional resources, such as grants from the State, County and Federal governments, have been leveraged with Town funds and bond proceeds of the Town to finance eligible projects. Such other sources have not been used to reduce outstanding principal debt or offset annual debt service payments. In addition, where possible, the Town has financed eligible projects for the Program through the EFC Clean Water State Revolving Loan Fund.

Debt Management Plan and Capital Program

In 2000, the Town Board adopted a formal Debt Management Plan ("DMP") and a five-year capital plan. The DMP established guidelines to control and limit future capital borrowings of the Town and reduce overall annual debt service payments in the Town's General Fund and Highway Fund. The DMP sets "not-to-exceed" targets for the Town's debt-per-capita ratio and the Town's exhausted constitutional debt limit. The Town Board approved and adopted the amendments to the DMP in 2002, 2003, 2004 and 2011. The amendments incorporated the projected debt service requirements from the issuance of bonds issued to settle significant litigation involving the Town and actual bond issuances into the plan.

In January 2003, the New York State Comptroller issued a certificate authorizing the exclusion of indebtedness for the construction of a golf clubhouse at the Harbor Links Golf Course. The debt issued for this project is excluded from the DMP because it is deemed to be self-supporting debt.

The Town Board adopted an updated Five-Year Capital Plan in December 2019. The plan annually evaluates and addresses the capital needs of the Town, while keeping net capital costs below the targets established by the DMP. The Town's current capital plan, which covers the current five-year period ending on December 31, 2024, anticipates total capital expenditures of \$55,392,369 in the General Fund, which includes the issuance of bonds in the amount of \$32,367,722, with the remainder funded through grants, capital reserve, and pay-as-you-go funds. The Part Town capital plan covering the same period anticipates \$45,413,752 in capital expenditures, of which \$39,929,715 is to be financed through the issuance of bonds and the remainder through grants, capital reserve and pay-as-you-go funding.

A notable component of the capital plan involves North Hempstead Beach Park which includes 1.25 miles of shoreline and a 90-acre park. Redevelopment of the park is expected to be a multi-year capital project that includes redesigning many areas of the park including the entrances, amenities and parking lots. The Town Board authorized the execution of an agreement for design services for Phase I improvements on June 18, 2020.

It should be noted that the capital plan itemizes the capital priorities of the Town over a five-year period; the availability of approved capital authorizations and operating funds will ultimately determine which projects are actually undertaken by the Town. The Town's capital plan is posted on the Town's website and is also available upon request to the Town Comptroller.

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Debt Service Schedule

The following table sets forth the annual debt service requirements on all outstanding long-term Town general obligation bonds, excluding the Bonds, and exclusive of any economically defeased obligations. The table has not been audited.

Bond Principal and Interest Maturity Table ⁽¹⁾

| Fiscal Year Ended <u>December 31:</u> | Principal <u>Outstanding</u> | Interest <u>Outstanding</u> | Total Debt <u>Service</u> |
|---|---------------------------------|--------------------------------|------------------------------|
| 2020 ⁽²⁾ | \$ 26,277,954 | \$ 10,495,988 | \$ 36,773,942 |
| 2021 | 27,800,902 | 10,175,238 | 37,976,140 |
| 2022 | 26,322,900 | 9,281,879 | 35,604,779 |
| 2023 | 21,322,899 | 8,463,403 | 29,786,302 |
| 2024 | 20,952,900 | 7,819,293 | 28,772,193 |
| 2025 | 20,552,900 | 7,215,682 | 27,768,582 |
| 2026 | 20,012,906 | 6,642,986 | 26,655,892 |
| 2027 | 18,932,903 | 6,091,563 | 25,024,466 |
| 2028 | 18,297,899 | 5,572,872 | 23,870,771 |
| 2029 | 18,807,896 | 5,055,993 | 23,863,889 |
| 2030 | 19,312,901 | 4,530,446 | 23,843,347 |
| 2031 | 17,897,901 | 3,979,366 | 21,877,267 |
| 2032 | 18,317,899 | 3,503,546 | 21,821,445 |
| 2033 | 15,237,900 | 3,053,402 | 18,291,302 |
| 2034 | 13,887,899 | 2,673,124 | 16,561,023 |
| 2035 | 11,072,903 | 2,302,679 | 13,375,582 |
| 2036 | 11,062,900 | 1,986,828 | 13,049,728 |
| 2037 | 9,727,901 | 1,727,463 | 11,455,364 |
| 2038 | 9,122,899 | 1,484,475 | 10,607,374 |
| 2039 | 9,347,901 | 1,247,525 | 10,595,426 |
| 2040 | 5,752,900 | 1,055,871 | 6,808,771 |
| 2041 | 5,892,900 | 924,828 | 6,817,728 |
| 2042 | 6,027,900 | 788,866 | 6,816,766 |
| 2043 | 3,772,900 | 640,857 | 4,413,757 |
| 2044 | 3,872,900 | 538,282 | 4,411,182 |
| 2045 | 3,962,900 | 431,607 | 4,394,507 |
| 2046 | 4,000,000 | 320,919 | 4,320,919 |
| 2047 | 3,205,000 | 205,063 | 3,410,063 |
| 2048 | 2,010,000 | 124,263 | 2,134,263 |
| 2049 | 2,050,000 | 77,163 | 2,127,163 |
| 2050 | <u>1,370,000</u> | <u>29,113</u> | <u>1,399,113</u> |
| Totals: | <u>\$396,188,463</u> | <u>\$108,440,568</u> | <u>\$504,629,031</u> |

- (1) Interest on bonds issued by the town to EFC are subject to a subsidy. The subsidy on such bonds is reflected in the interest column above. In addition to the principal and interest on bonds issued by the Town to EFC, the Town pays an annual administrative fee to EFC.

- (2) For the entire fiscal year.

Source: Town of North Hempstead, Office of the Comptroller.

Solid Waste Management System

In 1984, the Authority was created pursuant to the Public Authorities Law of the State of New York to assist the Town in managing its waste disposal needs. In 1988, the Town entered into a Service Agreement with the Authority. Pursuant to the Service Agreement, the Town transferred its operation and control over certain fields in the Town's Port Washington landfill (the "Landfill Site") to the Authority. The Town retained ownership of the Landfill Site and responsibility for pre-existing conditions at the Landfill Site. In addition, the Authority established a fee schedule for the use of its disposal facilities.

In 1986, the Town adopted an ordinance (the "Flow Control Ordinance") requiring that all acceptable waste generated in the Town be delivered to Town designated facilities. The purpose of the Flow Control Ordinance was to provide a guaranteed stream of waste to the Authority in order to assure a revenue source to the Authority.

The 1994 decision of the U.S. Supreme Court, *C&A Carbone v. Town of Clarkstown*, which declared flow control an unconstitutional restraint on commerce and limited the Authority's control of the Town waste flow, was overturned in April 2007 by another U.S. Supreme Court decision, *United Haulers v. Oneida-Herkimer Solid Waste Management Authority*. The Town and the Authority have reinstituted flow control as a result of the Oneida-Herkimer decision. The Town Board readopted a flow control ordinance in accordance with the Oneida-Herkimer decision in early 2009.

