

**NEW ISSUE
BOOK-ENTRY-ONLY BONDS**

RATINGS: (See “RATINGS” herein)

In the opinion of Bond Counsel to the County, under existing statutes, regulations, administrative rulings, and court decisions, and assuming continuing compliance by the County with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), and the accuracy of certain representations made by the County, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes and is not an “item of tax preference” for purposes of the Federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, interest on the Notes is not excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that under existing statutes interest on the Bonds and the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). No opinion is expressed regarding other Federal or State tax consequences arising with respect to the Bonds. See “TAX MATTERS” herein.

The Bonds will NOT be designated by the County as “qualified tax-exempt obligations” pursuant to the provision of Section 265 of the Code.

**COUNTY OF SUFFOLK
NEW YORK**

\$54,125,000*

**PUBLIC IMPROVEMENT SERIAL BONDS – 2019 SERIES A
(the “Bonds”)**

Date of Issue: Date of Delivery

**Maturity Dates: April 1, 2020-2033
(as shown on the inside cover)**

\$13,000,000*

**BOND ANTICIPATION NOTES – 2019 SERIES A (FEDERALLY TAXABLE)
(the “Notes”)**

Date of Issue: June 27, 2019

Maturity Date: June 26, 2020

The Bonds and the Notes are general obligations of the County of Suffolk, New York (the “County”), and will contain a pledge of the faith and credit of the County 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 County, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011 of the State of New York. See “TAX LEVY LIMITATION LAW,” herein.

The Bonds are dated their Date of Delivery and will bear interest from such date until maturity. Interest on the Bonds will be payable on April 1, 2020, October 1, 2020 and semi-annually thereafter on April 1 and October 1 in each year until maturity. The Bonds will mature on April 1st in the years and amounts as shown on the inside cover page hereof. The Bonds maturing in certain years are subject to redemption prior to their stated maturity. (See “THE BONDS – Optional Redemption,” herein.)

The Notes are dated their Date of Issue and bear interest from that date until June 26, 2020, 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.

The Bonds and the Notes 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”), Jersey City, New Jersey. DTC will act as securities depository for the Bonds and the Notes. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds and the Notes. Payment of the principal of and interest on the Bonds and the Notes will be made by the County to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds and the Notes as described herein. See “THE BONDS AND THE NOTES – Book-Entry-Only System” herein.

The Bonds and the Notes are offered when, as, and if issued by the County and accepted by the purchaser(s), subject to the receipt of the respective final approving opinions of Harris Beach PLLC, Hempstead, New York, Bond Counsel to the County, and certain other conditions. Capital Markets Advisors, LLC has served as Municipal Advisor to the County in connection with the issuance of the Bonds and the Notes. It is expected that delivery of the Bonds and the Notes in book-entry form, will be made in New York, New York on June 27, 2019.

Harris Beach PLLC has not participated in the preparation of the demographic, financial or statistical data contained in this Official Statement, nor verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion with respect thereto.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE COUNTY FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”) EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS DESCRIBED HEREIN. FOR A DESCRIPTION OF THE COUNTY’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AND THE NOTES AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING” HEREIN.

Dated: June __, 2019

* Preliminary, subject to change pursuant to the accompanying Notices of Sale, as described on the inside cover page hereof.

The Bonds mature on April 1 in the years, subject to optional redemption, as set forth below:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>
2020	\$3,070,000	%	%		2027	\$3,900,000	%	%	
2021	3,470,000				2028**	3,980,000			
2022	3,535,000				2029**	4,070,000			
2023	3,600,000				2030**	4,165,000			
2024	3,670,000				2031**	4,260,000			
2025	3,745,000				2032**	4,365,000			
2026	3,820,000				2033**	4,475,000			

* The aggregate principal amount of the Bonds and the principal maturities thereof are subject to adjustment following their sale, pursuant to the terms of the accompanying Notice of Bond Sale to permit the County to comply with the applicable provisions of Federal tax law relating to overissuance.

** Subject to optional redemption prior to maturity.

*** CUSIP numbers have been assigned by an independent company not affiliated with the County and are included solely for the convenience of the holders of the Bonds. The County is not responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the Bonds or as indicated above.

THE UNDERSIGNED HAS SERVED AS MUNICIPAL ADVISOR TO THE COUNTY REGARDING THIS FINANCING.

Capital Markets Advisors, LLC
Great Neck and New York, New York
(516) 487-9817

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

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APPENDIX A

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APPENDIX B – LINK TO AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

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OFFICIAL STATEMENT

of the

COUNTY OF SUFFOLK, NEW YORK

Relating to

\$54,125,000*

PUBLIC IMPROVEMENT SERIAL BONDS – 2019 SERIES A

and

\$13,000,000*

BOND ANTICIPATION NOTES – 2019 SERIES A (FEDERALLY TAXABLE)

This Official Statement, including its cover page and appendices, presents information relating to the County of Suffolk, New York (the “County” and “State”, respectively), in connection with the sale of \$54,125,000* Public Improvement Serial Bonds – 2019 Series A (the “Bonds”) and \$13,000,000* Bond Anticipation Notes – 2019 Series A (Federally Taxable) (the “Notes”), by the County.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the County 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 County relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and the Notes and such proceedings.

THE BONDS

Description

The Bonds are dated their Date of Delivery and will bear interest from such date until maturity. Interest on the Bonds will be payable on April 1, 2020, October 1, 2020 and semi-annually thereafter on April 1 and October 1 in each year until maturity. The Bonds shall mature on April 1 in the years in the principal amounts specified on the inside cover page hereof. The Bonds maturing in certain years will be subject to redemption prior to their stated maturity. (See “THE BONDS AND THE NOTES – Optional Redemption” herein).

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”), Jersey City, New Jersey. DTC will act as Securities Depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds.

Payments of principal of and interest on the Bonds will be made by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent disbursement to the Beneficial Owners of the Bonds as described under “THE BONDS – 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 County referred to therein.

The record date for payment of principal of and interest on the Bonds will be the fifteenth day of the calendar month preceding each interest payment date.

* Preliminary, subject to change pursuant to the accompanying Notices of Sale, as described on the inside cover page hereof.

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution, the laws of the State, including the Local Finance Law and the County Charter, and various bond resolutions duly adopted by the County Legislature on their respective dates to provide funding for the purposes listed on the following pages. The proceeds of the Bonds will be used to provide additional original or original project financing for the projects listed below:

<u>Resolution</u>	<u>Project Description</u>	<u>Amount to Bonds</u>
85 2008	Acquisition of Land for Workforce Housing Program	\$ 6,749
1064 2009	Restoration of Smith Point Park	125,000
744 2011	Downtown Revitalization Program - Phase X	15,000
1145 2011	Improvements to County Campgrounds	275,000
440 2013	Improvements to the Brentwood Health Center	2,253,208
468 2013	Construction for Energy Conservation and Safety Improvements to the H. Lee Dennison Building	380,000
849 2013	Construction of Improvements and Lighting at County Parks	85,000
149 2014	Construction for Energy Conservation and Safety Improvements to the H. Lee Dennison Building	120,000
622 2014	Planning for Reconstruction of County Route ("CR") 97, Nicolls Road (Including Connect LI Component)	50,000
734 2014	Bulkheading Improvements at Various Locations	100,000
737 2014	Reconstruction of CR48, Middle Rd, Southold	1,883,784
768 2014	Jumpstart Suffolk Program for Infrastructure Improvements for the Ronkonkoma Hub Project	2,300,000
875 2014	Downtown Revitalization Program - Phase XII	43,327
927 2014	Planning Improvements to North Fork Preserve	25,000
953 2014	Acquisition of Land for Workforce Housing	329,655
206 2015	Construction of the Riverhead County Center Power Plant Upgrade	800,000
212 2015	Construction Improvements to CR 10, Elwood Road	224,993
724 2015	Bulkheading Improvements at Various Locations	300,000
798 2015	Downtown Revitalization Program - Phase XIII	100,000
826 2015	Improvements to the Water Supply System at Various County Facilities	20,496
909 2015	Construction Restoration of Bald Hill School House and Grounds	28,125
950 2015	Engineering Costs in Connection with Improvements to CR35, Park Avenue, Huntington	150,000
1022 2015	Acquisition of Land for Workforce Housing	494,255
467 2016	New Enhanced Suffolk County Water Quality Protection Program-2014 Referendum-Land Purchases	33,199
467 2016	New Enhanced Suffolk County Water Quality Protection Program-2014 Referendum-Land Purchases	4,089,975
587 2016	Application and Removal of Lane Markings	210,000
587 2016	Application and Removal of Lane Markings	100,000
594 2016	Pavement Resurfacing of CR48, Middle Road, from the Vicinity of Cox Neck Rd to the Vicinity of Horton Lane	248,000
689 2016	Construction Modifications for Compliance with Americans with Disabilities Act	50,000
996 2016	Construction for the Restoration and Preservation of the Cedar Island Lighthouse	175,000

<u>Resolution</u>		<u>Project Description</u>	<u>Amount to Bonds</u>
1030	2016	Equipment for Traffic Signal Improvements	\$ 150,000
1032	2016	Planning Costs in Connection with Assessment of Information System and Equipment for Public Works	50,000
1034	2016	Planning for the Public Works Material Testing Laboratory	10,000
1082	2016	Downtown Revitalization Program - Phase XIV	104,400
1146	2016	Planning Costs in Connection with Start-Up/NY/Suffolk County-Huntington Sta. Sewer Feasibility Study	200,000
1146	2016	Planning Costs in Connection with Start-Up/NY/Suffolk County-Gateway to Patchogue/Blue Point Brewery Relocation	25,000
1146	2016	Planning Costs in Connection with Start-Up/NY/Suffolk County-Village of Lindenhurst	76,768
1155	2016	Acquisition of Land for Workforce Housing	676,090
1166	2016	Improvements to Cupsogue County Park	120,000
1174	2016	Planning and Design for the Rehabilitation of Guggenheim Lake (Deer Lake) in the Towns of Babylon and Islip	50,000
42	2017	Construction Improvements to Buildings and Facilities Countywide	100,000
46	2017	Renovation of Surrogates Court-Riverhead County Center	500,000
126	2017	Planning Costs Associated with Improvements at the Forensic Science Medical and Legal Investigative Consolidated Laboratory	100,000
128	2017	Acquisition of Equipment for Med-Legal Investigations and Forensic Sciences	41,489
136	2017	Purchase of Paratransit Vehicles for Suffolk County	384,257
253	2017	Improvements to Van Bourgondien County Park	300,000
279	2017	Construction of Improvements to the Riverside Traffic Circle	400,000
292	2017	Planning and Design Costs Associated with the Replacement of Smith Point Bridge, Town of Brookhaven	110,000
399	2017	Renovations/Improvements to the Cohalan Court Complex	125,000
468	2017	Reconstruction of Spillways in County Parks	22,000
473	2017	Construction of the Communication System Site Rehabilitation	213,882
494	2017	Pavement Resurfacing of CR50, Union Boulevard from the Vicinity of NY 109 to the Vicinity of NY 27A, Towns of Islip and Babylon	1,000,000
496	2017	Reconstruction of the Shinnecock Canal Locks, Town of Southampton	250,000
504	2017	Feasibility Study for Sidewalks on CR39, Town of Southampton	60,000
553	2017	Construction for Stabilization, Preservation and Restoration of Historic Structures and Buildings at County Parks	300,000
560	2017	Planning Improvements to Gardiner County Parks/Sagtikos Manor	50,000
572	2017	Construction Improvements to the County Correctional Facility C-141, Riverhead	650,000
574	2017	Construction Renovations to the Yaphank Correctional Facility	100,000
582	2017	Reconstruction of Culverts	250,000
585	2017	Planning in Connection with the Dredging of County Waters	25,000
595	2017	Planning Costs Associated with Traffic Safety Improvements for CR9, Greenlawn Road	50,000
754	2017	Median Improvements to Various County Roads	125,000
824	2017	Downtown Revitalization Program - Phase XV	60,180
836	2017	Acquisition of Equipment for Groundwater Monitoring and Well Drilling	70,893

<u>Resolution</u>		<u>Project Description</u>	<u>Amount to Bonds</u>
854	2017	Planning Improvements to CR36, South Country Road	\$ 50,000
856	2017	Planning Costs Associated with Improvements to CR4, Commack Road	180,000
858	2017	Reconstruction of CR48, Middle Road from Horton Avenue to Main Street	500,000
862	2017	Construction for Improvements to Transportation Oriented Facilities-Connect Long Island	329,854
864	2017	Engineering Costs in Connection with the Reconstruction of CR97, Nicolls Road	30,000
866	2017	Engineering Costs in Connection with the Construction of the Gateway to Patchogue Project	25,000
870	2017	Planning for Improvements to CR10, Elwood Road	50,000
880	2017	Installation of Fire, Security and Emergency Systems at County Facilities	20,000
950	2017	Planning Costs Associated with Improvements to Peconic Dunes County Park	125,000
973	2017	Planning Improvements to County Campgrounds	30,000
993	2017	Complete Streets Fund	50,000
1010	2017	Bulkheading Improvements at Various Locations	1,250,000
1072	2017	Planning for Improvements to the Mental Hygiene Consolidated Data Management System	65,000
1095	2017	Improvements to County Center C-001, Riverhead	500,000
1098	2017	Improvements to CR 1, County Line Road	1,000,000
1114	2017	Construction of Stormwater Improvements to the Northeast Branch of the Nissequogue River	100,000
1157	2017	Engineering Costs for the Connect Long Island Plan, Including CR97 Nicolls Road	49,173
1217	2017	Renovation of Surrogates Court-Riverhead County Center	500,000
112	2018	Fencing and Surveying of Various County Parks	50,000
202	2018	Purchase of Replacement Public Safety Vehicles	600,000
208	2018	Strengthening and Improving of County Roads	2,004,447
276	2018	Construction for Brownfields Program, Yaphank Fire Training Program	112,000
290	2018	Replacement/Clean-up of Fossil Fuel, Toxic and Hazardous Material Storage Tanks	150,000
295	2018	Replacement of the CR16, Horseblock Road Bridge over the Long Island Rail Road, Town of Brookhaven	500,000
299	2018	Pavement Resurfacing of CR80, Montauk Hwy from Vicinity of CR101, Sills Road to the Vicinity of NY24	201,000
381	2018	Removal of Toxic and Hazardous Material and Components at Various County Facilities	50,000
413	2018	Installation of Fire, Security and Emergency Systems at County Facilities	20,000
587	2018	Construction Costs Associated with the Port Jefferson-Wading River Rails to Trails Pedestrian and Bicycle Path	500,000
588	2018	Site Improvements in Connection with the Restoration of Canaan Lake	150,000
590	2018	Pavement Resurfacing of CR4, Commack Road from the Vicinity of Julia Circle to the Vicinity of NY25; and CR13, Crooked Hill Road from the Vicinity of Henry Street to the Vicinity of CR4, Commack Road	750,000

<u>Resolution</u>		<u>Project Description</u>	<u>Amount to Bonds</u>
655	2018	Site Improvements in Connection with the Dredging of County Waters	\$ 2,300,000
716	2018	Acquisition of Equipment for the Environmental Health Laboratory	360,000
724	2018	Planning Costs Associated with Improvements at the Forensic Science Medical and Legal Investigative Consolidated Laboratory	200,000
728	2018	Upgrades to Sewer Disposal Systems at Various County Park Locations, Pursuant to The Enhanced Suffolk County Water Quality Protection Program-Sewer Improvement Projects	200,000
731	2018	Renovations/Improvements to the Cohalan Court Complex	250,000
803	2018	Acquisition of Equipment for Groundwater Monitoring and Well Drilling	51,495
815	2018	Planning Improvements to the County Correctional Facility C-141, Riverhead	208,000
819	2018	Acquisition of Marine and Helicopter Equipment	320,215
822	2018	Building Renovations, Upgrades and Improvements to the Forensic Sciences Medical and Legal Investigative Consolidated Laboratory	350,000
829	2018	Security Related Improvements to the Bomarc Site, Westhampton	65,000
830	2018	Replacement of Dredge Support Equipment	380,000
839	2018	Construction for Energy Conservation Improvements to Various	500,000
851	2018	Improvements to Building 158-Civil Service/4th District Court, Hauppauge	100,000
957	2018	Planning for the Purchase of Equipment for Med-Legal Investigations and Forensic Sciences	48,000
957	2018	Acquisition of Equipment for Med-Legal Investigations and Forensic Sciences	86,000
968	2018	Rehabilitation of Parking Lots, Sidewalks, Drives and Curbs at Various County Facilities	750,000
971	2018	Purchase of Non-Public Safety Vehicles	750,000
981	2018	Installation of Fire, Security and Emergency Systems at County Facilities	250,000
991	2018	Improvements to CR 35 Park Avenue, Town of Huntington	30,000
1018	2018	Planning Costs Associated with Improvements to CR 21	25,000
1128	2018	Acquisition of Buildings Operations and Maintenance Equipment for the Department of Public Works	100,000
697	2016	Purchase of Public Works Fleet Maintenance Equipment	76,895
938	2017	Countywide Replacement of Computer Equipment/Infrastructure	450,000
288	2018	Purchase of Public Works Highway Maintenance Equipment	1,000,000
617	2018	Planning for Fiber Cabling Network and WAN Technology Upgrades	50,000
617	2018	Equipment for Fiber Cabling Network and WAN Technology	450,000
619	2018	Planning for the Suffolk County Disaster Recovery Project	25,000
619	2018	Equipment for the Suffolk County Disaster Recovery Project	325,000
621	2018	Planning for the Acquisition of Hardware and Related Software for Globally Managed Network Protection and Security	35,000
621	2018	Acquisition of Hardware and Related Software for Globally Managed Network Protection and Security	300,000
1091	2018	Countywide Replacement of Computer Equipment/Infrastructure	250,000
496	2018	Settlement in a General Liability Case Against the County	1,850,000
688	2018	Settlement in a General Liability Case Against the County	300,000

<u>Resolution</u>		<u>Project Description</u>	<u>Amount to Bonds</u>
782	2018	Settlement in a General Liability Case Against the County	\$ 175,000
111	2019	Settlement in a General Liability Case Against the County	1,500,000
611	2017	Planning for the Building Extension for the Property Bureau	75,000
202	2018	Purchase of Replacement Public Safety Vehicles	1,400,000
1145	2010	Improvements to the Facilities of Sewer District No. 3 - Southwest (Infiltration/Inflow)	900,000
1038	2011	Improvements to the Facilities of Sewer District No. 3 - Southwest (Infiltration/Inflow)	100,000
90	2017	Improvements to Suffolk County Sewer District No. 3-Southwest-Ronkonkoma Hub Project	2,000,000
850	2014	Construction Improvements to Suffolk County Sewer District No. 11-Selden	57,352
1133	2015	Construction Improvements to Suffolk County Sewer District No. 11-Selden	100,000
1144	2015	Construction Improvements to Suffolk County Sewer District No. 16-Yaphank	109,844
692	2015	Construction of the Renewable Energy and STEM Center-Grant Campus Suffolk County Community College ("SCCC")	75,000
1098	2015	Construction for Capital Improvements to New and Existing Facilities (SCCC)	100,000
556	2016	Infrastructure Improvements for SCCC-College Wide	200,000
845	2016	Construction Renovations of Kreiling Hall-Ammerman Campus-(SCCC)	790,000
934	2016	Construction of the Plant Operations Building-Grant Campus (SCCC)	150,000
1060	2017	Construction Renovations to the Sagtikos Building-Grant Campus (SCCC)	250,000
1062	2017	Infrastructure Improvements for SCCC-College Wide	<u>2,000,000</u>
Total:			<u>\$ 54,125,000</u>

THE NOTES

Description of the Notes

The Notes are to be issued in the aggregate principal amount of \$13,000,000* on June 27, 2019, shall bear interest from that date and mature on June 26, 2020. Interest on the Notes will be calculated based on a thirty (30) day month and a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity. The Notes will be issued in 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 for the Notes. Individual purchases will be made in book-entry-only form in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interests in the Notes.

The principal of and interest on the Notes will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants (defined herein), for subsequent distribution to the Beneficial Owners (defined herein) of the Notes as described herein. The Notes may be transferred in the manner described on the Notes and as referenced in certain proceedings of the County referred to therein. (See also "THE BONDS AND THE NOTES – Book-Entry-Only System", herein.)

* Preliminary, subject to change.

Authority for and Purpose of the Notes

The Notes are issued pursuant to the Constitution, the laws of the State, including the Local Finance Law, the County Charter, and Bond Resolution No. 90-2017 duly adopted by the County Legislature on March 7, 2017 authorizing the issuance of up to \$25,000,000 in serial bonds of the County to finance the cost of improvements to the Suffolk County Sewer District No. 3 – Southwest – Ronkonkoma Hub Project. The County previously issued \$10,000,000 in bonds to finance a portion of the cost of such project and \$2,000,000 of the proceeds from the sale of the Bonds is to be used to provide additional financing therefor. The proceeds from the sale of the Notes will be used to provide additional financing pursuant to this authorization.

THE BONDS AND THE NOTES

Optional Redemption

The Bonds maturing on or before April 1, 2027 are not subject to redemption prior to their stated maturity. The Bonds maturing on or after April 1, 2028 will be subject to redemption prior to their stated maturity, at the option of the County, on any date on or after April 1, 2027, 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 of 100% of the par amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

The County may select the maturities of the Bonds to be redeemed and the amount to be redeemed of each maturity selected, as the County shall determine to be in the best interest of the County 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 County by lot in any customary manner of selection as determined by the County Comptroller. 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 are not subject to optional redemption prior to maturity.

Nature of Obligation

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

The Bonds and the Notes will be general obligations of the County and will contain a pledge of the faith and credit of the County for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the County has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the County, subject to applicable statutory limits (see “TAX LEVY LIMITATION LAW” herein).

Under the Constitution of the State, the County 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 County to levy taxes on real estate therefor. However, Chapter 97 of the Laws of 2011 of the State of New York, as amended, imposes a statutory limitation on the County’s power to increase its annual tax levy, unless the County complies with certain procedural requirements to permit the County to levy certain year-to-year increases in real property taxes (See “TAX LEVY LIMITATION LAW” herein).

Book-Entry-Only System

The Depository Trust Company (“DTC”), Jersey City, New Jersey, will act as securities depository for the Bonds and the Notes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s

partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. One fully-registered note certificate will be issued for each Note which bears the same rate of interest and CUSIP number, in the aggregate principal amount of such Note, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation 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 with respect to the Bonds shall be sent to DTC. If less than all of the Bonds are to be redeemed, DTC's practice is to determine by lot the amount of the interest of all Direct Participants is to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds or the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus

Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 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 County, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, 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 County. Under such circumstances, in the event that a successor depository is not obtained, bond and note certificates are required to be printed and delivered.

The County 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 County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, the counties comprising New York City and the Big 5 City School Districts (Buffalo, Rochester, Syracuse, Yonkers and New York). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. On April 12, 2019, the enacted State budget legislation made the Tax levy Limitation Law permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State's highest court, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the city’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit”, are used and they are not tautological. That is what the words say and that is what courts have held they mean.”

Article 8 Section 12 of the State Constitution specifically provides as follows:

“It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the *Flushing National Bank* case stated:

“So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted....While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the *Flushing National Bank* case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of municipalities.

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

It is possible that the Tax Levy Limitation Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although courts in New York have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such legal challenge cannot be predicted.

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

The financial condition of the County as well as the market for the Bonds and the Notes could be affected by a variety of factors, some of which are beyond the County's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality 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 the Notes. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the County to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Bonds and the Notes, could be adversely affected.

The County is dependent in part on financial assistance from the State in the form of State aid. No delay in payment of State aid to the County is presently anticipated although no assurance can be given that there will not be a delay in payment thereof. In some years, the County received delayed payments of State aid, which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations.

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire district in the State, including the County, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the County, could have an impact upon the finances of the County and hence the market price for the Bonds and the Notes. See "TAX LEVY LIMITATION LAW" herein.

TAX MATTERS FOR THE BONDS

In the opinion of Harris Beach PLLC, Bond Counsel to the County, based on existing statutes, regulations, administrative rulings and court decisions and assuming compliance by the County with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for Federal income tax purposes.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various limitations, conditions and other requirements which must be met at and subsequent to the date of issue of the Bonds in order that interest on the Bonds, as applicable, will be and remain excluded from gross income for Federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Bonds, and in certain circumstances, payment of amounts in respect of such proceeds to the United States. Failure to comply with the requirement of the Code may cause interest on the Bonds to be includable in gross income for purposes of Federal income tax, possibly from the respective dates of issuance of the Bonds. In the Arbitrage and Use of Proceeds Certificate of the County to be executed in connection with the issuance of the Bonds, the County will covenant to comply with certain procedures and it will make certain representations and certifications, designed to assure satisfaction of the requirements of the Code in respect to the Bonds. The opinion of Bond Counsel assumes compliance with such covenants and the accuracy, in all material respects, of such representations and certificates.

Bond Counsel is of the further opinion that interest on the Bonds is not an "item of tax preference" for purposes of Federal alternative minimum tax on individuals. Corporate purchasers of the Bonds should consult their tax advisors concerning the computation of any alternative minimum tax.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds, and the accrual or receipt of interest thereon, may have collateral Federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences of their ownership of the Bonds and their accrual or receipt of interest thereon. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

The Bonds will NOT be designated as "qualified tax exempt obligations" within the meaning of, and pursuant to Section 265(b)(3) of the Code.

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

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the respective dates of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds.

No assurance can be given that any future legislation, including amendments to the Code or the State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Bonds to be subject to Federal or State income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decision or action of the Internal Revenue Service or any State taxing authority, including, but not limited to, the promulgation of a regulation or ruling, or the selection of the Bonds for audit examination, or the course or result of any Internal Revenue Service examination of the Bonds or of obligations which present similar tax issues, will not affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

All summaries and explanations of provisions of law do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

ALL PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE BONDS.

TAX MATTERS FOR THE NOTES

In the opinion of Bond Counsel, interest on the Notes is NOT excluded from gross income for federal income tax purposes.

General

The following discussion summarizes certain United States ("U.S.") federal tax considerations generally applicable to holders of the Notes that acquire the Notes in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, and any such change could have retroactive effect. Prospective investors should also note that no rulings have been or are expected to be sought from the Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, financial institutions, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, persons holding the Notes as a hedge against currency risks or as a position in a "straddle" for tax purposes, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a holder. In addition, this summary generally is limited to investors that acquire the Notes pursuant to this initial offering for the issue price that is applicable to such Notes (i.e., the price at which a substantial amount of the Notes are sold to the public) and who will hold the Notes as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Note that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust).

As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Note (other than a partnership) that is not a U.S. Holder. If a partnership holds Notes, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Notes, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Notes (including their status as U.S. Holders or Non-U.S. Holders).

U.S. Holders

Interest on Notes. Payments of interest on the Notes will be included in gross income for U.S. federal income tax purposes of a U.S. Holder as ordinary income at the time the interest is paid or accrued in accordance with the U.S. Holder’s regular method of accounting for tax purposes, provided such interest is “qualified stated interest,” as defined below.

U.S. Holders may generally, upon election, include in income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) that accrues on a debt instrument by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions. This election will generally apply only to the debt instrument with respect to which it is made and may be revoked only with the consent of the IRS.

Premium. If a U.S. Holder purchases a Note for an amount that is greater than the sum of all amounts payable on such Note after the purchase date, other than payments of qualified stated interest, such U.S. Holder will be considered to have purchased such Note with “amortizable note premium” equal an amount to such excess. A U.S. Holder may elect to amortize such premium using a constant yield method over the remaining term of such Note and may offset interest otherwise required to be included in respect of such Note during any taxable year by the amortized amount of such premium for the taxable year. Note premium on a Note held by a U.S. Holder that does not make such an election will decrease the amount of gain or decrease the amount of loss otherwise recognized on the disposition of such Note. Any election to amortize note premium applies to all taxable debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Disposition of Notes. Except as discussed above, upon the sale, exchange, redemption or retirement of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or retirement (other than amounts representing accrued and unpaid interest) of such Note and such U.S. Holder’s adjusted tax basis in such Note. A U.S. Holder’s adjusted tax basis in a Note generally will equal such U.S. Holder’s initial investment in the Note increased by accrued market discount, if any, if the U.S. Holder has included such market discount in income, and decreased by the amount of any payments, other than qualified stated interest payments, received and amortizable note premium taken with respect to such Note. Such gain or loss generally will be long-term capital gain or loss if the Note has been held by the U.S. Holder at the time of disposition for more than one year. If the U.S. holder is an individual, long-term capital gain will be subject to reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

Non-U.S. Holders

A Non-U.S. Holder who is an individual or corporation (or an entity treated as a corporation for U.S. federal income tax purposes) holding Notes on its own behalf will not be subject to U.S. federal income tax on payments of principal of, or premium (if any), or interest (including original issue discount, if any) on Notes, unless the Non-

U.S. Holder is a bank receiving interest described in Section 881(c)(3)(A) of the Code. To qualify for the exemption from taxation, the Withholding Agent, as defined below, must have received a statement from the individual or corporation that:

- is signed under penalties of perjury by the beneficial owner of the Notes,
- certifies that the owner is not a U.S. holder, and
- provides the beneficial owner's name and permanent residence address.

A "Withholding Agent" is the last U.S. payor (or non-U.S. payor who is a qualified intermediary, U.S. branch of a foreign person or withholding foreign partnership) in the chain of payment prior to payment to a non-U.S. holder (which itself is not a Withholding Agent). Generally, this statement is made on an IRS Form W-8BEN ("W-8BEN"), which is effective for the remainder of the year of signature plus three full calendar years thereafter, unless a change in circumstances makes any information on the form incorrect. Notwithstanding the preceding sentence, a Form W-8BEN with a U.S. taxpayer identification number will remain effective until a change in circumstances makes any information on the form incorrect, provided the Withholding Agent reports at least annually to the beneficial owner on IRS Form 1042-S. The beneficial owner must inform the Withholding Agent within 30 days of any change and furnish a new Form W-8BEN. A Non-U.S. Holder that is not an individual or corporation (or an entity treated as a corporation for U.S. federal income tax purposes) holding Notes on its own behalf may have substantially increased reporting requirements. In particular, in the case of Notes held by a foreign partnership or foreign trust, the partners or beneficiaries rather than the partnership or trust will be required to provide the certification discussed above, and the partnership or trust will be required to provide certain additional information.

A Non-U.S. Holder of Notes whose income from such Notes is effectively connected with the conduct of a U.S. trade or business generally will be taxed as if the holder were a U.S. Holder, provided the holder furnishes to the Withholding Agent a Form W-8ECI.

Certain securities clearing organizations and other entities that are not beneficial owners may be able to provide a signed statement to the Withholding Agent. In that case, however, the signed statement may require a copy of the beneficial owner's Form W-8BEN (or substitute form).

Generally, a Non-U.S. Holder will not be subject to U.S. federal income tax on any amount that constitutes capital gain upon retirement or disposition of Notes, unless the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the retirement or disposition of such Notes, and that gain is derived from sources within the United States. Certain other exceptions may apply, and a Non-U.S. Holder in these circumstances should consult his tax advisor.

Notes will not be includible in the estate of a Non-U.S. Holder unless, at the time of the decedent's death, income from such Notes was effectively connected with the conduct by the decedent of a trade or business in the United States.

Information Reporting and Backup Withholding

Backup withholding of U.S. federal income tax may apply to payments made in respect of the Notes to registered owners who are not "exempt recipients" and who fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Notes to a U.S. Holder must be reported to the IRS, unless U.S. Holder is an exempt recipient or establishes an exemption. Compliance with the identification procedures described in the preceding section would establish an exemption from backup withholding for those Non-U.S. Holders who are not exempt recipients.

In addition, upon the sale of a Notes to or through a broker, the broker must report the sale and withhold the entire purchase price, unless either (i) the broker determines that the seller is a corporation or other exempt recipient or (ii) the seller certifies that such seller is a Non-U.S. Holder (and certain other conditions are met). Certification of the

registered owner's Non-U.S. status would be made normally on an IRS Form W-8BEN under penalties of perjury, although in certain cases it may be possible to submit other documentary evidence.

State and Local Income Taxes

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

Bond Counsel expresses no opinion regarding any other state or local tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on, the Notes.

Interest on the Notes may or may not be subject to state or local income taxes in jurisdictions other than the State of New York under applicable state or local tax laws. Bond Counsel expresses no opinion, however, as to the tax treatment of the Notes under other state or local jurisdictions. Each purchaser of the Notes should consult his or her own tax advisor regarding the taxable status of the Bonds in a particular state or local jurisdiction other than the State of New York.

All summaries and explanations of provisions of law do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES.

LEGAL MATTERS

The legality of the authorization and issuance of each of the Bonds and the Notes will be covered by a separate approving legal opinion of Harris Beach PLLC, Bond Counsel, Hempstead, New York. Each such legal opinion will state that in the opinion of Bond Counsel (i) the Bonds or the Notes, as applicable, have been authorized and issued in accordance with the Constitution and statutes of the State of New York and such Bonds and Notes constitute valid and legally binding general obligations of the County, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and the Notes and interest thereon, subject to the applicable statutory limitations set forth in Chapter 97 of the Laws of 2011 of the State of New York (See "TAX LEVY LIMITATION LAW" herein); provided, however, that the enforceability (but not the validity) of the Bonds or the Notes, as applicable, may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights; (ii) with respect to the Bonds only, under existing statutes, regulations, administrative rulings and court decisions, interest on the Bonds is excluded from the gross income of the owners thereof for Federal income tax purposes and is not an "item of tax preference" for purposes of the Federal alternative minimum taxes imposed on; (iii) with respect to the Notes only, the interest thereon is not excluded from gross income for federal income tax purposes; (iv) interest on the Bonds or the Notes, as applicable, is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York); and (v) with respect to the Bonds only, based upon Bond Counsel's examination of law and review of the arbitrage certificate to be executed by the County Comptroller in connection with the issuance of the Bonds pursuant to Section 148 of the Code and the regulations thereunder, the facts, estimates and circumstances as set forth in said arbitrage certificate are sufficient to support the conclusion that the Bonds will not be "arbitrage bonds" within the meaning of said section, and no matters have come to Bond Counsel's attention which makes unreasonable or incorrect the representations made in said arbitrage certificate. Bond Counsel will express no opinion regarding other Federal or State income tax consequences arising with respect to the Bonds and the Notes.

Each such legal opinion will also state that (i) in rendering the opinion expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the genuineness of the

signatures appearing upon such public records, documents and proceedings and such certifications thereof; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Bonds or the Notes, as applicable, has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the County together with other legally available sources of revenue, if any, will be sufficient to enable the County to pay the principal of and interest on the Bonds or the Notes, as applicable, as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the County, would materially affect the ability of the County to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the County, in connection with the sale of the Bonds or the Notes, as applicable, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

DISCLOSURE UNDERTAKINGS

Disclosure Undertaking for the Bonds

At the time of the delivery of the Bonds, the County will provide an executed copy of its "Undertaking to Provide Continuing Disclosure" (the "Bond Undertaking"). Said Bond Undertaking will constitute a written agreement or contract of the County for the benefit of holders of and owners of beneficial interests in the Bonds, to provide, or cause to be provided 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 Bond Undertaking:

(1) (i) certain annual financial information, in a form generally consistent with the information contained or cross-referenced in this Official Statement in Appendix A under the headings: "THE COUNTY OF SUFFOLK," "INDEBTEDNESS OF THE COUNTY," "CAPITAL PLANNING AND BUDGETING," "FINANCIAL FACTORS," "ADDITIONAL FINANCIAL INFORMATION," "REAL PROPERTY TAXES," "STATISTICAL INFORMATION" and "LITIGATION" on or prior to the end of the sixth month following the end of each fiscal year, commencing with the fiscal year ending December 31, 2018 and (ii) the audited financial statement, if any, of the County for each fiscal year commencing with the fiscal year ending December 31, 2018 on or prior to the end of the six month following the end of such fiscal year, unless such audited financial statement, if any, shall not then be available in which case the unaudited financial statement shall be provided by the end of the sixth month following the end of such fiscal year and an audited financial statement shall be provided within 60 days after it becomes available and in no event later than the end of the twelfth month after the end of each fiscal year;

(2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the County; [note to clause (xii): For the purposes of the event identified in clause (xii) 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 County 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 County, 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 County]; (xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.

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

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

(3) in a timely manner, notice of a failure to provide the annual financial information by the date specified.

The County may disseminate any other information in addition to that referred to in paragraph (1) above in the manner described herein or in any other manner. If the County disseminates any such other additional information, it shall have no obligation to update such information or to include it in any subsequent materials disseminated pursuant to the Bond Undertaking.

The County’s Bond Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Rule which require the Bond Undertaking, or such provision, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Bond Undertaking is an action to compel specific performance of the undertakings of the County, and no person or entity, including a holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the County to comply with the Bond Undertaking will not constitute a default with respect to the Bonds.

The County reserves the right to amend or modify the Bond Undertaking under certain circumstances set forth therein; provided that any such amendment or modification will be done in a manner consistent with Rule 15c2-12, as amended, and provided further that such amendment or modification shall not adversely affect the interests of the holders of the Bonds in any material respect. In making such determinations, the County shall rely upon an opinion of nationally recognized bond counsel.

Disclosure Undertaking for the Notes

This Official Statement is in a form “deemed final” by the County for the purposes of Securities and Exchange

Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Notes, the County will provide an executed copy of its “Undertaking to Provide Notices of Certain Events” (the “Note Undertaking”). Said Note Undertaking will constitute a written agreement or contract of the County for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, 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, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties (the County has not established a debt service reserve in connection with the issuance of the Notes); (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the County; [note to clause (xii): For the purposes of the event identified in clause (xii) 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 County 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 County, 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 County]; (xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.

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

The County may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Notes, but the County does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

The Note Undertaking shall remain in full force and effect until such time as the principal of, redemption premium, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Note Undertaking is an action to compel specific performance of the undertakings of the County, and no person or entity, including a holder of the Notes shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the County to comply with an Note Undertaking will not constitute a default with

respect to the Notes.

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

Compliance History

The continuing disclosure undertakings or agreements executed by the County in accordance with the Rule with respect to each of its general obligation serial bond borrowings required the County to annually file with EMMA, certain annual financial information in the form generally consistent with the information contained in or cross-referenced in the official statements for such serial bond issues and its audited financial statements for each fiscal year. For fiscal year 2013, the County filed its annual financial information 130 days after the due date and filed a failure to timely file notice on October 8, 2014. On December 5, 2017, the County filed a voluntary notice to clarify statements made in prior official statements by the County with respect to the foregoing. The County did not make timely filings of certain event notices in 2014 related to the rating changes of a bond insurance company which insured certain bonds of the County. Although the Official Statement and escrow agreement which included all the required information were filed in a timely manner, the County filed the notice of defeasance with respect to its Refunding Serial Bonds – 2016 Series A one day late.

The County has established procedures to ensure that future filings of continuing disclosure information will be in compliance with The County's obligations under continuing disclosure undertakings entered into prior to February 27, 2019, including transmitting such filings to the MSRB through EMMA. The County Comptroller adopted such written procedures entitled "Continuing Disclosure Procedures" which are available upon request. The County intends on revising these written procedures to incorporate additional procedures relating to events (xv) and (xvi) listed above that were added by the amendment to the Rule that became effective on February 27, 2019.

Except as noted above, the County is in compliance in all material respects with all previous undertakings made pursuant to the Rule 15c2-12, during the past five years.

RATINGS

The County did not apply for ratings on the Notes

The County did not apply to Moody's Investors Service, Inc. ("Moody's") for a rating on the Bonds.

On June 5, 2019, Fitch Ratings, Inc. ("Fitch") affirmed the County's long-term underlying credit rating of 'A-' with a negative outlook and assigned such rating to the Bonds.

On June 5, 2019, S&P Global Ratings ("S&P") affirmed the County's long-term underlying credit rating of 'A-' with a stable outlook and assigned such rating to the Bonds.

On September 20, 2018, Moody's downgraded the County's long-term underlying credit rating from 'A3' to 'Baa1' and revised the outlook from negative to stable.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Corporation, 55 Water Street, New York, New York 10041; and Fitch Ratings, Inc., One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating

agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any of the ratings may have an adverse effect on the market price of the Bonds and the Notes.

MUNICIPAL ADVISOR

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

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

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the County, its operations and the balances, receipts and disbursements of the various funds of the County are prepared by the Department of Finance and the Budget Office of the County, and in certain instances audited by independent certified public accountants. In addition, the County regularly receives reports from consultants, commissions, and special task forces relating to various aspects of the County’s financial affairs, including capital projects, County services, taxation, revenue estimates, pensions, and other matters.

Additional information pertaining to the Official Statement may be obtained upon request from the Office of the County Comptroller, H. Lee Dennison Building, 9th Floor, 100 Veterans Memorial Highway, Hauppauge, New York 11788, telephone (631) 853-5040.

The County will act as Paying Agent with respect to the Bonds and the Notes. The County Clerk, Judith A. Pascale, (631) 852-2000, countyclerk@suffolkcountyny.gov shall be the Paying Agent contact.

Any statements made in the 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. The Official Statement is not to be construed as a contract or agreement between the County and the 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 County nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the County 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 County also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

COUNTY OF SUFFOLK, NEW YORK
Department of Audit & Control

BY: _____
John M. Kennedy, Jr.
County Comptroller

Dated: June __, 2019

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APPENDIX A

THE COUNTY OF SUFFOLK

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THE COUNTY OF SUFFOLK

General Overview

Suffolk County (the “County”) was established on November 1, 1683 as one of the ten original counties in New York State. The County comprises the eastern two-thirds of Long Island and its western border is approximately 15 miles from the eastern border of New York City. The County is bordered by Nassau County to the west, the Long Island Sound to the north, and the Atlantic Ocean to the south and east. Major population centers within the County are the Towns of Brookhaven, Islip, Babylon, Huntington, and Smithtown, each with populations in excess of 100,000. While land use within the County is predominantly suburban residential, significant amounts of land are also used for commercial, industrial, institutional, parkland, and agricultural purposes. In addition, the Atlantic Ocean, the Long Island Sound and the bays and harbors located within the County are prime attractions, providing swimming, boating and fishing activities for visitors and residents alike. County residents enjoy a high quality of life, supported by high median incomes, relatively low unemployment and crime rates, quality public school systems, and numerous cultural and recreational attractions.

Electricity within the County is supplied primarily by PSEG Long Island (a subsidiary of the Public Service Enterprise Group) and natural gas is supplied by National Grid. The primary supplier of water within the County is the Suffolk County Water Authority, but in some areas it is provided by local water districts. Fire protection is provided by local volunteer fire departments and fire protection districts. Police protection is primarily provided by the Suffolk County Police Department, but in some areas it is provided by local town or village police forces.