The Authority generates the vast majority of its revenues from tip fees collected on the acceptance of solid waste at the Town's transfer station. The Town is obligated to provide financial support to the Authority if its revenues are insufficient to meet costs. The restoration of flow control has produced increased revenues for the Authority, but not sufficient to eliminate the need for Town subsidies, due to a decrease in tonnage processed. For the period January 1, 2015 to December 31, 2015, the Town provided \$825,000 in subsidies related to post-closure activities to the Authority. For the period January 1, 2016 to December 31, 2016, the Town provided \$750,000 in subsidies related to post-closure activities to the Authority. For the period January 1, 2018 to December 31, 2018, the Town provided \$750,000 in subsidies related to post-closure activities to the Authority. For the period January 1, 2019 to December 31, 2019, the Town provided \$931,567 in subsidies related to post-closure activities to the Authority. The 2020 Adopted Budget appropriates \$931,567 in subsidy payments related to post-closure activities to the Authority. As noted below, the Town also paid debt service on the Authority's bonds, including the 2012 Bonds (hereinafter defined). The Town also pays debt service for capital projects financed by the Town on behalf of the Authority. In 2019 and 2020, the Town's financial support increased on account of post-closure activities. (See "*Town of North Hempstead Solid Waste Management Authority*" herein.)

Revenue Bonds of the Solid Waste Management Authority

In fiscal years 1996 and 1997, the Town of North Hempstead Solid Waste Management Authority (the "Authority") used \$30.5 million in land sale proceeds from the Town to redeem all of the outstanding principal of the \$31,000,000 Solid Waste Management Revenue Refunding Bonds, 1993 Series A.

In 1997, the Authority sold portions of the former Morewood property to a private developer for use as senior housing. Using the proceeds from the sale of land, the Authority defeased approximately \$20.5 million of outstanding principal of the \$35,580,000 Solid Waste Management Revenue Refunding Bonds, 1993 Series B (the "1993 Series B Bonds") in the first quarter of 1999.

In 2003, the Authority issued \$19,105,000 Revenue Refunding Bonds (the "2003 Bonds") to refund a portion of the 1993 Series B Bonds and to pay the cost of issuance associated with the refunding bonds. (See "*Solid Waste Management System*" herein).

On June 29, 2012, the Authority issued \$5,048,791 Solid Waste Management Revenue Refunding Bonds – 2012 (Federally Taxable) (the "2012 Bonds"), which restructured the remaining debt service on the Authority's 2003 Bonds by extending the final maturity of the 2003 Bonds from February 1, 2014 to February 1, 2018. The 2012 Bonds have matured and no debt service remains outstanding. The restructuring reduced the annual debt service requirements of the Authority. The Town expects that subsidy payments to the Authority will continue due to post closure activities associated with the Port Washington Landfill and debt service for capital projects financed by the Town on behalf of the Authority. In 2019 and 2020, the Town's financial support increased on account of post-closure activities. (See also "*Town of North Hempstead Solid Waste Management Authority*" and "*Port Washington Landfills-Post Closure Activities*" herein.)

Solid Waste Collection and Transfer Station Operations

The Town is made up of 31 incorporated villages and 16 unincorporated areas. The Town does not have a uniform system of solid waste collection. Two villages, along with all of the unincorporated areas, are organized into ten solid waste districts which contract with private carters for the collection and disposition of solid waste. Private carters also contract directly with 24 villages for solid waste collection. Six villages operate their own sanitation departments. Most commercial and industrial waste generated in the Town is collected and disposed of by private carters or by solid waste generators. Each carter is required to post a surety bond with the Town in an amount equal to 2 ½ months of its average tip fee. Less than ½ of 1% of all the carters have defaulted on their obligation to pay the Authority in the past five years, requiring the Authority to liquidate their surety bond. All private and municipal carters that collect solid waste in the Town and generators of solid waste are licensed pursuant to the Town's Sanitation Code.

The incorporated villages and the garbage districts of the Town charge property owners for solid waste collection and disposal services based upon real property assessed valuation. In calculating the respective ad valorem property tax rates, the Town and incorporated villages include the cost of solid waste collection and disposal as part of their tax rate. The funds necessary to provide for the collection and disposal of solid waste are collected along with all other ad valorem taxes imposed by the Town and the incorporated villages.

In October 1994, the Authority issued a draft request for proposals for long-term transport and disposal services and operation of the Town's transfer station. On April 18, 1995, the Authority's Board awarded a 15-year contract for solid waste services to Chambers Development Co., a Pennsylvania solid waste services company. The 15-year agreement was subsequently executed effective May 1, 1995, by the Authority and USA Waste Services Company, a publicly traded company, which is the surviving entity of the merger of Chambers Development Co. and USA Waste Services Company. USA Waste Services Company subsequently changed its name to Waste Management, Inc. In 1996, the Authority completed construction of a new transfer station, which is fully permitted by the New York State Department of Environmental Conservation. On January 20, 2007, after a period of due diligence review, the Town consented to the assignment of the solid waste services and transfer station operations agreement to Winters Brothers, Inc., which acquired the Long Island operations of Waste Management, Inc. On October 24, 2019, the Town Board voted to extend the agreement with Omni Recycling for an additional 5 years.

The Town and the Authority have entered into inter-municipal agreements with 24 of the Town's 31 incorporated villages regarding waste disposal. In addition, the Town-run garbage districts are contractually obligated to dispose of collected waste at the Town-owned and Authority-operated facilities.

Port Washington Landfills – Post Closure Activities

The Town owns two landfills on a single site totaling more than 45 acres in Port Washington, commonly referred to as the "L4" and "L5" landfills, respectively. The L4 landfill stopped receiving waste in 1983. L4 was capped and remediated pursuant to a consent decree with the United States Environmental Protection Agency executed on July 5, 1990. The L5 landfill ceased accepting solid waste in 1991. It continued to accept "clean fill" through 2002 for use as contour material to bring the landfill site to acceptable grade. All of the site's 45 acres have been capped pursuant to a New York State Department of Environmental Conservation Order on Consent.

The Authority is responsible for post-closure monitoring and maintenance at the landfills including the operation of the leachate collection system, groundwater treatment and gas collection/combustion system. Post-closure monitoring and maintenance is anticipated to be required through 2034. The Town is obligated to provide financial support to the Authority if revenues are insufficient to meet expenses, and it is expected that Authority revenues will be insufficient to pay these costs. For the Period January 1, 2015 to December 31, 2015, the Town subsidized the Authority in the amount of \$825,000 for post closure activities. For the Period January 1, 2016 to December 31, 2016, the Town subsidized the Authority in the amount of \$750,000 for post-closure activities. For the period January 1, 2017 to December 31, 2017, the Town subsidized the Authority in the amount of \$750,000 for post-closure activities. For the period January 1, 2018 to December 31, 2018, the Town subsidized the Authority in the amount of \$750,000 for post-closure activities. For the period January 1, 2019 to December 31, 2019, the Town provided \$931,567 in subsidies related to post-closure activities to the Authority. The 2020 Adopted Budget appropriates \$931,567 in subsidy payments related to post-closure activities to the Authority. In 2019 and 2020, the Town's financial support increased on account of post-closure activities. In addition, the Town expects to continue to pay debt service on capital projects financed by the Town on behalf of the Authority.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends for the Town, County and State, based upon available census data.

| | <u>Population Trend</u> | | |
|--------|--------------------------------|-------------|---|
| | <u>2010</u> | <u>2019</u> | Percentage <u>Change</u> <u>2010/2019</u> |
| Town | 226,322 | 230,933 | 2.04% |
| County | 1,339,532 | 1,356,924 | 1.30 |
| State | 19,379,102 | 19,453,561 | 0.38 |

Source: US Census Bureau.

Income

The following table presents median household income for the Town, County and State.

| | <u>Median Household Income</u> | | |
|--------|---------------------------------------|-------------|---|
| | <u>2010</u> | <u>2018</u> | Percentage <u>Change</u> <u>2010/2018</u> |
| Town | \$100,760 | \$117,750 | 16.86% |
| County | 93,613 | 111,240 | 18.83 |
| State | 55,603 | 65,323 | 17.48 |

Source: US Census Bureau.