Demographics

The population of the County is stable. According to the U.S. Census Bureau, the County had a population of 1,481,093 in 2018, a decrease of 0.8% since the 2010 Census figure. Between 2000 and 2010, the County’s population increased by 5.2%. A slow rate of population growth is expected in the near future. The County’s population is the largest of any county in New York State outside of New York City. According to the U.S. Census Bureau, the County ranks 26th in population out of all 3,143 counties in the United States, and has a larger population than 11 states.

According to the U.S. Bureau of Economic Analysis, total personal income of all County residents amounted to \$98.2 billion in 2017, an increase of 5.1% over the 2016 figure. The County’s 2017 per capita personal income was \$65,758, ranking 4th highest out of the 62 counties in New York State and 95th (in the top 4%) out of all counties in the nation.

As the table below shows, the median household income in the County was \$94,750 in 2017, placing it 57% higher than the median household income in the nation as a whole and ranking it in the top 1% out of all counties in the nation. In addition, the percent of persons living in poverty in the County was 6.8% in 2017, significantly lower than the State and the United States.

Median Household Income and Poverty Rate in the County, with Comparisons

Area	2013		2017	
	Median Household Income	Persons Below Poverty (%)	Median Household Income	Persons Below Poverty (%)
Suffolk County	\$85,439	7.3%	\$94,750	6.8%
Nassau County	96,193	6.1	108,133	6.0
New York State	57,369	16.0	64,894	14.1
United States	52,250	15.8	60,336	13.4

Source: U. S. Census Bureau (American Community Survey)

According to the U.S. Bureau of Labor Statistics, the average annual pay for County residents in 2017 amounted to \$59,320, an increase of 11.3% in the five years since 2012. This increase was greater than inflation over the same period, which was 6.3%.

According to the U. S. Census Bureau, the County has a relatively well-educated population. Among residents age 25 and over in 2017, 90% were high school graduates and 37% held a bachelor’s degree or higher. These figures compare to 88% and 32%, respectively, for the nation as a whole. The County ranks in the top 10% of the nation’s counties with respect to the percentage of adults that have earned a bachelor’s or higher degree.

Governmental Organization

In New York State, local governmental services are provided by counties, cities, towns, and villages. The County provides police and law enforcement services, economic assistance, health and nursing services, and preservation of open space along with numerous other services. The County also maintains many roads, parks, and waterways, and operates a three-campus community college.

Since 1960, the County has operated under a charter form of government, which provides for executive administration of County affairs. As enacted by general election referendum, an 18-member County Legislature was established on January 1, 1970, which consisted of representatives elected from 18 districts of approximately equal population based on data from the decennial U. S. Census. In 2007, a Charter Law was enacted establishing a non-partisan Reapportionment Commission to provide a fair and objective process by which future County legislative districts are reapportioned.

The Suffolk County Legislature is the main lawmaking body of the County. The County Executive heads the executive branch of government. The County Comptroller, as chief fiscal officer, is responsible for auditing the records of the County departments and special districts, for examining and approving all payment vouchers, for ascertaining that funds to be paid are both appropriated and available, and for the issuance of all County debt obligations. The County Comptroller receives and has custody of all County funds including County taxes and fees and reports the financial status of the County to the County Legislature.

In accordance with the Suffolk County Charter, the County Executive and the County Comptroller are elected to four-year terms and the 18 members of the County Legislature are elected to two-year terms. Term limits have been established for County Legislators, the County Executive and the County Comptroller.

Pursuant to Resolution 621-13 “A Charter Law to Create a Unified County Department of Financial Management and Audit,” the 2014 Adopted Budget included savings anticipated to be generated through the merger and consolidation of the County Treasurer’s and County Comptroller’s Offices. Pursuant to the resolution, the consolidation required the affirmative vote of a majority of the qualified electors of the County. On November 4, 2014, a voter referendum approved the merger of the County Treasurer’s Office with the County Comptroller’s Office in 2018. The merger became effective on January 1, 2016, accelerated from January 1, 2018, pursuant to Resolution 517-2015 adopted by the County Legislature on June 2, 2015.

Economic Indicators

According to the U. S. Bureau of Economic Analysis, the County had a gross domestic product of \$84.8 billion in 2015. This figure ranked 31st out of all counties nationwide. Its gross domestic product increased by 10.3% in the three year period from 2012 to 2015. In real inflation adjusted terms, the three year increase was 2.1% in that period.

In the Long Island region, comprised of Nassau and Suffolk Counties, employment has consistently increased since 2010. As of March 2019, there were 1,332,800 jobs in the region, an increase of 9,000 or 0.7% since March 2018. The following table shows the employment by industry sector in the region in 2018 versus 2019, along with the percent change in that period.

Non-Farm Employment in the Nassau-Suffolk Region, by Industry, in Thousands

Industry	March 2018	March 2019	% Change
Goods Producing			
Natural Resources, Mining & Construction	79.0	84.1	+6.5%
Manufacturing	71.0	71.9	+1.3%
Service Providing			
Wholesale Trade	69.4	68.0	-2.0%
Retail Trade	158.5	158.7	+0.1%
Transportation, Warehousing & Utilities	42.0	43.3	+3.1%
Information	17.9	16.7	-6.7%
Financial Activities	70.2	69.6	-0.9%
Professional & Business Services	167.3	158.5	-5.3%
Education & Health Services	271.9	283.4	+4.2%
Leisure & Hospitality	117.9	120.9	+2.5%
Other Services	60.0	58.9	-1.8%
Government	198.7	198.8	+0.1%
TOTAL	1,323.8	1,332.8	+0.7%

Source: New York State Department of Labor

The County's unemployment rate remains low and was 3.7% in March 2019. The County unemployment rate, its lowest since 2001, was lower than the rate in the State and in New York City. As of March 2019, there were 750,700 employed residents in the County. This figure was 1.9% higher than the March 2018 figure.

The following is a selected list of non-governmental firms in the County having large numbers of employees, and the number of persons employed by each. Many of these firms conduct business in both Nassau and Suffolk Counties and the statistics are for both counties.

Large Non-Government Employers, Nassau-Suffolk Region, 2016

Firm Name	Type of Business	Number of Employees
Northwell Health	Healthcare System	31,153
Catholic Health Services	Healthcare System	17,000
Stop & Shop	Commercial	8,100
Winthrop University Hospital	Hospital	7,700
Walmart	Commercial	5,056
Home Depot	Commercial	4,361
CVS	Commercial	3,800
King Kullen	Commercial	3,649
Verizon	Utility	3,499
Geico	Insurance	3,200

Source: *Newsday* – 2017, Data from U.S. Department of Labor; Bureau of Labor Statistics; New York State Department of Labor.

The number of businesses situated in the County continues to rise. According to the U.S. Bureau of Labor Statistics, as of the 3rd quarter of 2018, there were 52,524 private business establishments located in the County. This represents a record high for the County and a 3.7% increase in the five years since 2013. According to the U.S. Census Bureau, as of 2016, there were 24 businesses in the County that employed 1,000 or more persons yet small businesses comprise a large portion of the County's business establishments. As of 2016, 62% of the businesses with payroll in the County employed fewer than five persons and 78% employed fewer than 10 persons. In addition, according to the U.S. Census Bureau, in 2016, the County had 128,110 "non-employer" firms, mostly self-employed individuals. The number of these businesses increased by 6.6% in the five years between 2011 and 2016.

Technology Sector

The County is well positioned to support the growth of the technology industry. It is home to Brookhaven National Laboratory ("BNL"), a multipurpose research institution that employs 2,600 people and the source of several Nobel Prizes. BNL was chosen by the U. S. Department of Energy as a site for the National Synchrotron Light Source II ("NSLS II") facility, which opened in 2015. The \$912 million NSLS II employs more than 500 persons and provides unprecedented precision high-intensity light beams for use in medical, energy, and materials research. A number of

technology firms are located in the County. Accelerate Long Island, an initiative created by the Long Island Association (“LIA”), connects the region’s research institutions with businesses to aid local technology startups.

Broad Hollow Bioscience Park at Farmingdale State College, a 102,000 square foot incubator for biotech companies and Stony Brook University’s 62,000 square foot Long Island High Technology Incubator are START-UP NY state tax-free zones. Stony Brook’s incubator provides new technologically-innovative companies with support services and resources to foster their growth. Stony Brook University also operates two New York State Centers for Advanced Technology: one in Medical Biotechnology and another in Sensor Technologies. The University’s Stony Brook Research and Development Park includes its Advanced Energy Research and Technology Center, and the Center for Excellence in Wireless Information Technology. In addition, the University’s \$60 million Innovation and Discovery Center is under construction and is expected to open in July 2019 at the Research and Development Park, and the \$75 million Institute for Discovery and Innovation in Medicine & Engineering is expected to open in December 2021.

Economic Base

The County has a substantial commercial office building market. According to the County’s Department of Economic Development & Planning, there are 26.5 million square feet of commercial office buildings located in the County. This figure includes 1.0 million square feet of new office space constructed in the five years since 2013. An additional 2.4 million square feet of office space has been proposed for future construction. The office market in the County remains strong. According to CBRE, a multinational real estate firm, the office vacancy rate in the County was 12.4% in the 1st quarter of 2019, lower than the 13.8% rate in the same period in 2018. The County’s office vacancy rate continues to outperform the Northern New Jersey, Westchester County (NY), and Fairfield County (CT) markets. The average office space rental rate in the County was \$24.58 per square foot in the 1st quarter of 2019, up 4.4% from the 1st quarter 2018 figure.

The Route 110 Corridor in western Suffolk County is a hub of the Long Island business community. According to the County’s Department of Economic Development & Planning, the hamlet of Melville, located on Route 110, has 9.6 million square feet of office space and 1,485 acres in Melville and East Farmingdale are developed with light industrial uses. Fougera Pharmaceuticals plans to spend \$88 million to upgrade its Melville manufacturing facility by 2020. Melville is also home to large corporate headquarters, such as *Newsday*, the 8th largest newspaper in the United States in circulation, and Henry Schein Inc., a Fortune 500 distributor of healthcare products and services. Melville is also a regional headquarters for several major banks, including Capital One, TD Bank and Bank of America. After Melville, the next largest concentrations of private office space in the County are located in Hauppauge (3.8 million square feet), Islandia (1.9 million square feet), Bohemia (900,000 square feet), and Ronkonkoma (900,000 square feet).

The County has significant industrial space totaling 107.0 million square feet, according to the commercial real estate advisory firm Newmark Knight Frank. The industrial market fundamentals remain very strong in the County. According to Newmark, the County’s 3.4% industrial vacancy rate in the 1st quarter of 2019 was among the lowest in the nation and the industrial asking rent was \$11.16 per square foot, an increase of 8.7% in the past year. The largest concentration of industrial space in the County is located in Hauppauge, with more than 13 million square feet of space. Additionally, significant light industrial space is located in the area around Long Island MacArthur Airport in Ronkonkoma and Bohemia and further east in the Yaphank area.

According to the County’s Department of Economic Development & Planning, there are 279 hotels, motels and inns located in the County. Together these lodging properties have 11,800 rooms. Approximately 20% of these rooms are seasonal (open for half the year in the warmer months) and these seasonal rooms are located primarily in the eastern end of the County. In the five years since 2014, more than 300 lodging rooms have been added in the County. A 131 room Marriott Residence Inn in Riverhead opened in 2017 and a 125 room Courtyard by Marriott opened in Central Islip in 2018. A 128 room Homewood Suites is under construction in Lake Ronkonkoma and is expected to open in June 2019. Proposals have been made for several additional new hotels in the County, which could result in an increase of more than 2,000 hotel rooms in the County. According to Smith Travel Research, the occupancy rate of the County’s hotels was 68.4% in 2018, slightly higher than the 67.3% figure in 2017 and average daily room rates in 2018 increased in the same period by 1.2% to \$158.

The County is a major retail market, as evidenced by \$23.7 billion in sales reported in 2012, according to the most recent U.S. Census of Retail trade. Total retail sales per household in the County amounted to \$47,750 in 2012,

ranking it among the highest markets in the country. Three regional malls and two regional outlet centers serve the County. According to the County Department of Economic Development & Planning, shopping center space in the County totals 41.0 million square feet and an additional 2.5 million square feet of new retail space is proposed for construction, including a new Walmart supercenter planned in Yaphank. Many of the County's downtowns have emerged as attractive and vibrant centers for dining and entertainment. Ground floor retail space in the County's downtown centers totals approximately 9 million square feet. The following table lists the major retail centers in the County.

Major Retail Centers in the County

Retail Center	Location	Anchor Stores
Smith Haven Mall	Lake Grove	Macy's, Sears, JC Penney, Dick's
Walt Whitman Shops	South Huntington	Macy's, Bloomingdales, Lord & Taylor, Saks
Westfield South Shore	Bay Shore	Macy's, JC Penney, Lord & Taylor, Dick's
Tanger Outlets at the Arches	Deer Park	Off 5 th Saks, BJ's, Regal Cinema, Christmas Tree Shops
Tanger Outlet Center	Riverhead	Off 5 th Saks, Pottery Barn, Nike, Polo
Huntington Business District	Huntington	Wild by Nature, Stop & Shop, Rite Aid, Value Drugs
Southampton Business District	Southampton	Hildreth's, Stop & Shop, CVS, Rite Aid
Great South Bay Shopping Center	West Babylon	Old Navy, Bed Bath & Beyond, Marshalls, JoAnn
Airport Plaza	East Farmingdale	Home Depot, Staples, Modell's, Stew Leonard's
Riverhead Centre	Riverhead	Home Depot, Best Buy, Michael's, ShopRite, Petco
Veterans Memorial Plaza	Commack	Target, Whole Foods, LA Fitness, Hobby Lobby
Babylon Business District	Babylon	Village Pharmacy
Centereach Square	Centereach	Walmart, Modell's, JoAnn, Big Lots, Party City
Crooked Hill Commons	Commack	Home Depot, Walmart, Kohl's
Sayville Plaza	Bohemia	K Mart, Modell's, Old Navy, Bed Bath & Beyond
Islandia Center	Islandia	Walmart, TJ Maxx, Stop & Shop, Dave & Buster's
Bay Shore Business District	Bay Shore	Boulton Center for the Performing Arts
Gardiner Manor	West Bay Shore	Target, King Kullen, Staples, HomeGoods, Old Navy
Patchogue Business District	Patchogue	Patchogue Theatre for the Performing Arts, Burlington
Gateway Plaza I and II	North Patchogue	Marshalls, Best Buy, Michael's, HomeGoods, Dick's
Riverhead Business District	Riverhead	Atlantis Aquarium
Town Center at Central Islip	Central Islip	Home Depot, Target
Big H Shopping Center	Huntington Station	Home Depot, Marshalls, Old Navy
South Port	Shirley	Kohl's, Stop & Shop, Michael's, Marshalls
Port Jefferson Business District	Port Jefferson	Theatre Three
Nicolls Plaza II	Centereach	Target, Home Depot, Best Buy
Bridgehampton Commons	Bridgehampton	K Mart, TJ Maxx, King Kullen, Staples

Source: Suffolk County Department of Economic Development and Planning, Division of Planning & Environment.

There are 11 full service hospitals located in the County. Several of these hospitals have spent or are spending hundreds of millions of dollars on major construction projects to expand and modernize their facilities. For example, Stony Brook University Hospital is undergoing a \$423 million expansion of its hospital campus, including a new cancer center, the expansion of its emergency, surgical, and obstetrics departments, and a major expansion to its Children's Hospital that opened in 2019. Stony Brook University Hospital has also proposed constructing a new hospital on the University's Southampton campus in conjunction with Southampton Hospital. In 2017, Peconic Bay Medical Center in Riverhead began a \$60 million expansion to be completed in 2019. A \$60 million cardiac care center at Brookhaven Hospital opened in 2016 and a \$53 million expansion of Huntington Hospital's emergency room opened in 2017.

The County has significant agricultural production in the eastern part of the County, valued at \$226 million in 2012 (according to the most recent U.S. Census of Agriculture), ranking fourth highest out of 62 counties in the State. According to the County's Department of Economic Development & Planning, there are more than 30,000 acres of active farmland in the County. In 2015, the County updated its *Agricultural and Farmland Protection Plan*, which aims to support public policy to protect, encourage and sustain agriculture in the County. The County also participates in the New York State Department of Agriculture and Markets' Agricultural District Program. This program is based on a combination of landowner incentives and protections designed to encourage the continued use of farmland for agricultural production and forestall the conversion of farmland to non-agricultural uses.

Like agriculture, the fishing industry and the shellfish industry are also important sources of employment and income in the east end of the County. Commercial fishing is a heritage industry in the County that provides quality of life benefits, economic benefits and tourism revenue. According to the Atlantic Coastal Cooperative Statistics Program, in 2017, there were 514 commercial fishing establishments in the County landing nearly 20 million pounds of fish, which generated \$68 million in economic activity, earnings of \$52.8 million, and 906 jobs. The County's shellfish industry (primarily clams and oysters) has been enhanced through State Environmental Conservation Law §13-0302 which ceded 110,000 acres of underwater lands in Peconic and Gardiners Bays to the County to establish the Suffolk County Shellfish Aquaculture Lease Program in Peconic Bay and Gardiners Bay. As of February 2019, there are 55 shellfish aquaculture leases in place, which cover 785 acres of underwater lands. The total economic output of the County Lease Program was estimated to be \$13 million for the five year period 2012-2017. In 2018, the New York State Department of Agriculture and Markets approved the inclusion of 25,729 acres of underwater lands associated with the County's Aquaculture Lease Program.

Major Development Projects

Major construction and redevelopment projects completed or currently taking place in the County include the redevelopment of downtown Wyandanch in the Town of Babylon. The Town assembled 48 properties and a \$500 million mixed-use transit-oriented redevelopment project adjacent to the Long Island Rail Road ("LIRR") station has begun. Sewer service was extended to the downtown area and the development's \$137 million first phase was completed in 2015, including a multi-level parking facility and two multi-story mixed use buildings with 177 rental units and 35,000 square feet of retail space. Wyandanch Plaza on the site includes open space, performance stages and a seasonal ice rink. In 2018, a new LIRR train station and pedestrian overpass was completed and ground was broken on a 119-unit apartment building north of the plaza. Future development at the site includes the Wyandanch Healthy Living Center, a joint collaboration between the YMCA of Long Island and Hudson River Health to provide a new community YMCA and health center under one roof. The Healthy Living Center will support active and healthy lifestyles in an effort to improve general wellness.

In Huntington Station, revitalization continues on New York Avenue near the LIRR station. Northridge, a three-story, mixed-use building of 16 residential units and 6,000 square feet of ground floor retail space was completed in 2018 and a separate 14 affordable condominium complex for veterans is under construction. Additional proposed development includes the construction of Gateway Plaza, a three-story, mixed-use building with 66 residential units and 16,500 square feet of commercial space on the ground floor. Other proposals include 49 affordable artists' lofts, a proposed hotel and a 100,000 square foot medical office building.

A \$4 billion mixed-use development, Heartland Town Square, has been proposed for 452 acres of a surplus portion of the Pilgrim State Psychiatric Center in Brentwood, located at the intersection of the Long Island Expressway and the Sagtikos Parkway. At completion, the development is proposed to include 1,030,000 square feet of lifestyle retail space, 9,130 units of mid-rise rental housing, 3,239,000 square feet of office space, a hotel, and an aquarium. The project is proposed to be constructed in phases. The change of zoning for a 116 acre portion of the site was approved by the Town of Islip in 2017, but has not yet begun construction. The time to receive approval from the Legislature of the sewer connection agreement was extended for one year by the Suffolk County Sewer Agency at its February 11, 2019 meeting. The agreement is subject to future review and action by the County Legislature.

The long-term redevelopment of the former Central Islip Psychiatric Center is continuing. Projects built on this site include the Long Island Ducks baseball team ballpark and a federal courthouse; the Touro Law School building; the renovation of a former hospital building into a 175,000 square foot office building; and more than 1,500 units of rental and owner-occupied attached housing. A 268 unit apartment complex, Hudson Place is under construction and will include former Psychiatric Center buildings. On former Psychiatric Center property, a new Courtyard by Marriott opened in 2018, and Ascent Pharmaceuticals and AlphaMed Bottles built a \$47 million manufacturing facility in two adjacent buildings in 2018. Also in Central Islip, Steel Equities has announced plans to develop a new 90 acre industrial park at the former New York Institute of Technology site.

A 54 acre area adjacent to the Ronkonkoma LIRR station is being redeveloped as a \$475 million mixed-use transit oriented development known as the Ronkonkoma Hub. Upon completion around 2027, the development is expected to include 1,450 apartments, 195,000 square feet of retail space and 360,000 square feet of office space. An extension of sewer service to the area has been approved and \$50 million in State funding has been earmarked for infrastructure at the site. The first phase, 489 residential units in six buildings, is under construction. In 2018, the County selected a preferred developer for 40 acres of County-owned land south of the Ronkonkoma LIRR station.

The developer is currently evaluating each component of the proposal, which includes a sports and entertainment venue, medical office space, and public space.

In Yaphank, a \$100 million, 400,000 square foot expansion to Amneal Pharmaceuticals' industrial building in Yaphank was completed in 2015. The Boulevard at Yaphank, a large development consisting of retail, office, and 850 residential units is currently under construction near the intersection of the Long Island Expressway and William Floyd Parkway near Brookhaven National Laboratory. In Shirley, the Triple Five Group purchased the 105 acre former Dowling College campus in 2018, located adjacent to the Brookhaven Town-owned airport. Triple Five plans to renovate and upgrade an existing 65,000-square-foot building on the campus to create an industry-university research and development center for advanced transportation technology.

In addition, County-owned land at Gabreski Airport in Westhampton is being developed for light industrial and research & development office space at the "Hampton Business District". When completed, this \$43 million, nine building Class A business park will total 440,000 square feet including a 145-room hotel and is expected to employ 1,100 people. The first building of the project was completed in 2016. The second 68,000 square foot building was completed in 2018 and the third 66,000 square foot building is under construction and expected to be completed in 2019.

In the Town of Riverhead, a 131-room Marriott Residence Inn on Route 58 opened in 2017. In downtown Riverhead, the 45-unit workforce housing complex Peconic Crossing was completed in 2018. Riverhead Lofts, a 116-unit mixed-use apartment complex, is currently under construction and construction of Metro Group properties' adjacent 170-unit development is expected to begin in 2019. Calverton Executive Airpark, a former U. S. Navy aircraft test site used by Grumman Corporation, continues to be redeveloped for various light industrial purposes as the Enterprise Park at Calverton. At the site, construction of a \$90 million, 134,000 square foot addition treatment and research complex began in 2018. The remaining airport property is zoned for various light industrial, recreation and office uses. The Town of Riverhead has approved an offer from Triple Five Group to purchase 1,600 acres at Calverton Airpark to construct \$110 million of industrial and commercial development for aviation, aerospace, technology, and renewable energy companies. In 2018, downtown Riverhead and the Enterprise Park at Calverton were nominated by the State as "opportunity zones," a new Federal designation that allows low-income areas to boost private investment in under-served communities.

In the Town of Southampton, the 2015 Riverside Revitalization Action Plan calls for the re-zoning of 468-acres in Riverside that could result in 2,267 new housing units, 133,517 square feet of retail space and 62,000 square feet of professional offices. New wastewater treatment infrastructure would be needed to facilitate this development. Also in Riverside, the County-funded reconstruction of the Riverside traffic circle was completed in 2018. At the traffic circle, a blighted, long vacant diner was bulldozed in 2018 and a new office/workforce housing rental building is under construction. Construction is also underway on the Town of Southampton's first two rental workforce housing developments totaling 66 units: Speonk Commons and Sandy Hollow Cove. The Town was recently awarded \$756,000 to construct a new bicycle and multi-use trail between two parks in Hampton Bays. On the formerly blighted site of the Canoe Place Inn in Hampton Bays, a \$60 million, 25 room hotel, restaurant, and 37-unit townhouse development began construction in 2018. In 2018, the village of Westhampton Beach was awarded a \$5 million grant from the State Department of Environmental Conservation toward the construction of the village's new sewer district project.

In other locations in the County, a number of additional significant development and redevelopment projects have recently been constructed or are proposed. The proposals include Islip Pines in Holbrook, a 136 acre, \$300 million development including apartments, retail space, office space, a movie theater and a hotel that was approved for construction. In Greenport an affordable apartment complex, Vineyard View, which received \$5.7 million in financing from the State in partnership with the Community Development Corporation of Long Island, began construction in 2019.

Housing

According to the U. S. Census Bureau, as of 2017, there were 576,138 housing units situated in the County. Single family homes dominate the housing stock, comprising 79.7% of all units. The County has 482,099 households and 81% of the County's occupied housing is owner-occupied. This rate of owner-occupied housing is significantly higher than the 64% of owner-occupied housing in the nation as a whole. The County's owner-occupied housing percentage has remained at around 80% for more than 40 years.

Multi-family housing construction is robust in the County. In the five years since 2013, a total of 85 multi-family housing complexes containing a total of 7,700 units have been built in the County. About half of those new units are in rental apartment complexes, and half are in ownership complexes. In addition, 121 multi-family housing complexes are currently proposed for construction in the County. Between 2015 and 2019, nine assisted living facilities opened in the County and three facilities are currently under construction. Another 18 assisted living facilities have been proposed for construction in the County.

Since 2011, the annual number of building permits for new housing units has remained between 1,000 and 1,400. The table below shows the number of new housing units authorized by building permit in the County and the value of new residential construction. In 2017, building permits for 1,112 housing units were issued in the County, up 4.2% from the 2016 figure. There has been a general upward trend in the value of residential construction in the County between 2012 and 2017. Residential construction in 2017 was valued at \$637 million in the County, down 1.7% from 2016 but 41% higher than the value in 2012.

Number and Value of New Housing Units Authorized by Building Permit in the County

Year	Housing Units	Value of New Residential Construction (in millions)
2017	1,112	\$637.0
2016	1,067	648.3
2015	1,218	690.8
2014	1,217	750.6
2013	1,382	521.1
2012	1,061	452.6

Source: U. S. Census Bureau, Construction Statistics Division

The housing market in the County is strong. As reported by the New York State Association of Realtors, and indicated in the table below, in March 2019, the median selling price of a home in the County was \$375,000, an increase of 6.5% compared to the median price in March 2019.

Existing Home Sales in the County, March of Each Year

Year	Median Sales Price	Percentage Change From Previous Year	Number of Homes Sold
2019	\$375,000	6.5%	1,091
2018	352,000	6.7%	1,147
2017	330,000	6.5%	1,201
2016	309,990	1.6%	1,002
2015	305,000	1.1%	858
2014	301,750	0.6%	766

Source: New York State Association of Realtors

County home prices in the 4th quarter of 2018 were about 48% higher than the national median. Home values in the County are expected to remain high relative to national figures, as the area remains a desirable residential location.

According to data provided by RealtyTrac, in March 2019, 0.10% of homes in the County were in some stage of foreclosure, compared to 0.04% nationwide. According to HUD, the foreclosure rate in the Nassau-Suffolk region is relatively high, because rapidly rising sales prices in the early to mid-2000s caused a higher portion of homes to have outstanding mortgage loan balances in excess of their market value during the housing crisis than the rest of the country. Rates in the region and statewide also remain elevated because the State is a judicial foreclosure State where the average length of the foreclosure process is significantly longer than in states with a non-judicial foreclosure process.

County Initiatives

The County has an ongoing open space acquisition program, whereby a portion of the County’s sales tax is devoted to the acquisition of open space lands within the County. (See “FINANCIAL FACTORS – Drinking Water Protection, Environmental Protection and Property Tax Mitigation Programs” herein.) The County also has an ongoing Purchase of Development Rights program to preserve and protect working farmland. As of May 2019, the County has purchased the development rights to 10,904 acres of farmland under the program.

The County continues to advance its Coastal Resiliency Initiative, which will utilize \$390 million in federal and state financial aid to connect nearly 6,500 parcels along river corridors on the County's south shore to sewers as part of the State's Post-Sandy Coastal Resiliency initiatives. Legislative approvals for the creation and extension of sewer districts necessary to advance the projects were granted in November 2018. The projects represent the largest investment in sewer infrastructure in the County in more than 40 years and will eliminate nearly 6,500 cesspools and septic systems in these areas, a primary source of nitrogen pollution that has degraded water quality in local bays. Design work for the projects is ongoing and construction is anticipated to be underway by 2020.

The County's *Reclaim Our Water* initiative continues to advance the use of Innovative and Alternative Onsite Wastewater Treatment Systems ("I/AOWTS") as an alternative to cesspools and septic systems in areas where sewerage is not a practical or cost-effective alternative. Between 2014 and 2018, the County piloted 16 advanced wastewater treatment technologies selected by lottery to receive a free wastewater treatment system as part of the County's Septic Demonstration Program. As of February 2019, six of these technologies have been approved for provisional use in the County. In 2017, the County Legislature approved the Septic Improvement Program, which provides grants and loans to homeowners to make voluntary replacement of cesspools and septic systems with provisionally approved nitrogen reducing technologies more affordable for homeowners. As of May 2019, more than 1,681 homeowners had registered for the program, 481 had completed grant applications, 358 have active grant certificates and 218 have been installed or are ready to be installed. In early 2018 the State awarded the County \$10.025 million in Septic System Replacement Funds toward this grant program. In 2017, the County Legislature approved changes to the Suffolk County Sanitary Code to ban the in-kind replacement of cesspools effective July 1, 2019. In December 2018, the County Legislature amended the Septic Improvement Program to relax the eligibility requirements to make the program more consistent with the State Program and available to more property owners.

In 2012, County Executive Steven Bellone introduced the Connect Long Island initiative, a regional transportation and development plan. Connect Long Island encourages sustainable growth by supporting transit oriented developments and enhancing transportation infrastructure to help connect development hubs to the County's major research and educational institutions and innovation zones for emerging hi-tech companies. In 2014, the County completed a Bus Rapid Transit ("BRT") Feasibility Study identifying Route 110, Nicolls Road, and Sagtikos Parkway as priority BRT corridors. Design on the Route 110 BRT is being advanced by the County, with a contract for project development to be executed in 2019. The County's Innovation Zone ("I-Zone") initiative is a plan to create a multi-modal corridor along Nicolls Road that will connect some of the County's key assets. The regionally transformative plan was formed in 2015 to help make the County a more attractive place for young people and high-tech businesses to locate. The I-Zone plan includes:

- A multi-modal Nicolls Road Corridor with BRT connecting Patchogue, Ronkonkoma and Stony Brook.
- A hike-bike trail parallel to Nicolls Road, connecting Patchogue to the Setauket Greenway.
- A connection between a new airport terminal on the north side of MacArthur Airport and the Ronkonkoma LIRR Station with BRT access to Nicolls Road.
- The proposed Ronkonkoma Hub mixed use development.
- Relocation of the LIRR Yaphank station to Brookhaven National Lab.

Through County programs, the County has spent more than \$23,000,000 since 2012 to assist in the construction of 1,412 housing units, 1,332 of which are affordable to families earning at or below 110% of the area median income, and more than half of the affordable units are reserved for families earning at or below 60% of the area median income.

Transportation

The County's highway network includes the Northern and Southern State Parkways, which are located in the western portion of the County, and the Long Island Expressway (I-495) which extends eastward from New York City to the eastern portion of the County. Other major highways include Sunrise Highway, which connects the County's western border to its eastern town of Southampton, and the Sunken Meadow/Sagtikos Parkway which connects the north and south shores in the western part of the County.

According to the U. S. Census Bureau, as of 2017, 80% of employed County residents drove alone to work. The major employment centers and residential areas in the County are widely dispersed, making it difficult to effectively provide mass transit service. However, the County operates a public bus system, Suffolk County Transit, with 43

bus routes and 14,000 daily riders, and the Town of Huntington operates its own 4 route bus system in the County. In 2018, the County completed the *Suffolk County Mobility Study: Strategies for Suburban Transportation* that included trip pattern analysis, evaluation of mobility modes to augment the existing fixed route transit, and recommendations to help achieve operational efficiency and better align service with rider needs.

The extensive commuter rail system in the County, the LIRR, is managed by the Metropolitan Transportation Authority (“MTA”). There are 41 LIRR stations located in the County. The LIRR provides public transportation between the County and New York City and is used by both commuters and leisure travelers. The LIRR is the busiest commuter railroad in the nation as of 2018, serving 89.8 million customers. In 2018, the LIRR broke ground on its \$2.6 billion Third Track project between Floral Park and Hicksville in neighboring Nassau County on Long Island and in 2018, the LIRR completed the construction of 17 miles of a second electrified track between Farmingdale and Ronkonkoma in the County, a \$432 million investment in rail infrastructure. These additional tracks will allow the LIRR to more easily flow around rail disruptions and will increase rail capacity to better serve commuters to New York City and reverse commuters to Long Island. The expanded rail service will help facilitate transit oriented development planned near the Republic, Wyandanch, and Ronkonkoma LIRR stations in the County. In addition, the MTA continues work on the \$11.2 billion East Side Access project, currently the largest infrastructure project in the country. When fully completed in 2022, this project will connect the LIRR’s main line to Grand Central Station in Manhattan, providing a more direct trip between Long Island and the east side of midtown Manhattan.

There are five active airports located in the County. At Republic Airport in East Farmingdale, a new \$55 million, 210,000 square foot aircraft hangar and terminal is expected to be completed by the spring of 2019. The vast majority of the County’s air passenger traffic occurs at Islip MacArthur Airport in Ronkonkoma, as it is the County’s only airport with regularly scheduled carrier service. Islip MacArthur Airport is the 8th busiest airport in the State, based on passenger volume. In 2017, the airport had 648,000 passenger enplanements, a 3% decline in the five years since 2012 but a 9% increase since 2016. In addition to numerous scheduled flights provided by Southwest Airlines, the airport offers scheduled flights to and from Philadelphia by American Airlines. In 2017, Frontier Airlines began serving Islip MacArthur Airport and offers nonstop flights to eight cities. Potential connection options between Islip MacArthur Airport and the Ronkonkoma LIRR station were evaluated in the 2018 County report *Transport Long Island – A Train-to-Plane Connectivity Study*.

Ferry service to Connecticut is available from two ferry terminals located in the County, one in Port Jefferson and one in Orient Point. High-speed ferry service is also available between Orient Point and New London, Connecticut. In addition, each summer thousands of visitors are transported by ferry to several Fire Island communities.

Educational Facilities

There are 70 public school districts located in the County. The combined spending budget of these public school districts amounted to \$6.6 billion for the 2017-2018 school year. According to Western Suffolk BOCES, in the 2017-2018 school year, public school enrollment in school districts in the County was 234,083, a 5% decrease in the five years since 2012-2013. Birth rates have slowly decreased in the County in the past two decades, which has led to slowly declining school enrollments. Public school enrollment is expected to continue to slowly decrease by 1.2% per year during the next three years.

There are four four-year colleges and one law school (Touro Law Center) located in the County. Farmingdale State College continues to expand, with a new \$19 million School of Business building that opened in 2015. Suffolk County Community College has an enrollment of 27,000 students on three campuses and continues to expand its facilities. Numerous other professional and technical schools are also located in the County.

Stony Brook University is the largest university located in the County with a Fall 2018 enrollment of 17,500 undergraduate and 8,700 graduate students. The University continues to expand its facilities. The University’s new \$41 million, 70,000 square foot computer science building opened in 2015. A new \$63 million student services building currently under construction is expected to open in June 2019 and two new residence halls with a total of 759 dorm rooms were completed in 2017. The University’s Research and Technology Park continues to expand with two additional buildings under construction in 2018: the Innovation and Discovery Center, which is expected to be completed by late 2019, and the Institute for Discovery and Innovation in Medicine & Engineering, expected to be completed by 2022.

Tourism & Recreation

Tourism is a multi-billion dollar industry in the County. According to a study prepared for the State, traveler spending in the County totaled \$3.2 billion in 2017; tourism supports 43,000 local jobs in the County and generates \$394 million in local and state tax revenues annually. Twenty New York State parks are located in the County. According to the New York State Department of Parks and Recreation, the State parks on Long Island have more than 15 million attendees annually. The State parks located in the County that were most frequently visited in 2017 were Robert Moses State Park (with 4.0 million visitors), Sunken Meadow State Park (with 3.5 million visitors), Captree State Park (with 1.3 million visitors), Montauk State Park (with 1.2 million visitors) and Heckscher Park (with 1.1 million visitors). Many of the other State, County, Town and Village parks are located inland and on beaches which attract hundreds of thousands of visitors each year. Moreover, a beach in the County has again been ranked number one on a list of the top ten beaches in the United States in 2017 based on 50 factors rated by a professor at Florida International University. With 986 miles of shoreline, industries such as recreational boating, boat sales and service, marinas, and charter boat fishing are prominent in the County.

There are 68 golf courses located in the County. In June 2018, the U.S. Open Golf Championship was held at the Shinnecock Hills Golf Club in Southampton and will return again in 2026. In May 2019, the PGA Championship was held at the Black Course at Bethpage State Park and the Ryder Cup is scheduled to be played there in 2024. These major sporting events bring tremendous economic benefit to the County and the Long Island region. The 2018 U.S. Open Golf Championship had an estimated regional economic impact of \$120 million, with over 8,000 hotel rooms booked and 200,000 attendees throughout the course of the week-long event.

The County is home to numerous cultural and entertainment facilities. The County's 6,000-seat ballpark in Central Islip is home to the Long Island Ducks independent league baseball team. Hundreds of thousands of patrons attend games there every year. Other recreational attractions in the County include Atlantis Marine World aquarium in Riverhead, Splish Splash, a large water park also located in Riverhead and Adventureland, a traditional amusement park located in Farmingdale. The County boasts several performing arts theaters in its downtowns, including the Paramount Theater in Huntington, the Engeman Theater in Northport, The Argyle Theatre in Babylon, the Boulton Center in Bay Shore, the Patchogue Theatre for the Performing Arts and the Suffolk Theater in downtown Riverhead.

Eastern Suffolk County is a popular tourist destination. A significant number of wineries are located on the North Fork of the County. According to the County Department of Economic Development & Planning, the County has 60 vineyards and tasting rooms, 34 craft breweries, 2 cideries and 4 distilleries. An estimated 1.2 million gallons of wine are produced annually in the County, with \$114 million in sales and the 1.3 million visits to these wineries generate another \$99 million in tourism spending. In addition, the County is home to one of the largest concentrations of seasonal homes of any county in the nation. According to the U. S. Census Bureau, in 2017, there were 53,000 seasonal homes in the County (primarily in the eastern part of the County and on Fire Island), which draw more than 200,000 part-time residents to the area during the summer months and on weekends. Only nine counties nationwide have more seasonal homes.

According to the County Department of Economic Development & Planning, there are more than 5,300 lodging rooms located in eastern Suffolk, ranging from luxurious boutique hotels and bed & breakfast inns to traditional motels. These lodging properties draw thousands of tourists to the County's east end throughout the year, but primarily in the summer months. The department estimates that the resident population in eastern Suffolk increases by more than 213,000 people during peak summer times due to tourism, which more than doubles the year-round population. Due to its proximity to New York City, the County is well situated to serve the vacation needs of this market.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

For the thirty-fifth consecutive year the Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting (the "Certificate") to the County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2017.

In order to be awarded a Certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate is valid for a period of one year. The County believes that its Comprehensive Annual Financial Report that will be prepared for the fiscal year ended December 31, 2018 will conform to the requirements necessary for the award of a Certificate.

INDEBTEDNESS OF THE COUNTY

Constitutional and Statutory Requirements

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

Purpose and Pledge – Subject to certain enumerated exceptions, the County 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 County may contract indebtedness only for a County purpose and shall pledge its faith and credit for the payment of principal and interest.

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 County determines to issue a particular debt obligation amortizing on the basis of substantially level or declining annual debt service. The County is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness, for the amounts required in such year for amortization and redemption of its serial bonds, and for such required annual installments on its notes.

General – The County 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. As has been noted in the section of this Official Statement entitled “THE NOTES – Nature of Obligation”, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the County to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limitation Law imposes a statutory limitation on the County’s power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limitation Law unless the County complies with certain procedural requirements to permit the County to levy certain year-to-year increases in real property taxes. (See “TAX LEVY LIMITATION LAW” herein.)

Debt Limit – The County has the power to contract indebtedness for any County purpose so long as the aggregate outstanding principal amount thereof shall not exceed seven per centum of the most recent five-year average full valuation of taxable real estate of the County 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.

Computation of Debt Limit

As of the finalization of equalization rates in each year:	<u>Full Valuation</u>
2015	\$ 255,389,963,430
2016	266,561,907,916
2017	275,268,903,698
2018	285,017,347,513
2019	<u>298,662,597,127</u>
Total Five-Year Valuation.....	<u>\$1,380,900,719,684</u>
Five-Year Average Valuation.....	276,180,143,937
Debt Limit - 7% of Average Five-Year Full Valuation.....	<u>\$ 19,332,610,076</u>

Statutory Procedure

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

Pursuant to the County Charter and the Local Finance Law, as applicable, the County authorizes incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a bond resolution, approved by at least two-thirds vote of the County Legislature and subject to the approval of the County Executive in accordance with the County Charter. The County Legislature as a whole constitutes the finance board of the County. Such resolutions are not subject to referendum unless the County Legislature specifically determines that a particular resolution shall be subject to referendum. 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. Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing, the estimated maximum cost thereof and the maximum maturity of the bonds, subject to the legal restrictions relating to the period of probable usefulness with respect thereto. Annual principal reductions must commence within twenty-four months of the original issue date. Adoption of a bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of bonds. Statutory law in the State permits bond anticipation notes to be renewed each year provided that principal reductions commence within twenty-four months and provided that such renewals, except in the case of assessable improvement financings, generally do not extend more than five years beyond the original date of the borrowing. 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, beginning within twenty-four months of the original issue date, for the entire period of probable usefulness assigned to the purpose for which such notes were originally issued. The County Legislature has delegated certain of its powers in relation to the sale of bonds and any notes issued in anticipation thereof to the County Comptroller as the Chief Fiscal Officer of the County.

The County Legislature, as the finance board of the County, has the power, pursuant to the Local Finance Law, to adopt deficiency, tax and revenue anticipation note resolutions by majority vote. Such resolutions may authorize the issuance of budget, deficiency, tax or revenue anticipation notes in an aggregate principal amount necessary to fund anticipated cash flow deficits, but, in the case of tax and revenue anticipation notes, not exceeding the amount of taxes or moneys estimated to be received by the County, less any tax or revenue anticipation note previously issued and less the amount of such taxes or revenues previously received by the County. The County Legislature has delegated certain of its powers in relation to the sale of tax and revenue anticipation notes to the County Comptroller, as the Chief Fiscal Officer of the County.