Construction Activity

The table below presents the number of construction permits issued over the last five years.

| | <u>Construction Permits Issued</u> |
|-------------------------|---|
| <u>Year</u> | Number of <u>Permits Issued</u> |
| 2015 | 5,498 |
| 2016 | 5,091 |
| 2017 | 5,003 |
| 2018 | 5,634 |
| 2019 | 6,355 |
| 2020 ^{(1) (2)} | 2,427 |

(1) As of August 12, 2020.

(2) Reflects a decline in year-to-date construction activity as a direct result of the economic impacts of the COVID-19 pandemic.

Source: Town of North Hempstead Buildings Department.

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Employment and Unemployment

The following tables provide information concerning employment and unemployment in the Town, County and State. Data provided for the County and State are not necessarily representative of the Town. Unemployment has drastically increased since mid-March due to the COVID-19 global pandemic.

Major Employers Located in the Town

| <u>Employer</u> | <u>Type of Business</u> | <u>Number of Employees</u> |
|--|-------------------------|----------------------------|
| North Shore University Hospital at Manhasset | Hospital | 13,697 |
| Winthrop University Hospital | Hospital | 8,706 |
| St. Francis Hospital | Hospital | 3,573 |
| Northwell Health Home Care | Home Health Agency | 1,001 |
| Northwell Health Stern Family Center | Nursing Home | 576 |
| Laffey Real Estate | Real Estate Brokers | 575 |
| Coffee Distributing Corp. | Office Supply Companies | 390 |
| Sunharbor Manor | Nursing Home | 322 |
| Sands Point Center for Health & Rehabilitation | Nursing Home | 220 |
| NYU Winthrop Hospital Home Health Agency | Home Health Agency | 197 |

Source: Book of Lists, 2019, 100+ Employee Companies, Long Island Business News and the Town.

Civilian Labor Force (Thousands)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--------|-------------|-------------|-------------|-------------|-------------|
| Town | 112.3 | 113.0 | 114.3 | 114.5 | 114.7 |
| County | 697.6 | 699.8 | 706.4 | 706.6 | 708.1 |
| State | 9,558.8 | 9,551.9 | 9,549.1 | 9,521.9 | 9,514.4 |

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

Yearly Average Unemployment Rates

| <u>Year</u> | <u>Town</u> | <u>County</u> | <u>State</u> |
|-------------|-------------|---------------|--------------|
| 2015 | 3.9% | 4.2% | 5.3% |
| 2016 | 3.6 | 3.9 | 4.9 |
| 2017 | 3.7 | 4.1 | 4.7 |
| 2018 | 3.3 | 3.5 | 4.1 |
| 2019 | 3.2 | 3.4 | 4.0 |

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

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Monthly Unemployment Rates

| <u>Month</u> | <u>Town</u> | <u>County</u> | <u>State</u> |
|--------------|-------------|---------------|--------------|
| July 2019 | 3.4% | 3.7% | 4.2% |
| August | 3.5 | 3.7 | 4.1 |
| September | 3.2 | 3.4 | 3.6 |
| October | 3.2 | 3.4 | 3.7 |
| November | 3.1 | 3.4 | 3.6 |
| December | 3.2 | 3.4 | 3.7 |
| January 2020 | 3.4 | 3.6 | 4.1 |
| February | 3.3 | 3.5 | 3.9 |
| March | 3.4 | 3.6 | 4.2 |
| April | 14.4 | 15.6 | 15.1 |
| May | 11.0 | 12.1 | 14.2 |
| June | 12.1 | 13.0 | 15.6 |

Source: New York State Department of Labor, Division of Labor Statistics. Information not seasonally adjusted.

Utilities

The Town receives water from a variety of public and private sources including the Water Authority of Western Nassau, Garden City Park Water District, Albertson Water District, Carle Place Water District, Water Authority of Great Neck North, Roslyn Water District, Manhasset-Lakeville Water District, Port Washington Water District and the Westbury Water District. Sewer service is provided by County sewage disposal districts and three Commissioner Operated Water Pollution Control Districts.

Transportation

The Town is served by all major forms of transportation. Principal roads include the Long Island Expressway, Northern State Parkway and Northern Boulevard. The Long Island Railroad operates rail service on three separate lines to and from New York City on trains making express and local stops throughout the Town. Major airlines provide service to Town residents via John F. Kennedy International, LaGuardia and Long Island-MacArthur Airports.

Educational, Cultural and Medical Institutions

Colleges and universities located near the Town include C.W. Post University (Long Island University), New York Institute of Technology and the State University of New York at Old Westbury. The United States Merchant Marine Academy at Kings Point is located in the Town. In addition, Adelphi University, Hofstra University, Molloy College and Nassau Community College are located in the Town of Hempstead just to the south of the Town. St. John's University is also located just to the west of the Town in the Borough of Queens in New York City.

There are numerous public libraries located throughout the Town which sponsor various programs of general interest to adults and children throughout the year. The NYCB Theatre at Westbury offers a program featuring well known musical groups and off-Broadway revivals. In addition, Town residents are within an hour's travel time to New York City's museums, theaters and other cultural activities.

Hospital services are provided by numerous area hospitals including Northwell Health System, St. Francis Hospital, Long Island Jewish Medical Center and Winthrop University Hospital.

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Recent Development Activity

There are various ongoing projects for new construction, renovations and/or expansions of existing properties located within the Town. Below is a description of the status of some of the key projects:

Construction is near completion or was recently completed on the following projects:

- A 126,710 square foot (s.f.) self-storage facility in Garden City Park.
- A 77-unit senior housing complex in New Cassel.
- Renovation and expansion of a 2.73-acre shopping center in Roslyn Heights.
- A 39,871 s.f. expansion to a self-storage facility in New Hyde Park.

Construction has commenced on the following projects:

- A 13,095 s.f. conversion of an abandoned structure to a religious building in Carle Place.
- A 60-unit multiple-residence in Glenwood Landing.
- A 5,121 s.f. retail building with a 3-lot residential subdivision in Roslyn Heights.
- Renovation and expansion of a 74-unit public housing complex in Roslyn Heights.
- Conversion of a 78,441 s.f. former Sears into a Target in New Hyde Park.

Zoning approvals have recently been granted for the following projects:

- Conversion of a 56,000 s.f. former supermarket into an Amazon local distribution center in Carle Place.
- Construction of a new 7,382 s.f. AutoZone in Westbury.
- An 8-level, 266,000 s.f. advanced surgical pavilion for Northwell Health in Manhasset.
- A 22,333 s.f. expansion of a 76,890 s.f. manufacturing building in Port Washington.
- Construction of a new 98,326 s.f. self-storage facility in Roslyn Heights.

Zoning approvals are pending for the following projects:

- Construction of a new 3,550 s.f. Capital One bank in Carle Place.
- Conversion of a 42,242 s.f. former Waldbaums into a Lidl supermarket and three other stores in Garden City Park.
- Conversion of a 3,700 s.f. retail space to an Orange Theory Fitness in New Hyde Park.

End of Appendix A

APPENDIX B

SUMMARY OF BUDGETS AND FINANCIAL STATEMENTS *(Summary itself is not audited.)*

TOWN OF NORTH HEMPSTEAD
General Fund
Summary of Budgeted Revenues and Expenditures
Fiscal Years Ending December 31:

| | <u>2019</u> | <u>2020</u> |
|----------------------------|-----------------------------|-----------------------------|
| Revenues and Fund Balance: | | |
| Property Taxes | \$ 24,976,417 | \$ 25,286,128 |
| State Aid | 9,403,561 | 8,837,377 |
| Other Receipts | 34,295,044 | 35,355,019 |
| Appropriated Fund Balance | - | - |
| | <hr/> | <hr/> |
| Totals | <u><u>\$ 68,675,022</u></u> | <u><u>\$ 69,478,524</u></u> |
| Expenditures: | | |
| Administrative Services | \$ 1,975,095 | \$ 2,011,529 |
| Community Services | 3,402,170 | 3,456,973 |
| Comptroller/Finance | 16,932,039 | 17,147,828 |
| Parks and Recreation | 17,423,919 | 17,736,358 |
| Public Safety | 1,416,996 | 1,494,298 |
| Other | 12,083,571 | 12,050,691 |
| Debt Service | <u>15,441,233</u> | <u>15,580,847</u> |
| | <hr/> | <hr/> |
| Totals | <u><u>\$ 68,675,023</u></u> | <u><u>\$ 69,478,524</u></u> |

Source: Adopted Budgets of the Town of North Hempstead.

TOWN OF NORTH HEMPSTEAD
Town Outside Villages Fund ⁽¹⁾
Summary of Budgeted Revenues and Expenditures
Fiscal Years Ending December 31:

| | <u>2019</u> | <u>2020</u> |
|--|----------------------|----------------------|
| Revenues and Fund Balance: | | |
| Property Taxes | \$ 26,887,569 | \$ 26,994,041 |
| Other Revenue | 10,363,353 | 11,270,448 |
| Appropriated Fund Balance | - | - |
| | <hr/> | <hr/> |
| Totals | <u>\$ 37,250,922</u> | <u>\$ 38,264,489</u> |
| Expenditures: | | |
| Highway Administration | \$ 581,491 | \$ 723,654 |
| Highway General Repairs | 1,113,500 | 1,353,500 |
| Highway Improvements | 288,000 | 278,000 |
| Sign Shop | 655,371 | 609,862 |
| Traffic Safety | 67,118 | 68,817 |
| Snow Removal | 1,327,500 | 1,382,500 |
| Highway Yards | 4,476,042 | 4,193,730 |
| Public Works Building | 245,917 | 266,934 |
| Public Works General Maintenance | 200,000 | 275,000 |
| Public Works - Vehicle Repair Facility | 1,095,736 | 1,058,610 |
| Highway - Other Transportation | 3,452,755 | 3,774,489 |
| Highway - Employee Benefits | 5,849,205 | 5,797,264 |
| Highway - Indebtedness | 6,364,040 | 6,077,112 |
| Highway - Interfund Transfer (Other) | 147,270 | 35,000 |
| Planning, Eco. Development & BZA | 1,064,122 | 1,144,289 |
| Building & Safety Inspection | 3,897,634 | 4,043,877 |
| Public Safety | 819,630 | 908,707 |
| Town Clerk | 306,752 | 308,034 |
| Part Town - Employee Benefits | 3,314,999 | 3,371,445 |
| Part Town - Interfund Transfer (Other) | 1,661,599 | 2,248,004 |
| Part Town - Unallocated | <u>322,241</u> | <u>345,661</u> |
| | <hr/> | <hr/> |
| Totals | <u>\$ 37,250,922</u> | <u>\$ 38,264,489</u> |

(1) Commencing in the 2007 fiscal year, the Town combined its Part Town and Highway funds into the Town Outside Villages fund.

Source: Adopted Budgets of the Town of North Hempstead.

TOWN OF NORTH HEMPSTEAD
Special District Funds Only
Summary of Budgeted Revenues and Expenditures
Fiscal Years Ending December 31:

| | <u>2019</u> | <u>2020</u> |
|---------------------------------------|------------------------------|------------------------------|
| Revenues and Fund Balance: | | |
| Property Taxes | \$118,547,018 | \$121,175,445 |
| Other Revenue | 41,786,491 | 43,692,756 |
| Appropriated Fund Balance | <u>4,957,632</u> | <u>3,836,527</u> |
| Totals | <u><u>\$165,291,141</u></u> | <u><u>\$168,704,728</u></u> |
| Expenditures: | | |
| Business Improvement District | \$ 205,420 | \$ 205,420 |
| Fire and Fire Protection Districts | 27,987,055 | 28,540,518 |
| Garbage Districts | 14,212,289 | 14,006,264 |
| Library and Library Funding Districts | 6,781,743 | 6,778,277 |
| Lighting District | 2,317,371 | 2,482,991 |
| Park Districts | 24,518,704 | 24,673,501 |
| Police District | 23,071,697 | 23,769,306 |
| Parking District | 1,245,908 | 1,314,526 |
| Water Pollution Control Districts | 20,639,446 | 21,551,367 |
| Sidewalk District | 3,475,032 | 3,361,479 |
| Water Districts | <u>40,836,476</u> | <u>42,021,079</u> |
| Totals | <u><u>\$ 165,291,141</u></u> | <u><u>\$ 168,704,728</u></u> |

Source: Adopted Budgets of the Town of North Hempstead.

TOWN OF NORTH HEMPSTEAD
Solid Waste Management Authority
Summary of Budgeted Revenues and Expenditures
Fiscal Years Ending December 31:

| | <u>2019</u> | <u>2020</u> |
|----------------------------|-----------------------------|-----------------------------|
| Revenues and Fund Balance: | | |
| Solid Waste Disposal | \$ 15,157,189 | \$ 15,807,454 |
| Other Revenue | 1,737,864 | 1,891,755 |
| Interfund Transfers | 325,000 | 100,000 |
| Appropriated Fund Balance | <u>51,579</u> | <u>-</u> |
| Totals | <u><u>\$ 17,271,632</u></u> | <u><u>\$ 17,799,209</u></u> |
| Expenditures: | | |
| Administration | \$ 650,212 | \$ 563,648 |
| Leachate | 373,824 | 485,017 |
| Transfer Station | 14,358,038 | 15,132,099 |
| Scale | 253,983 | 169,960 |
| Plant & Grounds | 315,280 | 287,229 |
| Trucks & Equipment | 25,000 | 27,500 |
| Recycling | 324,200 | 254,200 |
| Sustainability | - | - |
| Indebtedness & Unallocated | <u>971,095</u> | <u>879,556</u> |
| Totals | <u><u>\$ 17,271,632</u></u> | <u><u>\$ 17,799,209</u></u> |

Source: Adopted Budgets of the Town of North Hempstead Solid Waste Management Authority.

TOWN OF NORTH HEMPSTEAD
Comparative Balance Sheets - General Fund
Fiscal Years Ended December 31:

| | <u>2018</u> | <u>2019</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash | \$ 11,643,156 | \$ 12,607,677 |
| Accounts Receivable, Net of Allowance | 716,965 | 646,502 |
| Taxes Receivable | - | - |
| State and Federal Aid Receivable | 426,634 | 694,545 |
| Due From Other Funds | 2,364,959 | 2,867,557 |
| Due From Other Governments | 4,673,421 | 5,005,479 |
| Inventory of Material and Supplies | 435,362 | 377,599 |
| Prepaid Expenses | 867,991 | 976,411 |
| | <hr/> | <hr/> |
| Total Assets | <u>\$ 21,128,488</u> | <u>\$ 23,175,770</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | \$ 2,674,375 | \$ 2,346,117 |
| Due To Other Funds | 26,838 | 6,748 |
| Deposits Payable | - | 1,066,553 |
| Due To Other Governments | 2,071,062 | 1,704,348 |
| Deferred Revenue | 487,390 | 522,348 |
| | <hr/> | <hr/> |
| Total Liabilities | <u>5,259,665</u> | <u>5,646,114</u> |
| Deferred Inflows of Resources | | |
| Unavailable revenue, PILOT | - | - |
| Unavailable, State and Federal Aid | - | 224,229 |
| | <hr/> | <hr/> |
| Total Deferred Inflows of Resources | <u>-</u> | <u>224,229</u> |
| Fund Balances | | |
| Nonspendable | 1,303,353 | 1,354,010 |
| Restricted | 600,000 | - |
| Assigned | 5,399,013 | 5,036,573 |
| Unassigned | 8,566,457 | 10,914,844 |
| | <hr/> | <hr/> |
| Total Fund Balances | <u>15,868,823</u> | <u>17,305,427</u> |
| Total Liabilities and Fund Balances | <u>\$ 21,128,488</u> | <u>\$ 23,175,770</u> |

Source: Audited Financial Statements of the Town of North Hempstead. Summary itself is not audited.