Independent Auditors

The financial statements of the County as of and for the year ended December 31, 2017, a link to which is included in Appendix B to this Official Statement, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report dated June 29, 2018 appearing therein.

Cash Flow Borrowings

On October 18, 2018, the County issued \$100,000,000 in tax anticipation notes in anticipation of the receipt of delinquent real property taxes for the years 2015, 2016, 2017 and 2018. Such notes will mature on September 26, 2019.

On December 20, 2018, the County issued \$403,930,000 in tax anticipation notes in anticipation of the receipt of real property taxes levied for the year 2019. Such notes mature on July 24, 2019.

On April 9, 2019, the County issued \$45,000,000 in revenue anticipation notes in anticipation of the receipt of State and Federal aid. Such notes will mature on March 20, 2020.

The County currently anticipates issuing approximately \$100,000,000 in tax anticipation notes in anticipation of the receipt of delinquent real property taxes for the years 2016, 2017, 2018 and 2019 in October 2019 and approximately \$410,000,000 in tax anticipation notes in anticipation of the receipt of real property taxes levied for the fiscal year 2020 in December 2019.

The County periodically issues short-term tax anticipation notes to provide funds in anticipation of receivables that are delayed to some extent by the Suffolk County Tax Act (the “SCTA”). (See “REAL PROPERTY TAXES – Real Property Tax Collection”.)

The following table shows the County’s cash flow borrowings for the last four fiscal years and the projected cash flow borrowings for 2019:

	<u>Cash Flow Notes</u>				
	<u>(\$ in millions)</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019*</u>
Revenue Anticipation Notes	\$ 55	\$ 45	\$ 45	\$ 45	\$ 45
Tax Anticipation Notes	<u>510</u>	<u>510</u>	<u>510</u>	<u>504</u>	<u>510</u>
Total	<u>\$565</u>	<u>\$555</u>	<u>\$555</u>	<u>\$549</u>	<u>\$555</u>

* Projected.

Chapter 97 of the Laws of 2011 of the State of New York, as amended, (the “Tax Levy Limitation Law”), imposes a limitation on increases in the real property tax levies of the County, subject to certain exceptions outlined in the new law. The 2019 Adopted Budget is in compliance with all State and local tax and expenditure limitations. (See “TAX LEVY LIMITATION LAW” herein.)

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Calculation of Total Net Indebtedness

(as of May 31, 2019)

Inclusions:

Outstanding General Obligation Bonds:

General Purpose and Improvement Bonds and Refunding Bonds	\$1,120,773,234	
General Purpose and Improvement Bonds Paid from Other Sources ⁽¹⁾	4,790	
General Purpose and Improvement Bonds Refunded	130,734,466	
County Sewer District No. 1 (Port Jefferson)	608,632	
County Sewer District No. 3 (Southwest)	105,589,933	
County Sewer District No. 5 (Strathmore-Huntington)	2,048,812	
County Sewer District No. 6 (Kings Park)	600,000	
County Sewer District No. 7 (Medford)	3,822,758	
County Sewer District No. 9 (College Park)	889,090	
County Sewer District No. 10 (Stony Brook)	378,554	
County Sewer District No. 11 (Selden)	5,944,472	
County Sewer District No. 13 (Windwatch)	224,624	
County Sewer District No. 14 (Parkland)	2,441,276	
County Sewer District No. 15 (Nob Hill)	89,850	
County Sewer District No. 16 (Yaphank Municipal)	140,156	
County Sewer District No. 18 (Hauppauge Industrial)	60,413,405	
County Sewer District No. 20 (William Floyd-Leisure Village)	1,235,871	
County Sewer District No. 21 (SUNY)	940,468	
County Sewer District No. 23 (Coventry Manor)	<u>679,075</u>	
Subtotal: Outstanding Bonds		\$1,437,559,466

Outstanding General Obligation Notes:

Revenue Anticipation Notes – 2019	45,000,000	
Tax Anticipation Notes		
For Delinquent Tax Receipts	100,000,000	
For Fiscal 2019 Taxes	403,930,000	
NYS EFC Clean Water Facility Note – 2015A	8,256,745	
NYS EFC Clean Water Facility Note – 2016A	40,128,586	
NYS EFC Clean Water Facility Note – 2016A	4,117,128	
Subtotal: Outstanding Notes		<u>601,432,459</u>

Total Inclusions

\$2,038,991,925

Exclusions and Assets on Hand for Debt:

Revenue Anticipation Notes – 2019	\$ 45,000,000	
Tax Anticipation Notes	503,930,000	
Sewer District Bonds and Refunding Bonds ⁽²⁾	<u>671,631</u>	
Subtotal: Exclusions		\$ 549,601,631

Assets on Hand for Debt:

Appropriations (other than for debt already excluded):		
Outstanding Bonds	77,965,531	
General Purpose and Improvement Bonds Paid from Other Sources ⁽¹⁾	4,790	
General Purpose and Improvement Bonds-Refunded ⁽³⁾	<u>130,734,466</u>	
Subtotal: Assets on Hand		<u>208,704,787</u>

Total Exclusions and Assets on Hand for Debt:

\$ 758,306,418

Total Net Indebtedness ⁽⁴⁾⁽⁵⁾

\$1,280,685,507

(1) Being paid pursuant to an Escrow Contract dated April 1, 2013 between the County and Manufacturers & Traders Trust Company (“M&T Bank”) related to a HEAL Grant from the State. (See “Other Transactions” herein.)

(2) Excluded pursuant to certificates issued by the Comptroller of the State of New York dated April 14, 2010.

(3) Excluded pursuant to Section 136.00 (10-a) of the Local Finance Law.

(4) Represents approximately 6.62% of the Debt Limit of \$19,332,610,076.

(5) Exclusive of lease debt of the County. (See “Lease Payments” herein.)

Source: Suffolk County Comptroller’s Office

Details of Short-Term Indebtedness Outstanding
(as of May 31, 2019)

The County presently has outstanding the following short-term obligations:

	<u>Dated</u>	<u>Maturity</u>	<u>Amount</u>
NYS EFC Clean Water Facility Note – 2015A	09/24/15	09/24/20	\$ 8,256,745 ⁽¹⁾
NYS EFC Clean Water Facility Note – 2016A	09/15/16	09/15/21	40,128,586 ⁽²⁾
NYS EFC Clean Water Facility Note – 2016A	08/04/16	08/04/21	4,117,128 ⁽²⁾
Tax Anticipation Notes			
For Delinquent Tax Receipts	10/18/18	09/26/19	100,000,000 ⁽³⁾
For Fiscal 2019 Taxes	12/20/18	07/24/19	403,930,000 ⁽⁴⁾
Revenue Anticipation Notes – 2019	04/09/19	03/20/20	45,000,000 ⁽⁵⁾

- (1) Expected to be retired with the proceeds from the sale of bonds to EFC to be issued in 2020.
- (2) Expected to be retired with the proceeds from the sale of bonds to EFC to be issued in 2021.
- (3) Expected to be paid from the collection of real property taxes or assessments for fiscal years 2015, 2016, 2017 and 2018.
- (4) Expected to be paid from the collection of real property taxes or assessments for the fiscal year 2019.
- (5) Expected to be paid from State and Federal aid expected to be received by the County.

Source: Suffolk County Comptroller’s Office

Summary of Bonded Debt (in thousands)
(as of December 31 in each year):

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Bonded Debt ⁽¹⁾	\$ 1,418,070	\$ 1,426,153	\$ 1,386,049	\$ 1,386,076	\$ 1,360,421
Bonded Debt Excluded from Debt Limit	<u>(21,516)</u>	<u>(16,169)</u>	<u>(10,912)</u>	<u>(2,138)</u>	<u>(1,137)</u>
Bonded Debt Subject to Debt Limit	<u>\$ 1,396,554</u>	<u>\$ 1,409,984</u>	<u>\$ 1,375,137</u>	<u>\$ 1,383,938</u>	<u>\$ 1,359,284</u>

- (1) \$2,202,311, \$3,222,294, \$1,806,512, \$1,446,393 and \$2,367,356 of Total Bonded Debt for the fiscal year December 31, 2014, December 31, 2015, December 31, 2016, December 31, 2017 and December 31, 2018, respectively, has been paid pursuant to an Escrow Contract between the County and M&T Bank dated April 1, 2013 related to a HEAL Grant from the State. See “Other Transactions” herein.

No principal of or interest on any County obligation is past due. Except as set forth in the immediately following paragraph, the County has never had a default or delinquency in the payment of principal of or interest on any obligation of the County.

Due to an extra “0” erroneously inserted into an account number in a wire sent to the Depository Trust Company (“DTC”) by U.S. Bank National Association (“US Bank”) acting as escrow agent for the County, a portion of the principal payment of the County’s Public Improvement Serial Bonds - 2010 Series B (the “2010 Series B Bonds”), which was due on October 15, 2018, was paid one day late despite the fact that the correct amount of funds was wired to and received by DTC late in the day on October 15, 2018. US Bank had entered into an Escrow Contract with the County on December 28, 2017 in which US Bank agreed to pay a portion of the principal of and interest on various County bonds including the 2010 Series B Bonds when due to DTC. The County made its payment of \$5,465,775, representing the balance of the principal and interest due on the 2010 Series B Bonds to DTC in full and on time on October 15, 2018. The County filed a notice on EMMA related to this event on October 24, 2018.

Authorized and Unissued Capital Indebtedness

As of May 14, 2019, the County had authorized and unissued indebtedness for general capital purposes of approximately \$617,415,000. Included in that amount is approximately \$247,160,000 of capital purposes that may be funded with bond anticipation notes issued in anticipation of expected Federal and/or State aid.

In addition to the above, the County adopted Resolution 546 of 2016, authorizing the issuance of up to \$540,000,000 bonds to refund certain outstanding bonds of the County. As of May 14, 2019, the County has \$186,945,000 remaining authorized and unissued pursuant to this resolution.

Anticipated Capital Borrowings

In recent years, the County has issued debt on a semi-annual basis to finance its ongoing capital program.

During the Fall of 2019, the County anticipates issuing serial bonds of approximately \$50,000,000 for general capital purposes, which includes \$4,000,000 for strengthening and improving County roads and \$4,500,000 for reconstruction of CR48, Middle Road. During the Spring of 2020, the County anticipates issuing serial bonds for approximately \$50,000,000 to \$55,000,000 for general capital purposes. In addition to issuing bonds for general capital purposes, the following material sewer related borrowings are authorized as described below.

The County Legislature has adopted Resolutions #1203-2011, #1134-2012 and #426-2015 authorizing the issuance of \$35,000,000, \$20,000,000 and \$207,000,000, respectively, in serial bonds to finance improvements and the outfall system of the Suffolk County Sewer District No. 3 – Southwest. \$5,000,000 of the above noted amounts has been issued by the County as Suffolk County Sewer District Bonds. \$62,336,969 of the above noted authorizations was issued to EFC in the form of draw down bond anticipation notes under the Storm Mitigation Loan Program. As of May 31, 2019, the County has requisitioned \$48,683,331 of the available proceeds of these short term loans. It is expected that these short term loans will be refinanced at or prior to maturity with proceeds from the sale of bonds issued to EFC in connection with a long-term loan to the County under EFC's State Revolving Fund program.

The County Legislature has adopted Resolutions #721-2015 and #1167-2015 authorizing the issuance of \$2,000,000 and \$20,100,000, respectively, in serial bonds to finance the planning and design cost of Nitrogen Reduction Projects. \$20,395,377 of the above noted amounts has been issued in the form of a draw down bond anticipation note to EFC under its Short Term Loan Program. As of May 31, 2019, the County has requisitioned \$4,722,628 of the available proceeds of such short term loan from EFC. It is expected that these short term loans will be refinanced at or prior to maturity with proceeds from the sale of bonds issued to EFC in connection with a long-term loan to the County under EFC's State Revolving Fund program.

The County Legislature has adopted Resolutions #90-2017 and #1042-2017 authorizing the issuance of \$29,625,000 in serial bonds to finance the cost of improvements to Suffolk County Sewer District No. 3 – Southwest in connection with the Ronkonkoma Hub Project. The County has issued bonds in the principal amount of \$10,000,000 pursuant to these resolutions. \$2,000,000 will be funded with a portion of the proceeds from the sale of the Bonds and \$13,000,000 will be funded with the proceeds from the sale of the Notes.

The County Legislature has adopted Resolutions #1001-2017 and #1204-2017 each authorizing the issuance of \$5,000,000 in serial bonds to finance the cost of improvements to Suffolk County Sewer District No. 11 – Selden and Suffolk County Sewer District No. 20 – William Floyd, respectively. Resolution #206-2018 was adopted authorizing \$6,000,000 in serial bonds to finance the cost of improvements to Suffolk County Sewer District No. 18 – Hauppauge Industrial. No serial bonds have been issued pursuant to these authorizations.

The County Legislature has adopted Resolution #206-2018 authorizing the issuance of \$6,000,000 in serial bonds to finance a portion of the cost of improvements to Suffolk County Sewer District No. 18 – Hauppauge Industrial. No serial bonds have been issued pursuant to this authorization.

The Legislature has adopted Resolutions #467-2016, 851-2016, 856-2016, 858-2016, 860-2016, 862-2016, 972-2016, 989-2016, 76-2017, 538-2017, 703-2017, 850-2017, 852-2017, 389-2018, 652-2018, 705-2018, 728-2018 and 49-2019 authorizing, in the aggregate, the issuance of \$29,523,830 in serial bonds to finance projects under the New Enhanced Drinking Water Protection Program. \$7,151,463 in bonds has been issued pursuant to these resolutions. Approximately \$4,323,174 will be funded with a portion of the proceeds from the sale of the Bonds. (See "FINANCIAL FACTORS – Drinking Water Protection, Sewer Tax Rate Stabilization, Environmental Protection and Property Tax Mitigation Programs" herein.)

Underlying and Overlapping Indebtedness of Political Subdivisions Within the County

The estimated underlying and overlapping indebtedness of political subdivisions within the County as of the most recently completed fiscal year of the respective political subdivision as filed with the Office of the State Comptroller, State of New York is as follows:

	<u>Fiscal Year</u>	<u>Gross Debt</u> ⁽¹⁾⁽²⁾
Towns	12/31/17	\$ 1,400,105
Villages	Various 2018	99,292
School Districts	06/30/18	2,172,803
Fire Districts	12/31/17	<u>108,998</u>
	Totals	<u>\$ 3,781,198</u>

(1) Amounts in thousands.

(2) Exclusive of local government exclusions.

Source: New York State Comptroller's Office, Division of Local Government and School Accountability Data Management Unit

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Annual Debt Service Requirements

The following table sets forth the annual debt service requirements, rounded to the nearest dollar, on all outstanding County general obligation bonds⁽¹⁾, exclusive of the Bonds and economically defeased obligations of the County.

Fiscal Year Ending <u>Dec. 31:</u>	Total <u>Principal</u>	Total <u>Interest</u>	Total Debt <u>Service</u> ⁽²⁾⁽³⁾⁽⁴⁾
2019	\$ 132,096,680	\$ 50,963,203	\$ 183,059,883
2020	129,700,000	44,918,707	174,618,707
2021	122,785,000	40,046,615	162,831,615
2022	124,290,000	35,339,510	159,629,510
2023	128,175,000	30,517,098	158,692,098
2024	122,100,000	25,786,189	147,886,189
2025	126,470,000	21,230,433	147,700,433
2026	125,645,000	16,360,473	142,005,473
2027	106,005,000	11,493,638	117,498,638
2028	80,815,000	7,798,721	88,613,721
2029	41,595,000	5,391,775	46,986,775
2030	25,445,000	4,040,277	29,485,277
2031	26,235,000	3,147,195	29,382,195
2032	15,790,000	2,256,952	18,046,952
2033	12,930,000	1,752,629	14,682,629
2034	8,545,000	1,372,008	9,917,008
2035	3,800,000	1,157,283	4,957,283
2036	3,825,000	1,022,357	4,847,357
2037	3,900,000	881,767	4,781,767
2038	3,950,000	737,035	4,687,035
2039	3,315,000	600,015	3,915,015
2040	3,385,000	470,946	3,855,946
2041	3,460,000	337,953	3,797,953
2042	3,535,000	199,670	3,734,670
2043	1,205,000	104,115	1,309,115
2044	<u>1,235,000</u>	<u>52,697</u>	<u>1,287,697</u>
Totals	<u>\$1,360,231,680</u>	<u>\$307,979,261</u>	<u>\$1,668,210,941</u>

- (1) Exclusive of bonds being paid pursuant to an Escrow Contract between the County and M&T Bank dated April 1, 2013 related to a HEAL Grant from the State. See "Other Transactions" herein.
- (2) On August 20, 2015 the County issued \$27,438,877 Environmental Facility Corporation Clean Water Bonds (the "2015 EFC Bonds"). The gross debt service attributable for the term of the bonds, March 1, 2016 through and including September 1, 2044 is reflected herewith. However, the gross interest on the 2015 EFC Bonds is subject to a 50% subsidy under the terms of the Project Financing Agreement entered into by the County and EFC in connection with the issuance of the 2015 EFC Bonds. The 2015 EFC Bonds are also subject to an Annual Administrative Fee, due annually on August 15 commencing August 15, 2016.
- (3) On November 9, 2017 the County issued \$48,229,800 Environmental Facility Corporation Clean Water Bonds (the "2017 EFC Bonds"). The gross debt service attributable for the term of the bonds, February 1, 2018 through and including February 1, 2042 is reflected herewith. However, the gross interest on the 2017 EFC Bonds is subject to a 50% subsidy under the terms of the Project Financing Agreement entered into by the County and EFC in connection with the issuance of the 2017 EFC Bonds. The 2017 EFC Bonds are also subject to an Annual Administrative Fee, due annually on October 1 commencing October 1, 2018.
- (4) For the entire fiscal year.

Other Transactions

New York State HEAL Grant

On August 21, 2012, Resolution #738-2012 (the “Resolution”) was adopted by the County Legislature accepting a \$17,000,000 grant award from the New York State Department of Health’s Health Care Efficiency and Affordability Law for New Yorkers Grant Program (“HEAL Grant”) Phase 21 for the John J. Foley Skilled Nursing Facility (“JJFSNF”). This award was used for the purpose of, among other things, retiring all outstanding bonds of the County issued to finance the JJFSNF, reimbursing the County for a portion of the debt service paid on such bonds in the 2012 and 2013 fiscal years from the date the grant was awarded to the date of the escrow contract and paying all incidental expenses incurred by or on behalf of the County in connection therewith.

On April 1, 2013, an Escrow Contract between the County and M&T Bank was executed. The HEAL Grant proceeds related to the retirement of the JJFSNF bonds were placed in escrow and, together with the interest earned from the investment thereof, were applied to economically defease the JJFSNF bonds, reimburse the County for the prior debt service payments on the JJFSNF bonds as described above and pay the related expenses, in accordance with the terms and conditions set forth in the Escrow Contract and the Resolution.

Lease Payments

The following table sets forth the annual lease payments due on March 2nd and September 2nd annually, rounded to the nearest dollar, related to the sale-leaseback of the H. Lee Dennison Building between the County and the Suffolk County Judicial Facilities Agency. Additionally, under the sale-leaseback agreement, the County is required to fund the annual operating expenses of the Suffolk County Judicial Facilities Agency. For 2019, this amount will be \$98,538 and grows at the greater of CPI or 3% annually throughout the term of the lease.

Fiscal Year Ending <u>Dec. 31:</u>	Total <u>Principal</u>	Total <u>Interest</u> ⁽¹⁾	Total Debt <u>Service</u> ⁽²⁾
2019	\$ 2,775,000	\$ 2,632,294	\$ 5,407,294
2020	2,915,000	2,493,544	5,408,544
2021	3,060,000	2,347,794	5,407,794
2022	3,160,000	2,244,519	5,404,519
2023	3,275,000	2,133,919	5,408,919
2024	3,395,000	2,011,106	5,406,106
2025	3,530,000	1,875,306	5,405,306
2026	3,705,000	1,698,806	5,403,806
2027	3,865,000	1,541,344	5,406,344
2028	4,035,000	1,372,250	5,407,250
2029	4,235,000	1,170,500	5,405,500
2030	4,450,000	958,750	5,408,750
2031	4,670,000	736,250	5,406,250
2032	4,905,000	502,750	5,407,750
2033	<u>5,150,000</u>	<u>257,500</u>	<u>5,407,500</u>
Totals	<u>\$57,125,000</u>	<u>\$23,976,632</u>	<u>\$81,101,632</u>

(1) Off slightly due to rounding.

(2) For the entire calendar year.

CAPITAL PLANNING AND BUDGETING

The County annually adopts a capital program which includes all anticipated capital expenditures for the next three fiscal years. No later than April 15 of each year, the proposed three-year capital program is submitted by the County Executive to the County Legislature. The Annual Capital Budget and Program is adopted in June of each year. The County’s capital budget sets forth the capital projects, both new and previously authorized, expected to be undertaken or continued in the ensuing fiscal year. The adoption of the capital budget does not constitute an authorization to proceed with a project and the financing thereof. In the event the County wishes to finance a project through the issuance of bonds or notes, such issuance of bonds or notes requires further authorization by a two-thirds vote of the County Legislature.