TOWN OF NORTH HEMPSTEAD
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund
Fiscal Years Ended December 31:

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|---------------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues | | | | | |
| Real Property Taxes | \$ 24,740,955 | \$ 25,083,628 | \$ 24,205,519 | \$ 24,538,509 | \$ 25,031,636 |
| Other Real Property Tax Items | 1,534,582 | 2,221,649 | 2,104,711 | 2,132,974 | 2,287,256 |
| Non-Property Tax Items | 13,496,751 | 13,574,820 | 13,822,873 | 14,211,519 | 14,602,001 |
| Intergovernmental charges | 1,200 | - | - | 2,541 | - |
| Departmental Income | 9,325,877 | 9,298,236 | 8,993,625 | 8,305,826 | 8,647,895 |
| Use of Money and Property | 153,798 | 170,969 | 390,752 | 370,937 | 548,318 |
| Licenses and Permits | 353,839 | 248,283 | 359,061 | 292,921 | 238,656 |
| Fines and Forfeitures | 25,000 | 25,000 | 30,000 | 30,000 | 30,000 |
| Sale of Property and Compensation for Loss | 448,074 | 378,037 | 89,756 | 141,752 | 27,324 |
| Miscellaneous | 304,434 | 116,094 | 207,699 | 2,186 | 1,136,685 |
| Interfund Revenues | 6,507,515 | 6,447,453 | 6,607,215 | 6,580,111 | 6,800,687 |
| Federal, State & County Aid | 9,859,139 | 11,463,728 | 10,640,084 | 9,568,081 | 8,584,287 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues | 66,751,164 | 69,027,897 | 67,451,295 | 66,177,357 | 67,934,745 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Expenditures | | | | | |
| General Government Support | 14,342,744 | 13,999,030 | 14,076,542 | 14,457,480 | 14,546,240 |
| Education | 2,199,528 | 2,325,385 | 3,455,484 | 2,680,039 | 2,102,250 |
| Public Safety | 1,351,272 | 1,172,253 | 1,254,731 | 1,430,023 | 1,461,892 |
| Transportation | - | 36,222 | 5,447 | 40,635 | 16,894 |
| Economic Opportunity and Development | 2,617,744 | 2,651,359 | 2,595,142 | 2,371,058 | 2,506,280 |
| Culture and Recreation | 15,762,369 | 16,376,907 | 16,896,146 | 17,106,703 | 17,358,237 |
| Home & Community Services | 1,937,071 | 1,254,824 | 1,272,933 | 1,111,903 | 1,315,416 |
| Employee Benefits | 9,468,487 | 10,164,331 | 10,742,765 | 11,125,065 | 11,079,890 |
| Debt Service | - | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 47,679,215 | 47,980,311 | 50,299,190 | 50,322,906 | 50,387,099 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | 817,123 | 2,329,756 | 270,740 | 193,959 | 606,576 |
| Operating Transfers Out | (18,581,361) | (20,750,491) | (17,404,470) | (15,337,472) | (16,807,618) |
| Sales of Property | - | - | - | 821,200 | 90,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures and Other Financing Sources (Uses) | 65,443,453 | 66,401,046 | 67,432,920 | 64,645,219 | 66,498,141 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses | 1,307,711 | 2,626,851 | 18,375 | 1,532,138 | 1,436,604 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund Balance - Beg. of Year | 10,383,748 ⁽¹⁾ | 11,691,459 | 14,318,310 | 14,336,685 | 15,868,823 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund Balance - End of Year | <u>\$ 11,691,459</u> | <u>\$ 14,318,310</u> | <u>\$ 14,336,685</u> | <u>\$ 15,868,823</u> | <u>\$ 17,305,427</u> |

(1) as restated.

Source: Audited Financial Statements of the Town of North Hempstead. Summary itself is not audited.

TOWN OF NORTH HEMPSTEAD
Comparative Balance Sheets - Part Town Fund
Fiscal Years Ended December 31:

| | <u>2018</u> | <u>2019</u> |
|--|--------------------------------|---------------------------------|
| ASSETS | | |
| Cash and Investments | \$ 8,027,977 | \$ 10,591,161 |
| Taxes Receivable | - | - |
| Accounts Receivable - Net | 68,134 | 35,955 |
| Due From Other Funds | - | - |
| State and federal aid receivable | - | - |
| Due From Other Governments | 94,611 | 116,744 |
| Prepaid Expenses | <u>228,520</u> | <u>237,635</u> |
| Total Assets | <u><u>\$ 8,419,242</u></u> | <u><u>\$ 10,981,495</u></u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | \$ 417,470 | \$ 362,292 |
| Unearned Revenue | - | 4,407 |
| Deposits Payable | - | 582,431 |
| Due To Other Governments | <u>-</u> | <u>68,724</u> |
| Total Liabilities | <u>417,470</u> | <u>1,017,854</u> |
| Deferred Inflows of Resources | | |
| Unavailable Revenue, PILOT | <u>-</u> | <u>-</u> |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> |
| Fund Balances | | |
| Nonspendable | 228,520 | 237,635 |
| Assigned | <u>7,773,252</u> | <u>9,726,006</u> |
| Total Fund Balances | <u>8,001,772</u> | <u>9,963,641</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 8,419,242</u></u> | <u><u>\$ 10,981,495</u></u> |

Source: Audited Financial Statements of the Town of North Hempstead. Summary itself is not audited

TOWN OF NORTH HEMPSTEAD
Statement of Revenues, Expenditures and Changes in Fund Balance - Part Town Fund
Fiscal Years Ended December 31:

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | |
| Real Property Taxes | \$ 5,686,934 | \$ 6,512,920 | \$ 5,295,548 | \$ 5,506,259 | \$ 5,206,441 |
| Other Real Property Tax Items | 119,690 | 499,576 | 420,567 | 474,837 | 440,124 |
| Non-property Tax Items | 57,500 | 57,500 | 57,000 | 57,000 | 57,000 |
| Departmental Income | 774,012 | 801,033 | 948,285 | 1,109,078 | 1,037,417 |
| Use of Money and Property | 14,321 | 14,379 | 21,853 | 65,816 | 134,086 |
| Licenses and Permits | 3,499,882 | 3,577,032 | 4,161,485 | 4,444,021 | 5,798,682 |
| Fines and Forfeitures | 217,603 | 213,908 | 160,180 | 322,965 | 271,354 |
| Sale of Property and | | | | | |
| Compensation for Loss | 2,560 | 5,598 | 4,517 | 8,422 | 2,361 |
| State and Federal Aid | 37,455 | - | - | 49,500 | 35 |
| Interfund Revenues | 100,000 | - | - | - | - |
| Miscellaneous | 1,148 | 81 | 61 | 1,739 | 34,895 |
| Total Revenues | <u>10,511,105</u> | <u>11,682,027</u> | <u>11,069,496</u> | <u>12,039,637</u> | <u>12,982,395</u> |
| Expenditures | | | | | |
| General Government Support | \$ 2,176,954 | \$ 2,120,180 | \$ 1,794,646 | \$ 1,803,664 | \$ 1,758,884 |
| Public Safety | 4,995,646 | 5,140,973 | 4,466,725 | 4,567,190 | 4,847,967 |
| Health | 283,333 | 218,940 | 226,999 | 231,204 | 248,911 |
| Transportation | - | - | - | 930 | - |
| Home & Community Services | 971,271 | 952,578 | 991,200 | 1,039,618 | 1,087,950 |
| Employee Benefits | 2,827,779 | 2,962,509 | 3,053,719 | 3,082,726 | 3,076,814 |
| Total Expenditures | <u>11,254,983</u> | <u>11,395,180</u> | <u>10,533,289</u> | <u>10,725,332</u> | <u>11,020,526</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(743,878)</u> | <u>286,847</u> | <u>536,207</u> | <u>1,314,305</u> | <u>1,961,869</u> |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers Out | - | - | - | - | - |
| Operating Transfer In | - | - | - | - | - |
| Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses | <u>(743,878)</u> | <u>286,847</u> | <u>536,207</u> | <u>1,314,305</u> | <u>1,961,869</u> |
| Fund Balance - Beg. of Year | <u>6,608,291</u> | <u>5,864,413</u> | <u>6,151,260</u> | <u>6,687,467</u> | <u>8,001,772</u> |
| Fund Balance - End of Year | <u>\$ 5,864,413</u> | <u>\$ 6,151,260</u> | <u>\$ 6,687,467</u> | <u>\$ 8,001,772</u> | <u>\$ 9,963,641</u> |

Source: Audited Financial Statements of the Town of North Hempstead. Summary itself is not audited.

TOWN OF NORTH HEMPSTEAD
Comparative Balance Sheets - Highway Fund
Fiscal Years Ended December 31:

| | <u>2018</u> | <u>2019</u> |
|--|----------------------------|-----------------------------|
| ASSETS | | |
| Cash and Investments | \$ 7,660,315 | \$ 9,165,948 |
| Taxes Receivable | - | - |
| Accounts Receivable - Net | 113,715 | 304 |
| Inventory of Material and Supplies | 273,821 | 267,247 |
| State and Federal Aid Receivable | 112,264 | 112,264 |
| Due From Other Governments | 5,274 | 6,069 |
| Due From Other Funds | 927,691 | 1,173,761 |
| Prepaid Expenses | 303,754 | 291,766 |
| | <hr/> | <hr/> |
| Total Assets | <u><u>\$ 9,396,834</u></u> | <u><u>\$ 11,017,359</u></u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | \$ 875,107 | \$ 724,954 |
| Deferred Revenue | 3,042 | 16,237 |
| Due To Other Funds | 146,485 | 65,093 |
| | <hr/> | <hr/> |
| Total Liabilities | <u>1,024,634</u> | <u>806,284</u> |
| Deferred Inflows of Resources | | |
| Unavailable Revenue, PILOT | - | - |
| Unavailable Revenue, State and Federal Aid | - | 112,264 |
| | <hr/> | <hr/> |
| Total Deferred Inflows of Resources | <u>-</u> | <u>112,264</u> |
| Fund Balances | | |
| Nonspendable | 577,575 | 559,013 |
| Assigned | 7,794,625 | 9,539,798 |
| | <hr/> | <hr/> |
| Total Fund Balances | <u>8,372,200</u> | <u>10,098,811</u> |
| | <hr/> | <hr/> |
| Total Liabilities and Fund Balances | <u><u>\$ 9,396,834</u></u> | <u><u>\$ 11,017,359</u></u> |

Source: Audited Financial Statements of the Town of North Hempstead.
Summary itself is not audited.

TOWN OF NORTH HEMPSTEAD
Statement of Revenues, Expenditures and Changes in Fund Balance Highway Fund
Fiscal Years Ended December 31:

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|
| Revenues | | | | | |
| Real Property Taxes | \$ 21,211,573 | \$ 20,373,669 | \$ 19,283,106 | \$ 20,884,706 | \$ 21,739,157 |
| Other Real Property Tax Items | 453,603 | 1,563,084 | 1,530,994 | 1,551,826 | 1,679,296 |
| Intergovernmental charges | 101,539 | 74,836 | 52,981 | 64,097 | 39,965 |
| Departmental Income | - | - | - | 343 | 142 |
| Use of Money and Property | 76,910 | 78,137 | 72,063 | 121,396 | 187,591 |
| Licenses and Permits | 695,512 | 510,288 | 1,015,270 | 662,303 | 572,903 |
| Sale of Property and Compensation for Loss | 34,475 | 51,886 | 522,870 | 39,421 | 132,756 |
| Miscellaneous | 60 | 23,350 | 13,880 | 26,146 | 51,458 |
| Interfund Revenues | 211,067 | 328,104 | 257,459 | 249,240 | 129,212 |
| Federal Aid | 1,120,826 | 74,500 | - | 43,421 | (112,264) |
| State Aid | 314,057 | 674,021 | 762,707 | 763,072 | 513,325 |
| Total Revenues | <u>24,219,622</u> | <u>23,751,875</u> | <u>23,511,330</u> | <u>24,405,971</u> | <u>24,933,541</u> |
| Expenditures | | | | | |
| General Government Support | 2,593,248 | 2,651,966 | 2,580,562 | 2,529,871 | 2,560,848 |
| Transportation | 11,454,437 | 10,572,896 | 10,982,394 | 10,751,937 | 9,471,346 |
| Home & Community Services | 261,020 | 5,117 | - | - | - |
| Employee Benefits | 5,159,330 | 5,176,135 | 5,316,881 | 5,364,791 | 5,727,122 |
| Debt Service | - | - | - | - | - |
| Total Expenditures | <u>19,468,035</u> | <u>18,406,114</u> | <u>18,879,837</u> | <u>18,646,599</u> | <u>17,759,316</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>4,751,587</u> | <u>5,345,761</u> | <u>4,631,493</u> | <u>5,759,372</u> | <u>7,174,225</u> |
| Other Financing Sources Uses: | | | | | |
| Operating Transfers In | 738,840 | 2,442,567 | 683,116 | 613,112 | 951,426 |
| Operating Transfers Out | (5,322,729) | (6,229,142) | (5,253,272) | (5,695,980) | (6,399,040) |
| Total Other Financing Sources (Uses) | <u>(4,583,889)</u> | <u>(3,786,575)</u> | <u>(4,570,156)</u> | <u>(5,082,868)</u> | <u>(5,447,614)</u> |
| Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses | <u>167,698</u> | <u>1,559,186</u> | <u>61,337</u> | <u>676,504</u> | <u>1,726,611</u> |
| Fund Balance - Beg. of Year | 6,292,196 | 6,459,894 | 8,019,080 | 8,718,696 | 9,395,200 |
| Prior Period Adjustment to Fund Balance | <u>-</u> | <u>-</u> | <u>638,279</u> | <u>-</u> | <u>(1,023,000)</u> |
| Fund Balance - Beg. of Year, Adjusted | 6,292,196 | 6,459,894 | 8,657,359 | 8,718,696 | 8,372,200 |
| Fund Balance - End of Year | <u>\$ 6,459,894</u> | <u>\$ 8,019,080</u> | <u>\$ 8,718,696</u> | <u>\$ 9,395,200</u> | <u>\$ 10,098,811</u> |

Source: Audited Financial Statements of the Town of North Hempstead. Summary itself is not audited.

TOWN OF NORTH HEMPSTEAD
Comparative Balance Sheets - Special Districts
Fiscal Years Ended December 31:

| | <u>2018</u> | <u>2019</u> |
|---|---------------|---------------|
| ASSETS | | |
| Cash | \$ 6,038,536 | \$ 6,169,319 |
| Taxes Receivable | - | - |
| Accounts receivable, net | 54,288 | 58,418 |
| Due From Other Funds | 6,966 | 210,340 |
| State and Federal Aid Receivable | - | - |
| Due From Other Governments | 430 | - |
| Length of Service Award Program Plan Assets | 6,464,595 | 7,502,869 |
| Prepaid Expenses | 68,445 | 70,145 |
| | <hr/> | <hr/> |
| Total Assets | \$ 12,633,260 | \$ 14,011,091 |
| | <hr/> | <hr/> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Accounts Payable | \$ 761,769 | \$ 861,365 |
| Bond Anticipation Notes Payable | 914,950 | 469,124 |
| Deposits Payable | - | 318,507 |
| Unearned Revenue | - | 24,710 |
| Due To Other Funds | 2,043,774 | 1,924,757 |
| | <hr/> | <hr/> |
| Total Liabilities | 3,720,493 | 3,598,463 |
| | <hr/> | <hr/> |
| Deferred Inflows of Resources | | |
| Unavailable Revenue, PILOT | - | - |
| | <hr/> | <hr/> |
| Total Deferred Inflows of Resources | - | - |
| | <hr/> | <hr/> |
| Fund Balances | | |
| Nonspendable | 68,445 | 70,145 |
| Assigned | 6,464,595 | 7,502,869 |
| Unassigned | (2,118,679) | 4,804,216 |
| Restricted | 4,498,406 | (1,944,602) |
| | <hr/> | <hr/> |
| Total Fund Balances | 8,912,767 | 10,432,628 |
| | <hr/> | <hr/> |
| Total Liabilities and Fund Balances | \$ 12,633,260 | \$ 14,031,091 |
| | <hr/> | <hr/> |

Source: Audited Financial Statements of the Town of North Hempstead. Summary itself is not audited.

TOWN OF NORTH HEMPSTEAD
Statement of Revenues, Expenditures and Changes in Fund Balance - Special Districts
Fiscal Years Ended December 31:

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|---------------------|---------------------|----------------------|---------------------|----------------------|
| Revenues | | | | | |
| Real Property Taxes | \$ 21,521,674 | \$ 21,754,555 | \$ 20,490,119 | \$ 22,714,298 | \$ 23,920,393 |
| Other Real Property Tax Items | 465,950 | 1,397,431 | 1,301,743 | 1,340,187 | 1,413,264 |
| Departmental Income | 953,469 | 1,080,977 | 888,999 | 1,256,486 | 1,243,418 |
| Use of Money and Property | 35,857 | 36,730 | 652,895 | (225,961) | 1,034,894 |
| Sale of Property and Compensation for Loss | (12,736) | - | 8,839 | - | - |
| Interfund Revenues | 60,489 | 60,500 | 60,000 | 1,001 | 81,040 |
| State and Federal Aid | 59,693 | 124,686 | - | (66,933) | - |
| Miscellaneous | 1,140 | 16,249 | 89,621 | 64,322 | 92,254 |
| Total Revenues | <u>23,085,536</u> | <u>24,471,128</u> | <u>23,492,216</u> | <u>25,083,400</u> | <u>27,785,263</u> |
| Expenditures | | | | | |
| General Government Support | 2,009,892 | 2,099,848 | 2,423,748 | 2,350,163 | 2,353,722 |
| Public Safety | 6,047,456 | 6,181,257 | 6,201,330 | 6,326,751 | 6,588,206 |
| Transportation | 3,835,748 | 3,637,872 | 3,416,475 | 3,542,190 | 3,574,849 |
| Culture and Recreation | 840,499 | 792,471 | 567,910 | 973,319 | 1,173,035 |
| Home & Community Services | 8,043,116 | 8,283,559 | 8,395,913 | 8,478,402 | 8,708,980 |
| Employee Benefits | 983,610 | 982,906 | 940,926 | 1,013,535 | 1,075,505 |
| Total Expenditures | <u>21,760,321</u> | <u>21,977,913</u> | <u>21,946,302</u> | <u>22,684,360</u> | <u>23,474,297</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>1,325,215</u> | <u>2,493,215</u> | <u>1,545,914</u> | <u>2,399,040</u> | <u>4,310,966</u> |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | 5,800 | 29,653 | - | 424,497 | 576,812 |
| Operating Transfers Out | (1,171,563) | (1,112,878) | (1,137,270) | (2,546,853) | (3,367,917) |
| Total Other Financing Sources (Uses) | <u>(1,165,763)</u> | <u>(1,083,225)</u> | <u>(1,137,270)</u> | <u>(2,122,356)</u> | <u>(2,791,105)</u> |
| Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses | <u>159,452</u> | <u>1,409,990</u> | <u>408,644</u> | <u>276,684</u> | <u>1,519,861</u> |
| Fund Balance - Beg. of Year | 4,290,400 | 4,449,852 | 5,859,842 | 11,942,659 | 8,915,927 |
| Prior Period Adjustment | - | - | - | (3,303,416) | (3,160) |
| Cumulative Effect of Change in Accounting Principle | <u>-</u> | <u>-</u> | <u>5,674,173</u> | <u>-</u> | <u>-</u> |
| Fund Balance - Beg. of Year, Adjusted | 4,290,400 | 4,449,852 | 11,534,015 | 8,639,243 | 8,912,767 |
| Fund Balance - End of Year | <u>\$ 4,449,852</u> | <u>\$ 5,859,842</u> | <u>\$ 11,942,659</u> | <u>\$ 8,915,927</u> | <u>\$ 10,432,628</u> |

Source: Audited Financial Statements of the Town of North Hempstead. Summary itself is not audited.

TOWN OF NORTH HEMPSTEAD SOLID WASTE MANAGEMENT AUTHORITY
Comparative Balance Sheets
Fiscal Years Ended December 31:

| ASSETS | <u>2018</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| Cash | \$ 1,356,067 | \$ 1,669,978 |
| Accounts receivable, net | 2,429,003 | 2,219,864 |
| Prepays | 3,225 | 3,667 |
| State and Federal Aid Receivables | 101,115 | 63,425 |
| Due From Other Funds | 474,949 | 72,726 |
| Inventory of Materials and Supplies | <u>10,927</u> | <u>-</u> |
| Total Assets | <u><u>\$ 4,375,286</u></u> | <u><u>\$ 4,029,660</u></u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Accounts Payable and Accrued Liabilities | 2,554,505 | 2,362,873 |
| Deferred Revenue | 2,645 | - |
| Deposits Payable | - | 132,615 |
| Due To Other Funds | <u>1,041,568</u> | <u>909,845</u> |
| Total Liabilities | <u>3,598,718</u> | <u>3,405,333</u> |
| Deferred Inflows of Resources | | |
| Deferred Inflow- PILOT | <u>-</u> | <u>-</u> |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> |
| Fund Balances | | |
| Nonspendable | 14,152 | 3,667 |
| Restricted | - | - |
| Assigned | 762,416 | 620,660 |
| Unassigned | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u>776,568</u> | <u>624,327</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 4,375,286</u></u> | <u><u>\$ 4,029,660</u></u> |

Source: Audited Financial Statements of the Town of North Hempstead. Summary itself is not audited.