The 2020-2022 Proposed Capital Program and Budget was submitted to the County Legislature on April 15, 2019. The vote to amend/adopt the 2020-2022 Proposed Capital Program will be held at the County Legislature meeting on June 4, 2019. The 2020-2022 Proposed Capital Program (the “2020-2022 Proposed Capital Program”) includes the following:

	<u>2020-2022 Capital Program</u>
General Government Support: Judicial	\$ 21,552,000
General Government Support: Elections	0
General Government Support: Shared Services	35,036,532
Education: Community College	11,030,000 ⁽¹⁾
Public Safety and Law Enforcement	81,325,500
Health: Public Health	995,000
Transportation: Highways	146,625,000 ⁽²⁾
Transportation: Waterways	22,195,000
Transportation: Other	135,606,321 ⁽³⁾
Social Services	15,000,000
Economic Assistance and Opportunity	29,550,000
Culture, Recreation and Preservation	34,375,000
Home & Community Services: Sanitation	513,267,675 ⁽⁴⁾⁽⁵⁾
Home & Community Services: Other	<u>9,345,000</u>
Total Program:	<u>\$ 1,055,903,028</u>

- (1) Community college projects receive 50% State aid.
- (2) Includes anticipated Federal aid of \$35,120,000 and State aid of \$1,875,000.
- (3) Includes anticipated Federal aid of \$94,203,534 and State aid of \$5,009,057.
- (4) Includes anticipated Federal aid of \$302,117,675 and State aid of \$60,400,000.
- (5) Proposes to fund County Sewer District No. 3 (Southwest) projects in the amount of \$39,475,000 through the Southwest Assessment Stabilization Reserve. (See “Anticipated Capital Borrowings” herein.)

The extension of the County’s one quarter of one percent sales and compensating use tax (“One Quarter of One Percent Tax”) for the Sewer Assessment Stabilization Reserve Fund (“ASRF”) by the adoption of Resolution #770-2007 significantly offsets borrowing needs. A number of sewer projects in the Capital Program are expected to be funded by this sales tax revenue source through the Sewer Assessment Stabilization Reserve. See “ADDITIONAL FINANCIAL INFORMATION – Sewer Tax Rate Stabilization” herein.

On May 16, 2017, Resolution 329-2017, “A Local Law to establish a grant assistance program for the installation of Innovative and Alternative Onsite Wastewater Treatment Systems” was adopted. This local law provides for the establishment of a grant assistance program to qualified residential property owners to be used for the installation of innovative and alternative onsite wastewater treatment systems. Depending upon income level, grant awardees will be provided grant funding of up to \$11,000. Pursuant to the County charter, annual funding of \$2 million will be provided from the ASRF for the years 2017-2021.

The County continues to advance the Suffolk County Coastal Resiliency Initiative (“SCCRI”), which will utilize \$390 million in federal and state financial aid to connect nearly 6,500 parcels along river corridors on the County’s south shore to sewers as part of the State’s Post-Sandy Coastal Resiliency initiatives. On November 20, 2018, the

County Legislature adopted resolutions to approve the creation of the Forge River Sewer District (Resolution 907-2018) as well as extensions of the Southwest Sewer District to the Connetquot River area (Resolution 904-2018) and the Carlls River area (Resolution 905-2018). Each resolution required approval of a majority of the resident electors within each area and special elections were held on January 22, 2019. Propositions were approved by voters in the proposed Forge River Sewer District and the Carlls River extension. The Connetquot River extension was not approved by voters. Funding allocated to the Connetquot River project has been redirected to another SCCRI project area. The projects represent the largest investment in sewer infrastructure in the County in more than 40 years, and will eliminate nearly 6,500 cesspools and septic systems that have been identified as a primary source of nitrogen pollution that has degraded water quality in local bays. Design work for the projects is ongoing and construction is anticipated to be underway by 2020.

Source: County Executive's Budget Office

COUNTY INVESTMENT POLICY

Pursuant to Article V of the Suffolk County Charter, the County Comptroller is the custodian of all County funds and is charged with the responsibility for creating and administering, pursuant to written guidelines duly promulgated by the County Comptroller, the investment program of the County. The County Comptroller has a written investment policy which is consistent with the Investment Policies and Procedures guidelines of the Office of the State Comptroller. The County Investment policy is approved by resolution of the Suffolk County Legislature. The banks and trust companies authorized for the deposit of County monies are authorized to arrange for the redeposit of County monies in one or more banking institutions, as defined in Section 9-r of New York Banking Law, for the account of the County through a deposit placement program that meets all of the conditions set forth in Section 10(2)(a)(ii) of New York General Municipal Law.

Pursuant to the County Comptroller's investment policy, investments of monies not required for immediate expenditure may be made in certain obligations authorized by Section 11 of the General Municipal Law of the State, those being (a) Special time deposit accounts; (b) Certificates of deposit; (c) 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; (d) Obligations of the State of New York to the extent that no more than 25% of invested monies are to be invested in obligations of the State of New York; and (e) Obligations issued pursuant to Local Finance Law Section 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation of the State, other than the County to the extent that no more than 15% of invested monies are to be invested in obligations issued pursuant to Local Finance Law Section 24.00 or 25.00; and (f) participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5-G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46 and the specific investment program has been authorized by the County Legislature to the extent that no more than 15% of invested monies, exclusive of trust and agency funds, shall be invested in obligations issued by any one approved cooperative investment program.

The County Comptroller's investment policy further provides that all investment obligations must be payable or redeemable at the option of the County in time to meet expenditures for the purposes for which monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, must be payable or redeemable at the option of the County within two years of the date of purchase. The investment policy also limits investment maturities of monies invested from current operating funds to 12 months or less while the maturities of monies invested from budgetary reserve funds are limited to 20 months or less.

The County Comptroller's investment policy further provides that, in accordance with the provisions of Section 10 of the General Municipal Law of the State, all deposits, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, are secured by (a) a pledge of "eligible securities" with an aggregate "market value", as provided by General Municipal Law Section 10, equal to the aggregate amount of deposits from the categories designated in Appendix A to the Policy (the "eligible securities"). Eligible securities used for collateralizing deposits shall be held by a third party bank or trust company subject to security and custodial agreements; (b) an eligible surety bond payable to the government for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations; or (c) an irrevocable letter of

credit issued in favor of the County by a federal home loan bank whose commercial paper and other unsecured short term debt obligations are rated in the highest rating category by at least one nationally recognized statistical rating organization payable to the County as security for the payment of one hundred percent (100%) of the aggregate amount for the County deposits and the agreed upon interest, if any.

The County Comptroller's investment policy also authorizes the County to enter into repurchase agreements, subject to the following restrictions: (a) All repurchase agreements must be entered into subject to a master repurchase agreement; (b) Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers; (c) Obligations shall be limited to obligations of the United States of America and obligations of agencies of the United States of America where principal and interest are guaranteed by the United States of America; (d) No substitution of securities will be allowed; (e) The custodian shall be a party other than the trading partner and (f) maturities shall be limited to 30 days or less.

FINANCIAL FACTORS

Operating Budget

Pursuant to the County Charter, on or before the third Friday in September of each year, the County Executive must submit to the County Legislature the recommended operating budget for the following fiscal year, which includes the general fund and other fund budgets. The operating budget must be adopted as submitted or amended by the County Legislature not later than November 10 of each year or the 52nd day after the County Executive has submitted the recommended budget, whichever is later. In the event the County Legislature does not adopt such operating budget as submitted or amended within such time frame, the recommended budget as submitted by the County Executive is deemed adopted. The County Executive may veto legislative budget modifications in their entirety or by individual line item. Such budget amendment resolutions shall be approved or disapproved no later than the 10th day subsequent to submission of budget amendment resolutions to the County Executive.

Operating adjustments may be made by either the County Executive or County Legislature, or both, during the course of the fiscal year to ensure that expenditures will not exceed revenues. While the County Executive may amend the operating budget as needed, the Legislature may only amend the operating budget four times during the year; provided that any such amendment must be balanced. The 2019 Recommended Operating Budget was submitted to the County Legislature (the "2019 Recommended Budget") on September 21, 2018 and adopted without amendment on November 7, 2018.

The County periodically issues short-term tax anticipation notes to provide funds in anticipation of receivables that are delayed to some extent by the Suffolk County Tax Act (the "SCTA"). (See "REAL PROPERTY TAXES – Real Property Tax Collection" and "INDEBTEDNESS OF THE COUNTY – Cash Flow Borrowings" herein.)

Sales Tax

The total County sales and compensating use tax rate is 8.625% and is comprised of State tax (4.0%), Metropolitan Transit Authority tax (0.375%), Suffolk County tax (4.0%) and Suffolk County Drinking Water Protection Program tax (0.25%) ("One Quarter of One Percent Tax").

A county must secure State legislative approval to impose a sales tax rate above 3%. The State grants that authority for a set period of time, usually two years. A county must then seek reauthorization from the State legislature. Pursuant to Suffolk County Home Rule Message 2-2015 and further State legislation signed into law on August 13, 2015, the 1% County tax was extended through November 2017. Pursuant to Chapter 62 of the Laws of 2017, the County was authorized to continue to impose an additional sales and compensating use tax for a three year period, beginning December 1, 2017 and ending November 30, 2020. The County Legislature authorized this extension via Resolution 678-2017, which was adopted July 25, 2017.

Sales tax collections through May 10, 2019 were 4.1% higher than collections for the same period in 2018. The County's economic consultant, IHS Markit ("IHS"), projects modest increases in incomes and spending in the County consistent with a healthy economy and stable demographics. Furthermore, the County will benefit from the State's marketplace provider tax (internet sales tax). The marketplace provider tax will require third-party retail sites, like Amazon, eBay and Etsy, to collect and remit sales tax when a buyer in the State purchases something from

a retailer on their site. The plan in the State 2019-2020 Budget is expected to generate \$160 million annually for local governments. In addition, the Wayfair v. South Dakota U.S. Supreme Court Decision clarified that states have the right to collect sales tax on internet transactions coming into their state.

The One Quarter of One Percent Tax is utilized for the Suffolk County Drinking Water Protection Program. On August 7, 2007 the County Legislature adopted Resolution #770-2007, a Charter Law extending the One Quarter of One Percent Tax that was due to expire on December 31, 2013 to November 30, 2030 (the “2007 Legislation”). The extension was approved by the State Legislature, signed by the Governor and approved by a majority of the County electorate at the November 6, 2007 general election.

See “Drinking Water Protection, Environmental Protection and Property Tax Mitigation Programs” herein.

Drinking Water Protection, Environmental Protection and Property Tax Mitigation Programs

The County has a land acquisition program, known either as the Quarter Percent Program or the Drinking Water Protection Program (the “Program”) which initially began in 1987 and has been modified by the electorate several times.

The 2007 Legislation extended, in modified form, the One Quarter of One Percent Tax and also amended the percentage allocation of collections as follows: (i) 31.10% to the Suffolk County Environmental Programs Trust Fund for open space acquisition and farmland development rights initiatives; (ii) 11.75% to the Suffolk County Environmental Programs Trust Fund for Water Quality Protection and Restoration Programs and Land Stewardship initiatives; (iii) 32.15% to the Suffolk County Taxpayers Trust Fund to reduce or stabilize the County’s general property taxes and/or police/public safety property taxes for the subsequent fiscal year by being credited to revenue in direct proportion to real property taxes assessed and collected from parcels within the County; and (iv) 25.00% to be used to reduce or stabilize sewer taxpayer property taxes provided that the applicable sewer district experiences an increase in rates of at least 3% in the aggregate for user charges, operations and maintenance charges, per parcel charges and ad valorem assessments in the calendar year for which these revenues are being allocated. The amount of debt service and bond or note issuance costs paid from the Environmental Programs Trust Fund for Open Space Acquisition in any calendar year shall not exceed 80% of the unobligated projected sales tax revenues for such calendar year.

On July 29, 2014 the County Legislature adopted resolution #579-2014, a Charter Law amending the Program for enhanced water quality protection, wastewater infrastructure and general fund property tax relief for the County. This legislation provides for an Enhanced Water Quality Protection Program (the “Enhanced Program”) designed to provide funding for the purpose of protecting the groundwater in the County’s sole source aquifer from discharges of pollutants. The purpose of the Enhanced Program is to acquire, by fee, lease or easement, interests in land and to protect and/or enhance groundwater, for water quality protection and restoration program and land stewardship initiatives, and for installation, improvements, maintenance and operation of sewer infrastructure and sewage treatment plants and for installation of residential and commercial enhanced nitrogen removal septic systems. This Enhanced Program became effective December 1, 2014 and will expire December 31, 2020.

The 2018 Adopted Budget estimated \$82.1 million of sales tax revenues for the program with a resulting transfer to the general fund of \$26.4 million in 2018. The 2018 actual amount of sales tax revenue for the program was \$82.4 million with \$26.5 million transferred to the general fund. The 2019 Adopted Budget estimates \$86.0 million of sales tax revenues for the program with a resulting transfer to the general fund of \$27.6 million in 2019.

State and Federal Aid

The County receives substantial financial assistance from State and Federal reimbursement, mainly for human services and other mandated entitlement programs. The 2018 estimated annual County general fund revenue derived from State and Federal aid is 21.5%. The 2019 Adopted Budget projects 21.2% of general fund revenue will be derived from State and Federal aid.

The State is not constitutionally obligated to maintain or continue to provide aid to the County. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the County during its current fiscal year, as well as future years. Any such elimination or reduction would require the County to either counterbalance any such

loss with, to the extent available, an increase in revenues from other sources or a curtailment of expenditures. 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 County, the County may be affected by a delay in the receipt of State aid, until sufficient State taxes have been received by the State to make such payments. If in any given year the State does not adopt its budget in a timely manner, municipalities and school districts in the State, including the County, may also be affected by a delay in the payment of State aid. (See also “MARKET FACTORS AFFECTING FINANCINGS OF THE COUNTY, THE STATE AND MUNICIPALITIES OF THE STATE” herein).

The State receives a substantial amount of Federal aid. However, the State’s current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision.

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 fiscal years 2018-2019 and 2019-2020 should such reductions occur. 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.

Medicaid

Medicaid expenses share of general fund expenditures for 2017 was 11.5%. The 2018 and 2019 Adopted Budgets estimate the Medicaid expense at 11.2% and 10.82% of general fund expenditures, respectively. Under the State Medicaid cap law, the County’s Medicaid expenses are capped by a formula which sets calendar year 2005 base period with local Medicaid payments to the State increasing by an annual, non-compounded inflation factor. (For example, the 2012 payment was determined by increasing the 2005 base by 3.50% for 2006, 3.25% for 2007 and 3.00% for 2008, 2009, 2010, 2011 and 2012, for a total increase of 21.75% over the 2005 base). Previous State budgets have called for a reduction in the projected growth assessed to the local districts. The increase on the 2005 base grew 0% for 2017, 2018 and 2019. In addition, local Medicaid costs must be accounted for on a cash basis. The State cap on Medicaid expenses provides significant savings to the County each year, as well as providing an accurate method for budgeting for such expenses in future years.

2018 Adopted Budget with Updates

On November 9, 2017, the County Legislature adopted the 2018 Operating Budget (the “2018 Adopted Budget”). The 2018 Adopted Budget is balanced and is in compliance with the Tax Levy Limitation Law and local budget cap laws.

The 2018 Adopted Budget projected sales tax revenue of \$1.43 billion, an increase of 3.01% over 2017 actual collections. Sales tax collections through December 31, 2018 were 4.46% higher than collections for the same period in 2017. The 2018 year end estimate included in the 2019 Adopted Budget was \$1.46 billion. Actual collections were \$1.40 billion, \$6 million or 0.44% less than the 2018 estimate.

The County retains an outside economic firm to assist it in developing sales tax forecasts. The County’s consultant projects modest increases in incomes and spending in the County consistent with a healthy economy and stable demographics.

The 2018 Adopted Budget contained several initiatives:

2018 ADOPTED BUDGET
SUMMARY OF MAJOR INITIATIVES
(\$ IN MILLIONS)

Pension Amortization	\$ 32.08
Healthcare Plan Design Changes and/or Employee Contributions	30.00
Police District Tax Increase (includes redistribution from the Sewer District)	27.05
OTB Video Lottery Terminals (minimum contractual guarantee)	<u>2.75</u>
 Total	 <u>\$ 91.88</u>

The 2018 Adopted Budget utilized the State’s Alternative Contribution Stabilization program relating to the employer contributions to the State Retirement System and the County amortized \$32.08 million of its employer pension contribution in 2018. The 2018 Adopted Budget included no new fees. The County will receive the contractual guarantee for the Video Lottery Terminals (“VLT”) at Jakes 58, the newly opened casino in the County. In August 2018, the County received \$500,000 of unbudgeted revenue for VLT operations.

Changes made to the Employee Medical Health Plan (“EMHP”) in 2018 provided expenditure savings of almost \$25 million. Revenues, however, did fall short due to delays in contract negotiations. EMHP growth in 2018 was 1.58%.

2019 Adopted Budget

The County Executive submitted the 2019 Recommended Operating Budget (“2019 Recommended Budget”) to the County Legislature on September 21, 2018. The 2019 Recommended Budget was adopted without amendment on November 7, 2018 (the “2019 Adopted Budget”). The 2019 Adopted Budget is in compliance with the Tax Levy Limitation Law and local budget cap laws.

The 2019 Adopted Budget projects sales tax revenue of \$1.51 billion, an increase of 3.5% over 2018 estimated collections. Based on actual 2018 collections, to achieve the figure included in the 2019 Adopted Budget, the growth rate will have to be 3.93% over 2018 actual collections. Sales tax collections through May 10, 2019 are 4.1% higher than the same time period in 2018. Sales tax collections on retail internet sales, which were not factored into the County’s 2019 Adopted Budget, are expected to increase in 2019 due to the State’s implementation of sales tax collections from out-of-state retailers whose sales in New York exceeds \$300,000 or 100 transactions, consistent with the United States Supreme Court ruling in *South Dakota v. Wayfair, Inc.*

The County Executive issued Executive Order 2019-01 on March 6, 2019 to establish for fiscal year 2019 a policy for the transfer of funds. In contemplation of revenue targets and not meeting expenditure goals due to reasons outside the control of County government, the order directed the Budget Director to embargo up to 10% of each department’s unspent, non-encumbered budget appropriations to be held in reserve.

Resolution No. 378-2019, adopted by the County Legislature on April 9, 2019, adopted Local Law No. 19-2019, a Local Law Reducing Fees For Instruments Presented For Recording Or Filing To The County Clerk. The 2017 Tax Cuts and Jobs Act, enacted, for the first time in tax history in the United States, a limit on the amount a taxpayer could deduct for state and local taxes (“SALT”) on a federal income tax return to \$10,000. Local Law No. 19-2019 reduces the fees on all mortgage instruments by \$100 per recording in order to help defray the impact of the SALT cap.

The 2019 Adopted Budget does not contain any pension amortization deferral or any other non-recurring revenue items.

The 2019 Adopted Budget contains several initiatives:

2019 ADOPTED BUDGET
SUMMARY OF MAJOR INITIATIVES
(\$ IN MILLIONS)

Health Plan Savings	\$27.3
Police District Tax Levy Increase	22.0
Overtime Savings	7.4
OTB Residual Payments	1.0
Traffic Violations Bureau Improved Collections	<u>1.7</u>
 Total	 <u>\$59.4</u>

ADDITIONAL FINANCIAL INFORMATION

Pension Payments

Substantially all employees of the County are members of the New York State and Local Employees Retirement System (“ERS”) or the New York State and Local Police and Fire Retirement System (“PFRS”), (ERS and PFRS are referred to collectively hereinafter as the “Retirement Systems” where appropriate). These Retirement Systems are cost-sharing multiple public employee retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the “Retirement System Law”). The Retirement Systems offer 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 retirement benefits generally vest after five (5) years of credited service, except employees hired after April 1, 2012. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. The Retirement Systems are non-contributory for members hired prior to July 1, 1976. All members hired on or after July 1, 1976 through and including December 31, 2009 must contribute 3% of gross annual salary toward the cost of retirement programs, until they attain ten years in the Retirement System.

On December 10, 2009, the Governor signed into law the creation of Tier 5, which was effective for new ERS employees hired after January 1, 2010. ERS employees in Tier 5 also contribute 3% of their salaries throughout their employment.

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

The employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1; the County is notified of and can include the actual cost of the employer contribution in its budget. Current 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 is due February 1, but may be prepaid by December 15 at a discounted amount.

The Office of the New York State Comptroller previously informed participating employers that due to the global economic crisis, the rate of return of the pension fund experienced an unprecedented decline in 2009 and consequently, contribution rates increased through and including 2014. Additional steps were needed to mitigate the expected increases in the employer contribution rates. Beginning in fiscal 2011, the Employer Contribution Stabilization Program authorized local governments to amortize a portion of annual pension costs during periods when actuarial contribution rates exceed thresholds established by the program. Amortizations are paid in equal installments over a ten-year period at an interest rate that is set annually and fixed over the ten year repayment

period. The interest rate for the 2011 fiscal year was 5%, the interest rate for 2012 was 3.75% and the interest rate for 2013 was 3%.

Commencing with the 2014 payment, the County elected to utilize the State’s “Alternate Contribution Stabilization Program.” Per the program guidelines, the interest rate charged is the 12-year US Treasury bond yield plus 1% and is fixed over the twelve year repayment period. The interest rate for 2014 was 3.76%, for 2015, the rate was 3.5%, for 2016, the rate was 3.31%, for 2017, the rate was 2.63% and for 2018, the interest rate is 3.31%.

The following table sets forth the County’s total bills, amounts amortized and annual payments related to the County’s pension obligations for ERS and PFRS, including SCCC:

PENSION COSTS										
Year Paid	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020²</u>
Invoice Period	4/2010- 3/2011	4/2011- 3/2012	4/2012- 3/2013	4/2013- 3/2014	4/2014- 3/2015	4/2015- 3/2016	4/2016- 3/2017	4/2017- 3/2018	4/2018- 3/2019	4/2019- 3/2020
Gross Invoice Amounts (excluding Installments on Prior Deferrals)	136,045,644	182,737,273	203,604,694	233,895,448	228,960,795	195,059,113	195,346,037	205,491,878	202,134,461	200,898,364
Installments on Prior Deferrals	0	2,470,993	8,035,837	15,154,187	24,306,282	30,494,139	35,062,374	38,524,402	41,807,773	41,807,773
Gross Invoice Amount	136,045,644	185,208,266	211,640,531	249,049,635	253,267,077	225,553,252	230,408,411	244,016,280	243,942,234	242,706,137
Less: Pension amounts deferred ¹	(19,080,351)	(45,702,894)	(60,720,972)	(87,101,698)	(59,795,324)	(44,642,145)	(35,234,699)	(32,086,087)	0	0
Pension Amount	116,965,293	139,505,372	150,919,559	161,947,937	193,471,753	180,911,107	195,173,712	211,930,193	243,942,234	242,706,137
Employees Retirement System (ERS)	58,994,854	65,934,963	76,854,241	84,793,660	114,096,596	95,752,292	99,577,355	107,823,546	128,126,363	126,552,065
Police and Fire Retirement System (PFRS)	57,970,439	73,570,409	74,065,318	77,154,277	79,375,157	85,158,815	95,596,357	104,106,647	115,815,871	116,154,072
Total Net Pension Costs	116,965,293	139,505,372	150,919,559	161,947,937	193,471,753	180,911,107	195,173,712	211,930,193	243,942,234	242,706,137

- (1) Represents amounts deferred and paid over time.
- (2) Preliminary estimates, subject to change.

The County did not defer the allowable pension payment of \$22,124,802 in 2019 and does not anticipate deferring the estimated allowable pension payment of \$19,323,269 in 2020.

Source: Suffolk County Budget Office.

Employee Medical Health Plan

2015/2016 growth rates for the County’s self-insured, Employee Medical Health Plan (“EMHP”) exceeded the Kaiser Northeast growth rates. The County’s position was that the unions, pursuant to a required reconciliation agreement, owed approximately \$60 million for EMHP expense mitigation for the four-year period ending 2016. The head of the Suffolk Coalition of Public Employees (“SCOPE”), a legal entity representing all nine County unions, acknowledged SCOPE owed significant money and filed a grievance to determine the exact monies owed. In the interim, SCOPE and the County made plan design changes to ensure costs were contained at reasonable growth levels. 2018 estimated expenses were approximately \$25 million less than the amount included in the 2018 Adopted Budget. Included in this amount is \$3.9 million of New York State Health Care Reform Act recovery funds received in 2018. The cost savings, as well as new agreements with EMHP vendors, plan design changes and cost reconciliations with SCOPE, contributed to a 2019 Adopted Budget amount that is 3.79% less than the amount included in the 2018 Adopted Budget. From 2013 until the effective date of the new SCOPE agreement, the County has required new employees to pay 15% of the plan rates towards their health insurance coverage.

On May 14, 2019, the Suffolk County Legislature ratified a new contract with SCOPE for EMHP. The new contract, developed with the help of outside consultants, is effective July 16, 2019 (60 days after notification) and expires December 31, 2025. The agreement requires all active employees to pay 2% of their salary toward the cost of the EMHP with a minimum contribution of \$1,500 and a cap of \$3,750. Starting January 1, 2021, the contribution

amount will grow 1/10 of a percent per year until 2025 when it will be 2.5%. Effective January 1, 2026, continuing contribution rates will be 2.5% with an increased cap of \$4,000. For 2019, contributions are estimated to be \$1.5 million above the 2019 Adopted Budget amount. In 2020, the 2% contribution amount is worth \$14.8 million.

Additional design changes have been made as follows:

- Increased deductibles and out-of-pocket requirements.
- Increased co-pays on medical, surgical, hospital and pharmaceuticals.
- Limitations and increased employee share on out-of-network services for chiropractic, physical therapy and occupational therapy.

Annual savings for plan design total approximately \$22.8 million. For 2019, savings are estimated to be \$8.8 million. The agreement requires annual savings of \$40 million. The unions have until January 1, 2022 to come up with an additional \$13 million in savings or the agreement will terminate two years earlier than the 2025 expiration date.

NYS Fiscal Stress Monitoring System

A Fiscal Stress Monitoring System (“FSMS”) was developed by the New York State Comptroller in 2012 as a way to identify local governments facing fiscal stress, factors influencing fiscal stress and ways in which local governments can manage fiscal stress. The FSMS evaluates local governments on the basis of financial and environmental indicators to create an overall fiscal stress score. The State Comptroller’s August 30, 2013 update identified the County, along with eleven other municipalities, as having “significant stress.” Such fiscal stress designations relied on data obtained from annual financial reports submitted by local governments to the Office of the State Comptroller. The State’s analysis did not take into account the fact that the County maintains nearly \$430 million in special revenue funds. After review of the County’s 2013 fiscal year, the State Comptroller improved the County’s fiscal stress designation from significant to moderate, effective August 29, 2014. The County had remained in the moderate stress category, through the report issued in September 2017. In January 2018, the State Comptroller implemented changes to the FSMS scoring calculations. In September 2018, under the new scoring system, the County was placed in the “significant fiscal stress” category. It should be noted, however, that if the State Comptroller did not implement changes to the FSMS scoring calculations in January 2018, the County would have remained in the moderate stress category.

See the State Comptroller’s official website for more information on FSMS. 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.

Strategic Fiscal Planning

In 2019, the following financial reforms have been presented to the Budget and Finance Committee of the County Legislature and, where indicated, adopted by the County Legislature:

- 1) **Introductory Resolution No. 1132-2019 (“IR 1132”): ADOPTING THE OFFICIAL DEBT POLICY OF SUFFOLK COUNTY.** The County recognizes that one of the attributes of sound financial management is a comprehensive debt policy. The development of a debt policy is a recommended best practice by the Government Finance Officers Association. The goals and objectives of the County’s Debt Policy are to: guide the County and its managers in policy and debt issuance decisions, maintain appropriate capital assets for present and future needs, promote sound financial management, protect and enhance the County’s credit rating, ensure the legal and prudent use of the County’s debt issuance authority and evaluate debt issuance options. IR 1132 passed out of committee on March 18, 2019 and was adopted by the County Legislature on March 26, 2019 as Resolution No. 208-2019 and approved by the County Executive on March 29, 2019.
- 2) **Introductory Resolution No. 1140-2019 (“IR 1140”): ADOPTING A CHARTER LAW TO IMPROVE THE JOINT AUDIT COMMITTEE.** In accordance with the recommendation by the Government Finance Officers Association, the Association of Local Government Auditors and other experts in municipal finance, that an audit committee should have sufficient members for meaningful discussion and deliberation, the County is reorganizing the Joint Audit Committee by increasing the number of members from three (a representative from the Comptroller’s, Presiding Officer’s and County

Executive's office) to a ten member committee with expertise from within and outside the County. The expanded committee will provide an enhanced independent review and oversight of the County's financial reporting processes, internal controls and independent auditors, in keeping with the GFOA recommended objectives. IR 1140 is currently tabled in committee.

- 3) **Introductory Resolution No. 1141 ("IR 1141"): ADOPTING A LOCAL LAW TO ESTABLISH A MULTI-YEAR FINANCIAL PLAN ("MYP")**. As part of the County's ongoing fiscal strengthening and structural enhancements and, in accordance with the best practice recommendations from the Office of the New York State Comptroller and the Government Finance Officers Association, the County is adopting a MYP. Beginning in 2020, the County Executive shall submit, no later than sixty (60) days after the adoption of the County Operating Budget, to the County Legislature, a four year financial plan consisting of the total estimated expenditures and income for the fiscal year and for each of the next three successive fiscal years. The Legislative Budget Review Office will then review the MYP submitted by the County Executive and issue a report within 45 days of submission to the Legislature. IR 1141 was adopted by the County Legislature on April 9, 2019 as Resolution No. 277-2019, approved by the County Executive on April 26, 2019 and is subject to a permissive referendum in accordance with the New York State Municipal Home Rule Law.

Suffolk Share

As part of the Governor's Shared Services Initiative the County released "Suffolk Share" a comprehensive ten-point plan that would save approximately \$37 million over a two-year period. All participating municipalities would share in the potential savings. This plan received unanimous approval amongst the participating towns and villages. This plan would foster inter-municipal sharing of services and includes a "Virtual Municipal Service Store" which will provide a menu of municipal services and assets that would be available to participating municipalities.

Pursuant to new legislation passed in 2018 by the State, the County can now include additional districts in the plan and thus, expand the use of cooperative procurement beyond that which was anticipated in the original plan. On September 12, 2018, the Suffolk County Shared Services Panel approved an amended 2018 Shared Services Plan. The amended plan adds Eastern Suffolk BOCES, Western Suffolk BOCES, and over thirty school districts, fire districts and other special districts to the original agreement whereby over forty towns and villages are already partnered with the County. The County has received a \$350,000 grant to establish the portal. The Suffolk Share portal went live in February 2019. No savings associated with this plan has been included in the 2019 Adopted Budget.

Suffolk Stat

Suffolk STAT, a program designed to assist departments in monitoring and analyzing operational performance utilizing Key Performance Indicators ("KPIs"), was implemented at the Suffolk County Police Department ("SCPD") in 2017. The new analytic capabilities, along with additional hiring, successfully contributed to a 14.9% reduction in SCPD's actual expenses from 2016 to 2017. In addition, the 2018 estimated SCPD overtime expense is 15.9% lower than the actual 2017 overtime expenses. The County is currently working with the Sheriff Department to implement Suffolk STAT. Significant impacts, similar to those obtained by SCPD, are expected for the Sheriff Department in 2019.

Suffolk County Tax Act Study Committee

Resolution 753-2016 was approved on September 9, 2016 to establish a Study Committee to review the Suffolk County Tax Act and determine changes to improve the County's method of collecting taxes so as to alleviate cash flow issues. The Study Committee is exploring a variety of issues to amend the Suffolk County Tax Act to provide the County with a fair distribution of tax revenues received earlier in the year and will be working with local assessors and school district officials to discuss proposed changes which may be beneficial to the County. Resolution 775-2017 adopted September 6, 2017 extended the deadline for this report to March 15, 2018. A proposed amendment to Resolution 775-2017 extending the report deadline to December 31, 2018 was adopted on March 13, 2018.

The Tax Act Committee has finalized their report to be submitted to the County Legislature. The report evaluated several aspects of the Suffolk County Tax Act beginning with the timing and sequence of the disbursements of the

taxes collected. Analysis by the committee of a change to the current tax distribution schedule that would allow the County to receive its share of the tax warrant as collections come in, starting in January, rather than receiving a lump sum payment in June of each year, would improve the County's cash flow and could reduce the size and expense of the County's cash flow borrowings.

Tax Stabilization and Debt Service Reserve Funds

The County Charter requires that a minimum of 25% of the prior year's discretionary general fund balance be transferred to the Tax Stabilization Reserve Fund or Debt Service Reserve Fund. In accordance with this provision, the 2019 Adopted Budget includes a transfer of the Debt Service Reserve Fund in the amount of \$26.1 million which represents 25% of the audited discretionary fund balance in the General Fund in 2017. The \$26.1 million will be used to pay debt service in 2019.

Sewer Tax Rate Stabilization

Resolution #625-2011, a Charter Law regarding use of Assessment Stabilization Reserve Fund ("ASRF") surpluses to enhance sewer capacity and provide tax relief, was adopted on August 2, 2011 by the County Legislature. This legislation establishes a limit for the balance of the Sewer District Tax Rate Stabilization Fund at \$140 million for the fiscal years 2011 through 2021, inclusive. In fiscal years 2011, 2012 and 2013, of the fund balance which exceeded \$140 million, 62.5% of the excess funds were required to be used for sewer projects approved by the County Legislature and 37.5% were appropriated by resolution to a reserve fund for bonded indebtedness or to a retirement contribution reserve. Should the fund balance exceed \$140 million in 2014 through 2021, the excess fund balance shall be used exclusively for sewer projects as approved by legislative resolutions. In September 2011, two environmental groups filed a lawsuit to block the County Executive and the County Legislature from using the surplus in this manner without voter approval. In a decision by the New York State Supreme Court on July 19, 2012, the Court found that the plaintiffs lacked the necessary standing to challenge the law. Plaintiffs appealed the decision and the Appellate Division, Second Department declared the law to be null and void and remanded the case to the New York State Supreme Court for, *inter alia*, entry of judgment. Judgment has been entered nullifying the 2011 law, but no damages were awarded in the judgment. Plaintiffs appealed the judgment and briefs were filed. The appeal was argued before the Appellate Division, Second Department, on October 17, 2018, and decision was reserved.

Pursuant to Resolution 625-2011, the amount appropriated from the ASRF for the retirement contribution reserve fund to provide general fund relief was \$5.4 million in 2011, \$15.6 million in 2012 and \$8.5 million in 2013.

The 2014 Adopted Budget included a \$32.8 million transfer to the Debt Service Reserve Fund as well as a \$5.0 million transfer to fund sewer infrastructure projects. However, in March 2014, two environmental groups filed a lawsuit to void resolutions passed in 2013 which permitted the transfers from the ASRF. To settle the matter, two resolutions were adopted. Resolution 68-2014 requires a referendum to amend, modify, alter or repeal Local Law 24-2007. Resolution 579-2014 authorized a November 2014 mandatory referendum on a ballot proposal to adopt a charter law which created a \$29.4 million program for environmental protection and restoration. Resolution 579-2014 was approved by a majority of the electorate voting on the measure. In 2017, the County issued bonds for \$1.3 million under this program. In 2018, the County issued \$5.9 million in bonds under this program.

The charter law authorized the County to borrow from the ASRF in 2014, 2015, 2016 and 2017 to provide tax relief. All amounts borrowed from the ASRF are required to be repaid by 2029, with annual payments of no less than 5% of the amount borrowed commencing in 2018. Amounts transferred from the ASRF were \$32.8 million in 2014 and \$32.8 million in 2015. The 2016 Adopted Budget included a \$28.2 million transfer; however, a transfer of an additional \$60 million in fiscal 2016 was approved.

A transfer of \$17.5 million was made from ASRF in 2017. As required by Charter Law, the 2018 Adopted Budget and the 2019 Adopted Budget include paybacks to the ASRF, each in the amount of \$8.565 million representing 5% and 5.26%, respectively, of the balance owed.

Employees

The County employs approximately 9,021 employees as of May 5, 2019, approximately 95% are represented by collective bargaining units. This includes the completion of several classes of Police Officers and corrections officers who replace higher paid officers that are retiring. The Association of Municipal Employees (“AME”) represents approximately 51% of the County’s employees, the Suffolk County Police Benevolent Association (“PBA”) represents approximately 19% of the County’s employees and the remaining employees are represented by various other collective bargaining units or are management.

The collective bargaining units representing employees of the County include:

<u>Association</u>	<u>Expiration Date</u>
Association of Municipal Employees	12/31/16 ⁽¹⁾
SC PBA, Probation Officers Association Unit	12/31/16 ⁽²⁾
Superior Officers Association	12/31/18 ⁽²⁾
Deputy Sheriffs Benevolent Association	12/31/18 ⁽²⁾
Suffolk Detectives Association	12/31/18
Police Benevolent Association	12/31/24
Detectives Investigators Police Benevolent Association	12/31/18 ⁽²⁾
Correction Officers Association	12/31/18 ⁽²⁾
Faculty Association of Suffolk Community College	08/31/19
Guild of Administrative Officers of Suffolk County Community College	08/31/19

- (1) Stipulation of Agreement executed May 15, 2019.
- (2) In negotiations.

- **Resolution No. 437-2019 Adopting a Salary Plan for Employees Excluded From Bargaining Units** - Adopted by County Legislature on May 14, 2019. This resolution provides salary settlements, comparable to the increases offered to AME employees, for management and exempt employees who are excluded from bargaining units and who do not receive salary increases through other salary plans:

2017	2.5%, effective 1/1/19	2021	1.0%, effective 7/1/21
2018	1.5%, effective 7/1/20	2022	1.5%, effective 7/1/22
2019	0%	2023	2.0%, effective 7/1/23
2020	1.0%, effective 12/1/20	2024	2.5%, effective 7/1/24

Union Contracts

- **Association of Municipal Employees (AME)** – The Memorandum of Agreement dated May 8, 2019, subject to ratification by union members, provides for an eight year contract from 2017 – 2024:

2017	2.5%, effective 1/1/19	2021	1.0%, effective 7/1/21
2018	1.5%, effective 7/1/20	2022	1.5%, effective 7/1/22
2019	0%	2023	2.0%, effective 7/1/23
2020	1.0%, effective 12/1/20	2024	2.5%, effective 7/1/24

Retro payments for the period from January 1, 2019 through date of payroll implementation will be paid upon the employee’s separation from employment at the employee’s then prevailing hourly rate.

- **PBA, Police Benevolent Association Inc.** – The Memorandum of Agreement dated May 8, 2019 and ratified by union members on May 20, 2019, provides for a six year contract from 2019-2024 includes the following wage increases:

2019	0%	2023	1%, effective 1/1/23
2020	2.25%, effective 1/1/20		1%, effective 7/1/23
2021	1%, effective 1/1/21	2024	1.5%, effective 1/1/24
	1%, effective 7/1/21		1.5%, effective 7/1/24
2022	1%, effective 1/1/22		
	1%, effective 7/1/22		

- **SC PBA, Probation Officers Association Unit** – The Memorandum of Agreement dated January 4, 2017 includes the following wage increases:

2011	2%, effective 7/1/14	2015	1%, effective 7/1/15
2012	2%, effective 7/1/14		1%, effective 12/1/15
2013	1%, effective 7/1/14	2016	3%, effective 7/1/16
2014	1%, effective 7/1/14		

Retro payments for the period July 1, 2014 through December 31, 2015 were deferred and are payable upon separation at the salary rate in effect at that time. The starting salaries for new hires are lower and the time to reach the top step is lengthened. The contract expired December 31, 2016 and is currently in negotiations.

- **Superior Officer’s Association (SOA)** – The contract provided for no retroactive pay raises. It provides raises with annualized effective rates of 5.96% in 2014, 6.11% in 2015, 5.63% in 2016, 3.53% in 2017 and 3.53% in 2018.
- **Deputy Sheriffs Benevolent Association (DSBA)** – The expired contract provided raises as follows:

<u>2011 & 2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016, 2017, 2018</u>
0%	January 1 - \$625 (effective 1/1/14)	April 1 - \$875 June 1 – 0.5%	April 1 – \$900 June 1 – 1%	June 1, 2016 – 3.25%
	June 1 – 0.5% (effective 1/1/14)	Dec. 1 – 0.5%	Dec. 1 – 1.5%	June 1, 2017 – 3.25%
				June 1, 2018 – 3.25%

In addition, raises were given January 1, 2017 which equate to approximately 4.4%, in settlement of lawsuits related to the highway patrol. Retroactive payments for the raises effective in 2014 and 2015, other than for overtime and compensatory time payouts, will be paid upon the employee’s separation from employment at the employee’s then prevailing hourly rate, except that those monies so deferred may be paid in 2020 at the sole discretion of the County upon the request of a then current employee. There was no retroactive pay for straight salaries for 2011 through 2014, inclusive. The agreement provides for no layoffs during its term. For newly hired officers, the new salary schedule includes a lower starting salary which is frozen for the duration of the contract and the time required to reach the top step has been increased from five years to twelve years.

- **Suffolk Detective’s Association (SDA)** – The eight year contract provided raises with annualized effective rates of 0% from 2010-2013, 5.96% in 2014, 6.11% in 2015, 5.63% in 2016, 3.53% in 2017 and 3.53% in 2018. The agreement provides for no layoffs during
- **Detectives Investigators PBA (DIPBA)** – The agreement provides for no retroactive pay raises. It provides raises with annualized effective rates of 0% from 2011-2013, 1.5% on 1/1/2014, 6/1/2014 and 12/1/2014, 1.5% on 7/1/2015 and 12/1/2015, 1.75% on 1/1 and 6/1 for years 2016 – 2018.

2021	1.0%, effective 7/1/21
2022	1.5%, effective 7/1/22
2023	2.0%, effective 7/1/23
2024	2.5%, effective 07/01/24

- **Correction Officer’s Association (COA)** – The contract provided raises as follows:

<u>2011 & 2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016, 2017, 2018</u>
0%	January 1 - \$625 (effective 1/1/14)	April 1 - \$875 June 1 – 0.5%	April 1 – \$900 June 1 – 1%	June 1, 2016 – 3.25%
	June 1 – 0.5% (effective 1/1/14)	Dec. 1 – 0.5%	Dec. 1 – 1.5%	June 1, 2017 – 3.25%
				June 1, 2018 – 3.25%

Raises effective in 2014 and 2015 were not included in employee’s paychecks until the first pay period in 2016. Retroactive payments for the raises effective in 2014 and 2015, other than for overtime and compensatory time payouts, will be paid upon the employee’s separation from employment at the employee’s then prevailing hourly rate, except that those monies so deferred may be paid in 2020 at the sole discretion of the County upon the request of a then current employee. There was no retroactive pay for straight salaries for 2011 through 2014, inclusive. The agreement provides for no layoffs during its term. For newly hired officers, the new salary schedule includes a lower starting salary which is frozen for the duration of the contract and the time required to reach the top step has been increased from five years to twelve years.