TOWN OF NORTH HEMPSTEAD SOLID WASTE MANAGEMENT AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balance
Fiscal Years Ended December 31:

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|---------------------|---------------------|---------------------|-------------------|-------------------|
| Revenues | | | | | |
| Departmental Income | \$ 15,072,932 | \$ 14,745,329 | \$ 14,056,387 | \$ 15,429,265 | \$ 14,746,826 |
| Use of Money and Property | 69,552 | 75,958 | 71,240 | 84,670 | 87,282 |
| Sale of Property and Compensation for Loss | 209,896 | 267,483 | 295,293 | 104,881 | 39,215 |
| Miscellaneous Revenues | 64,807 | 2,399 | 185 | 55,485 | 7,288 |
| Intergovernmental Charges | 1,200,000 | 1,125,000 | 1,123,729 | 1,113,399 | 1,300,859 |
| State Aid | 79,689 | 61,250 | 121,903 | 131,202 | 209,122 |
| Federal Aid | 45,205 | - | 54,947 | (104,600) | - |
| | <u>16,742,081</u> | <u>16,277,419</u> | <u>15,723,684</u> | <u>16,814,302</u> | <u>16,390,592</u> |
| Total Revenues | | | | | |
| Expenditures | | | | | |
| Home & Community Service: | \$ 15,863,885 | \$ 15,459,206 | \$ 15,472,595 | \$ 15,998,982 | \$ 16,191,892 |
| Employee Benefits | 893,904 | 836,247 | 775,628 | 712,805 | 675,941 |
| Debt Service | - | - | - | 900,786 | - |
| | <u>16,757,789</u> | <u>16,295,453</u> | <u>16,248,223</u> | <u>17,612,573</u> | <u>16,867,833</u> |
| Total Expenditures | | | | | |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(15,708)</u> | <u>(18,034)</u> | <u>(524,539)</u> | <u>(798,271)</u> | <u>(477,241)</u> |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers from Primary Government | 900,824 | 900,825 | 900,825 | - | 325,000 |
| Operating Transfers to Primary Government | (900,824) | (900,825) | (900,825) | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>325,000</u> |
| Total Other Financing Sources (Uses) | | | | | |
| Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses | <u>(15,708)</u> | <u>(18,034)</u> | <u>(524,539)</u> | <u>(798,271)</u> | <u>(152,241)</u> |
| Fund Balance - Beginning of Year | 2,273,164 | 2,257,456 | 2,239,422 | 1,076,604 | 278,333 |
| Prior Period Adjustment | <u>-</u> | <u>-</u> | <u>(638,279)</u> | <u>-</u> | <u>498,235</u> |
| Fund Balance - Beg. of Year, Adjusted | 2,273,164 | 2,257,456 | 1,601,143 | 1,076,604 | 776,568 |
| Fund Balance - End of Year | <u>\$ 2,257,456</u> | <u>\$ 2,239,422</u> | <u>\$ 1,076,604</u> | <u>\$ 278,333</u> | <u>\$ 624,327</u> |

Source: Audited Financial Statements of the Town of North Hempstead. Summary itself is not audited.

APPENDIX C

**AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019***

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

<https://emma.msrb.org/RE1472138.pdf>

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

*** Such Financial Statements and opinion are intended to be representative only as of the date thereof. PFK O’Connor Davies, LLP, Certified Public Accountants has not been requested by the Town to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement**

APPENDIX D

**FORM OF APPROVING LEGAL OPINIONS OF BOND COUNSEL
FOR THE BONDS**

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street, 41st floor
New York, New York 10007

September 24, 2020

The Town Board of the
Town of North Hempstead, in the
County of Nassau, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of North Hempstead (the “Town”), in the County of Nassau, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the [\$4,292,666 Public Improvement Serial Bonds – 2020 Series C][\$5,000,000 Public Improvement Serial Bonds-2020 Series D] (the “Bonds”) of the Town, dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Concurrently with the issuance of the Bonds, the Town is issuing its [\$4,292,666 Public Improvement Serial Bonds – 2020 Series C][\$5,000,000 Public Improvement Serial Bonds-2020 Series D] (the “Series [C][D] Bonds”) and \$15,085,992 Bond Anticipation Notes-2020 Series D (the “Series D Notes”). The Bonds are treated, together with the Series [C][D] Bonds and Series D Notes, as a single issue for federal tax purposes. We have served as Bond Counsel with respect to the issuance of the Series [C][D] Bonds and the Series D Notes and, on the date hereof, we have rendered our opinion with respect to the exclusion of interest on the Series [C][D] Bonds and the Series D Notes from gross income for federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on both the Bonds, the Series [C][D] Bonds and the Series D Notes to become subject to federal income taxation retroactive to the date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

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

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income

for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code.

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

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

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

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

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

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Bonds or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Town, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Bonds.

Very truly yours,

APPENDIX E

**FORM OF APPROVING LEGAL OPINIONS OF BOND COUNSEL
FOR THE NOTES**

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street, 41st floor
New York, New York 10007

September 24, 2020

The Town Board of the
Town of North Hempstead, in the
County of Nassau, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of North Hempstead (the “Town”), in the County of Nassau, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$15,085,992 Bond Anticipation Notes-2020 Series C (the “Notes”) of the Town, dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Concurrently with the issuance of the Notes, the Town is issuing its \$4,292,666 Public Improvement Serial Bonds-2020 Series C and \$5,000,000 Public Improvement Serial Bonds-2020 Series D (collectively, the “Bonds”). The Notes are treated, together with the Bonds, as a single issue for federal tax purposes. We have served as Bond Counsel with respect to the issuance of the Bonds and, on the date hereof, we have rendered our opinion with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on both the Notes and the Bonds to become subject to federal income taxation retroactive to the date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

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

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue

Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code.

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

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

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

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

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

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Notes or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Town, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Notes.

Very truly yours,

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE BONDS

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

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

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

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

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

“Issuer” shall mean the **Town of North Hempstead**, in the County of Nassau, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Supervisor as of September 24, 2020.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s [**\$4,292,666 Public Improvement Serial Bonds-2020 Series C**][**\$5,000,000 Public Improvement Serial Bonds-2020 Series D**], dated September 24, 2020, maturing in various principal amounts on September 15 in each of the years 2021 to [2033][2040], inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York, to the EMMA System:

- (i) (A) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2020, the Annual Information relating to such fiscal year, and (B) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2020, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then available; provided, however, that

if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933; and

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;
 - (7) modifications to rights of Securities holders, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Securities, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the

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

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (15) incurrence of a Financial Obligation, of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
 - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.
- (iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

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

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

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the heading "LITIGATION" and in Appendix A under the headings: "THE TOWN," "FINANCIAL FACTORS," "TAX INFORMATION," "TOWN INDEBTEDNESS" and "ECONOMIC AND DEMOGRAPHIC DATA" and in Appendix B.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the

EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or

practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of September 24, 2020.

TOWN OF NORTH HEMPSTEAD

By _____
Supervisor and Chief Fiscal Officer

APPENDIX G

FORM OF CERTIFICATE TO PROVIDE NOTICES OF EVENTS FOR THE NOTES

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

“Financial Obligation” shall mean “financial obligation” as such term is used in the Rule.

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

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

“Issuer” shall mean Town of North Hempstead, in the County of Nassau, a municipal corporation of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the Supervisor as of September 24, 2020.

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

“Securities” shall mean the Issuer’s \$15,085,992 Bond Anticipation Note-2020 Series C, dated September 24, 2020, maturing on September 24, 2021, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through **Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021**, to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

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

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of September 24, 2020.

TOWN OF NORTH HEMPSTEAD, NEW YORK

By _____
Supervisor