- **Faculty Association of Suffolk County Community College** – Provides raises of 1.5% in 2016 and 2% each year from 2017-2019.
- **Guild of Administrative Officers of Suffolk County Community College** – Provides raises of 1.5% in 2016 and 2% each year in 2017 and 2018 and 2.5% for 2019.

Other Post Employment Benefits

GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), replaces GASB Statement No. 45. 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 the 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.

Nyhart, formerly Alliance Benefit Group of Indiana, has completed its analysis and actuarial valuation of the County’s OPEB obligation as of the fiscal year ended December 31, 2017 in accordance with GASB 75. The Nyhart report determined that as of December 31, 2017, the County’s total OPEB liability was approximately \$5,574,095,000 using a discount rate of 3.44% and healthcare cost trend rates of 9% decreasing to 4.5%. For the year ended December 31, 2017, the County reported deferred outflows of \$216,070,000 and deferred inflows of \$493,250,000.

Should the County be required to fund the total OPEB liability, it could have a material adverse impact upon the County’s finances and could force the County to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the County 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 County will continue funding this expenditure on a pay-as-you-go basis.

Legislation has been introduced to create an optional investment pool to help the State and local governments fund retiree health insurance and other post employment benefits. The proposed legislation would 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. Under the proposed legislation, there would be no limits on how much a local government can deposit into the trust. The County cannot predict whether such legislation will be enacted into law in the foreseeable future.

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Revenues and Expenditures – General, Police District, Suffolk Tobacco Asset Securitization Corp. and Non-major Governmental Funds

The following table sets forth revenues and expenditures of the County’s General, Police District, Suffolk Tobacco Asset Securitization Corp. and Non-major Governmental Funds for the five years ended December 31, 2017. On June 24, 2011, the Tax Levy Limitation Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the County, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the County. (See also “TAX LEVY LIMITATION LAW” herein.)

Revenues and other financing sources:	<u>2013</u>
Real property taxes and tax items	\$ 654,375,416
Other taxes	1,298,083,810
Departmental	264,921,860
State aid	267,384,027
Federal aid	280,046,699
Other revenues	<u>102,320,050</u>
Total revenues	2,867,131,862
Transfers from other funds and other financing sources	<u>536,626,409</u>
Total revenues and other financing sources	<u>3,403,758,271</u>
Expenditures and other financing uses:	
General government support	251,653,048
Education	179,615,133
Public Safety	633,286,939
Health	145,518,061
Transportation	112,858,132
Economic assistance and opportunity	642,688,634
Culture and recreation	22,547,724
Home & community services	59,773,791
Employee Benefits	589,175,147
Debt Service	174,564,090
Capital Outlay	<u>45,816,247</u>
Total expenditures	2,857,496,946
Transfers to other funds	<u>381,129,262</u>
Total expenditures and other financing uses	<u>3,238,626,208</u>
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	165,132,063
Fund balances, beginning of year	<u>141,091,410</u>
Fund balances, end of year	<u>\$ 306,223,473</u>

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<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 663,413,331	\$ 701,630,731	\$ 676,586,851	\$ 693,254,446
1,317,106,569	1,328,634,123	1,352,668,032	1,409,558,615
254,606,065	250,739,291	288,628,759	338,137,043
278,714,591	268,677,610	275,915,481	277,736,387
262,213,684	258,646,120	263,691,029	253,754,841
<u>94,976,743</u>	<u>91,831,972</u>	<u>127,847,940</u>	<u>114,532,591</u>
2,871,030,983	2,900,159,847	2,985,338,092	3,086,973,923
<u>479,433,910</u>	<u>574,088,550</u>	<u>569,905,253</u>	<u>865,438,892</u>
<u>3,350,464,893</u>	<u>3,474,248,397</u>	<u>3,555,243,345</u>	<u>3,952,412,815</u>
250,103,814	256,247,282	259,792,731	276,289,346
174,812,588	176,244,321	182,908,987	187,321,905
643,211,942	682,072,974	725,579,250	747,511,282
143,526,375	135,095,593	132,805,340	134,649,931
117,076,485	118,459,368	120,117,926	123,221,331
655,588,544	651,108,760	650,517,546	637,885,067
22,262,009	20,397,496	21,082,145	21,889,140
59,187,191	57,461,058	56,695,479	57,547,213
627,541,459	644,135,633	672,908,146	731,011,751
184,270,361	196,405,618	211,386,323	205,239,599
<u>39,842,728</u>	<u>43,921,468</u>	<u>45,905,201</u>	<u>28,561,895</u>
2,917,423,496	2,981,549,571	3,079,699,074	3,151,128,460
<u>458,030,400</u>	<u>569,888,571</u>	<u>566,019,294</u>	<u>806,287,093</u>
<u>3,375,453,896</u>	<u>3,551,438,142</u>	<u>3,645,718,368</u>	<u>3,957,415,553</u>
(24,989,003)	(77,189,745)	(90,475,023)	(5,002,738)
<u>306,223,473</u>	<u>281,234,470</u>	<u>204,044,725</u>	<u>114,503,173⁽¹⁾</u>
<u>\$ 281,234,470</u>	<u>\$ 204,044,725</u>	<u>\$ 113,569,702</u>	<u>\$ 109,500,435</u>

(1) Restated beginning fund balance. See Note I.D. 1 in 2017 Comprehensive Annual Financial Report in Appendix B. Sources: 2013-2017: Derived from audited financial statements. Summary itself is not audited.

County Budgets – 2018 Adopted Budget, 2018 Estimates, and 2019 Adopted Budget

The following table sets forth revenues and expenditures for County Governmental Funds prepared on a budget basis. The table excludes internal funds for inter-department services, self-insurance and medical insurance. (See “TAX LEVY LIMITATION LAW” herein.)

	2018 Adopted Budget			
	General Fund	Police District	Other Funds	All Funds
Revenues and other financing sources:				
Real property taxes and tax items	\$ 101,587,038	\$ 576,229,186	\$ 48,751,853	\$ 726,568,077
Other taxes	1,302,636,026	52,673,170	101,314,555	1,456,623,751
Departmental	165,393,866	4,333,154	67,407,607	237,134,627
State Aid	235,592,367	200,000	30,713,012	266,505,379
Federal Aid	225,304,620	0	28,526,546	253,831,166
Other revenues	<u>44,679,847</u>	<u>3,434,346</u>	<u>67,416,900</u>	<u>115,531,093</u>
Total revenues	2,075,193,764	636,869,856	344,130,473	3,056,194,093
Transfers from other funds and other financing sources	<u>66,932,201</u>	<u>47,777,894</u>	<u>116,446,215</u>	<u>231,156,310</u>
Total revenues and other financing sources	<u>2,142,125,965</u>	<u>684,647,750</u>	<u>460,576,688</u>	<u>3,287,350,403</u>
Expenditures and other financing uses:				
General government support	189,464,746	1,262,141	14,426,653	205,153,540
Education	141,381,246	0	0	141,381,246
Public Safety	309,487,459	379,523,553	17,619,997	706,631,009
Health	70,149,452	0	1,149,079	71,298,531
Transportation	103,296,420	0	11,729,864	115,026,284
Economic assistance and opportunity	613,981,487	0	37,217,203	651,198,690
Culture and recreation	79,584,294	9,588,343	4,020,390	93,193,027
Contracts	8,595,591	0	6,216,339	14,811,930
Home & community services	5,262,297	0	53,420,070	58,682,367
Employee Benefits	151,806,080	118,354,483	6,907,587	277,068,150
Debt Service	<u>141,693,852</u>	<u>5,595,202</u>	<u>32,170,174</u>	<u>179,459,228</u>
Total expenditures	1,814,702,924	514,323,722	184,877,356	2,513,904,002
Transfers to other funds	<u>343,676,523</u>	<u>162,602,487</u>	<u>314,816,947</u>	<u>821,095,957⁽³⁾</u>
Total expenditures and other financing uses	<u>2,158,379,447</u>	<u>676,926,209</u>	<u>499,694,303</u>	<u>3,334,999,959</u>
Excess/(deficiency) of revenues and other financing sources over/under expenditures and other financing uses	(16,253,482)	7,721,541	(39,117,615)	(47,649,556)
Fund balances, beginning of year	<u>16,253,482</u>	<u>(7,721,541)</u>	<u>227,975,874</u>	<u>236,507,815</u>
Fund balances, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$188,858,259⁽¹⁾</u>	<u>\$188,858,259⁽¹⁾</u>

(1) Includes \$33.2 million reserved for Local Law 35-1999 (Water Quality Protection Program, Open Space Acquisition and Farmland Acquisition) and Local Law 24-2007 (Water Quality Protection & Land Stewardship and Land Acquisition Programs) and excludes \$2.0 million to be transferred to Fund 406 and used for certain enhanced nitrogen removal septic systems.

2018 Estimated Results⁽²⁾

2019 Adopted Budget⁽³⁾⁽⁴⁾

General Fund	Police District	Other Funds	All Funds	General Fund	Police District	Other Funds	All Funds
\$ 94,719,806	\$579,211,581	\$ 48,971,810	\$ 722,903,197	\$ 101,719,806	\$ 601,189,681	\$ 46,174,421	\$ 749,083,908
1,328,057,030	52,673,170	102,065,323	1,482,795,523	1,400,007,748	28,619,734	105,121,506	1,533,748,988
161,681,149	3,611,940	65,008,275	230,301,364	165,346,847	4,486,940	65,569,860	235,403,647
238,188,353	366,604	84,248,051	322,803,008	251,983,115	200,000	31,078,978	283,262,093
206,394,389	29,582	46,146,295	252,570,266	209,362,138	0	26,245,884	235,608,022
<u>42,782,311</u>	<u>3,695,955</u>	<u>60,597,094</u>	<u>107,075,360</u>	<u>43,125,916</u>	<u>3,664,859</u>	<u>62,009,482</u>	<u>108,800,257</u>
2,071,823,038	639,588,832	407,036,848	3,118,448,718	2,171,545,570	638,161,214	336,200,131	3,145,906,915
<u>102,809,906</u>	<u>40,970,837</u>	<u>115,174,291</u>	<u>258,955,034</u>	<u>86,959,188</u>	<u>42,296,563</u>	<u>160,354,529</u>	<u>289,610,280</u>
<u>2,174,632,944</u>	<u>680,559,669</u>	<u>522,211,139</u>	<u>3,377,403,752</u>	<u>2,258,504,758</u>	<u>680,457,777</u>	<u>496,554,660</u>	<u>3,435,517,195</u>
188,356,208	1,256,593	54,817,049	244,429,850	191,614,977	1,222,236	12,785,462	205,622,675
147,557,921	0	0	147,557,921	151,225,042	0	0	151,225,042
332,601,812	386,159,574	29,995,213	748,756,599	332,067,433	374,241,688	17,143,778	723,452,899
69,389,557	0	10,642,375	80,031,932	83,059,877	0	1,801,382	84,861,259
105,019,345	0	13,638,156	118,657,501	108,623,965	0	12,970,315	121,594,280
603,274,962	0	37,024,641	640,299,603	622,357,352	0	38,241,542	660,598,894
81,695,026	9,588,343	5,955,190	97,238,559	64,611,229	9,588,343	2,183,179	76,382,751
8,909,013	0	6,453,067	15,362,080	8,983,906	0	6,501,145	15,485,051
5,113,062	0	53,495,266	58,608,328	5,087,425	0	54,584,616	59,672,041
151,941,295	117,985,981	6,751,591	276,678,867	177,803,270	124,238,730	6,828,129	308,870,129
<u>138,904,305</u>	<u>4,994,259</u>	<u>31,301,391</u>	<u>175,199,955</u>	<u>132,259,009</u>	<u>3,704,494</u>	<u>33,071,157</u>	<u>169,034,660</u>
1,832,762,506	519,984,750	250,073,939	2,602,821,195	1,877,693,485	512,995,491	186,110,705	2,576,799,681
<u>331,003,911</u>	<u>155,439,584</u>	<u>287,045,812</u>	<u>773,489,307</u>	<u>382,049,726</u>	<u>150,607,899</u>	<u>341,861,519</u>	<u>874,519,144⁽³⁾</u>
<u>2,163,766,417</u>	<u>675,424,334</u>	<u>537,119,751</u>	<u>3,376,310,502</u>	<u>2,259,743,211</u>	<u>663,603,390</u>	<u>527,972,224</u>	<u>3,451,318,825</u>
10,866,527	5,135,335	(14,908,612)	1,093,250	(1,238,453)	16,854,387	(31,417,564)	(15,801,630)
<u>(9,628,074)</u>	<u>(21,989,724)</u>	<u>208,720,172</u>	<u>177,102,374</u>	<u>1,238,453</u>	<u>(16,854,387)</u>	<u>193,811,560</u>	<u>178,195,626</u>
<u>\$ 1,238,453</u>	<u>\$(16,854,389)</u>	<u>\$193,811,560⁽²⁾</u>	<u>\$178,195,624⁽²⁾</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$162,393,996⁽³⁾</u>	<u>\$162,393,996⁽³⁾</u>

- (2) Includes \$24.4 million reserved for Local Law 35-1999 (Water Quality Protection Program, Open Space Acquisition and Farmland Acquisition) and Local Law 24-2007 (Water Quality Protection & Land Stewardship and Land Acquisition Programs) and excludes \$2.0 million to be transferred to Fund 406 and used for certain enhanced nitrogen removal septic systems. Preliminary, subject to change.
- (3) Includes \$36.5 million reserved for Local Law 35-1999 (Water Quality Protection Program, Open Space Acquisition and Farmland Acquisition) and Local Law 24-2007 (Water Quality Protection & Land Stewardship and Land Acquisition Programs) and excludes \$2.0 million to be transferred to Fund 406 and used for certain enhanced nitrogen removal septic systems.
- (4) 2018 estimate included transfer of \$32.2 million from Tax Stabilization Reserve Fund. IR1939-2018 authorizing transfer, was withdrawn.

Source: Suffolk County Budget Office.

REAL PROPERTY TAXES

Constitutional Real Property Tax Limit

In accordance with Section 10 of Article VIII of the State Constitution, the amount which may be levied in the County by taxes on real property in any fiscal year for County purposes, in addition to providing for the interest on and the principal of all indebtedness, may not exceed an amount equal to 1.5 percent of the five-year average full valuation of taxable real property of the County, less certain deductions as prescribed therein. The Tax Levy Limitation Law imposes a statutory limitation on the County's power to increase its annual tax levy. As a result, the power of the County to levy real estate taxes on all the taxable real property within the County is subject to statutory limitations set forth in the Tax Levy Limitation Law, unless the County complies with certain procedural requirements to permit the County to levy certain year-to-year increases in real property taxes. See "TAX LEVY LIMITATION LAW" herein. The total real estate tax levy for 2019 for County purposes subject to the tax levy limit is \$591,176,138.

Real Property Tax Collection

Real property tax payments become a lien on December 1 and may be paid in two equal installments, the first half without penalty until January 10 and the second half without penalty until May 31. A one percent per month interest charge accrues on delinquent payments, and an additional five percent penalty accrues on delinquent payments outstanding after May 31.

Under The Suffolk County Tax Act ("Tax Act"), taxes levied for school district, town, and County purposes are collected by the appropriate town receiver of taxes in two installments. In January, each town distributes to the school districts within such town, as the first installment, one-half of the total taxes levied for school district purposes, or such part thereof as does not in the aggregate exceed one-half of the total amount of taxes collected by the receiver at the time, and retains the remainder for town tax purposes. In June, each town pays to the school districts within such town the balance of the amount of school district taxes levied for school district purposes, or such part thereof as does not in the aggregate exceed one-half of the total amount collected by the receiver at the time of such payment. After making payment to the school districts, each town retains the amount necessary to satisfy its tax levy and returns to the County any remaining moneys as a payment, in part, for taxes levied for County purposes. At the same time, each receiver returns to the County the tax roll indicating the amount of uncollected taxes for school district, town, and County purposes. Pursuant to Resolution No. 206-1998, prior to the return to the County, the towns are authorized to collect delinquent property taxes through additional partial or installment payments. It is the County's responsibility for collecting such unpaid taxes. The County may borrow in anticipation of the collection of these uncollected real property taxes as well as exercising foreclosure remedies as set forth in the Tax Act. (See "TAX LEVY LIMITATION LAW" herein.)

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Taxable Full Valuation - Six-Year Summary

The table below sets forth for 2013 through 2018, a summary of tax rates, assessed valuation, and full valuation of taxable real property within the County:

<u>Year</u>	<u>Assessed Valuation of Taxable Real Property in the County⁽¹⁾</u>	<u>Full Valuation of Taxable Real Property in the County⁽¹⁾</u>	<u>County Tax Rate Per \$1,000 of Full Valuation⁽²⁾</u>	<u>Full Valuation of Taxable Real Property in the Police District⁽²⁾</u>	<u>Police District Tax Rate Per \$1,000 of Full Valuation⁽²⁾</u>
2014	\$64,737,635,412 ⁽³⁾	\$254,605,437,448	\$0.19	\$148,963,844,097	\$3.32
2015	65,502,093,119	255,389,963,430	0.19	148,609,661,602	3.41
2016	67,651,606,257 ⁽⁴⁾	266,561,907,916 ⁽⁴⁾	0.18	152,510,232,027	3.42
2017	70,813,844,065 ⁽⁵⁾	275,268,903,698 ⁽⁵⁾	0.18	154,882,668,852	3.50
2018	73,998,850,034	285,017,347,513	0.17	159,070,041,929	3.58
2019	77,492,172,113	298,662,597,127	0.17	175,489,367,905	3.52

- (1) The full valuation of taxable real property is determined by totaling the full valuation of the component towns. See "Assessed and Taxable Full Valuation - Towns." These figures reflect the most current amounts available from the New York State Office of Real Property Tax Services and not necessarily those of the adopted budget for said fiscal years.
- (2) Obtained from final budgets for the respective fiscal years. (2013 County and Police District Rates corrected.)
- (3) Assessed valuation amended by MA 144.
- (4) Amended by Resolution No. 1189-2016.
- (5) Amended by Resolution No. 1059-2016.

State Equalization Rates

Equalization rates are calculated each year based on the prior year's assessment roll and current market values.

<u>Town</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Babylon	1.23%	1.25%	1.19%	1.18%	1.12%	1.07%
Brookhaven	0.95	0.95	0.95	0.91	0.90	0.86
East Hampton	0.73	0.73	0.64	0.59	0.57	0.58
Huntington	0.90	0.89	0.86	0.85	0.84	0.80
Islip	13.20	13.20	12.70	12.70	12.12	11.35
Riverhead	15.98	15.40	14.58	14.66	13.87	13.52
Shelter Island	100.00	100.00	100.00	100.00	100.00	100.00
Smithtown	1.37	1.37	1.30	1.32	1.31	1.23
Southampton	100.00	100.00	100.00	100.00	100.00	100.00
Southold	1.18	1.17	1.10	1.08	1.01	0.94

Source: New York State Office of Real Property Services.

Selected Listing of Large Taxable Properties

The following table sets forth the larger taxable properties in the County, their location by town, the type of business, and the estimated full valuation on the 2018 assessment roll⁽¹⁾:

<u>Name</u>	<u>Town</u>	<u>Assessed Value</u>	<u>Type</u>	<u>Full Valuation⁽¹⁾</u>
Marketspan	Various	\$ 60,529,230	Utility	\$ 6,125,241,829
Long Island Power Authority	Various	82,151,561	Utility	3,076,960,819
Keyspan	Various	58,738,912	Utility	1,707,517,704
Long Island Lighting Co	Various	58,472,403	Utility	1,168,924,958
Verizon	Various	15,304,921	Utility	366,127,473
Westland South Shore Mall	Islip	30,261,400	Commercial	266,620,264
The Retail Property Trust	Huntington	2,000,000	Commercial	250,000,000
Blue Turtles Inc	Southampton	248,684,000	Residential	248,684,000
Mall at Smith Haven LLC	Various	2,359,039	Commercial	235,913,152
PSEG Long Island	Southampton	233,135,784	Utility	233,135,784
Fairfield Properties	Various	12,994,650	Residential	186,991,884
BM-12 Holding Company LLC	Smithtown	1,950,053	Commercial	158,540,894
P.J. Venture Co. LLC	Smithtown	1,890,681	Commercial	153,713,902
Avalon Properties, Inc.	Huntington	1,219,975	Residential	152,496,875
Heatherwood House	Various	13,698,640	Residential	150,465,935
Smithtown Galleria Association	Smithtown	1,705,842	Residential	138,686,341
Peconic Landing at Southold	Southold	1,202,500	Residential	127,925,532
Target Corporation	Various	6,530,783	Retail	125,899,250
Airport Plaza LLC	Babylon	1,216,350	Utility	113,677,570
Tanger Properties LP	Riverhead	<u>14,427,500</u>	Retail	<u>106,712,278</u>
Totals		<u>\$1,034,556,988</u>		<u>\$13,642,995,560</u>

⁽¹⁾ Assessment rolls established in 2018 for levy and collection of taxes during 2019 fiscal year. Full valuation is calculated by dividing 2018 Assessed Value by the 2018 Equalization Rate.

Sources: Assessors' Offices of the respective towns located within the County.

Real Property Tax Warrants and Collection Record

The following table sets forth for 2014 through 2018, and as available for 2019, the tax warrants for all purposes, the amounts collected and the amounts remaining uncollected at the end of each year as well as the tax warrant for the current year.

	Fiscal Year Ended December 31		
	2014	2015	2016
County Taxes:			
County General Tax	\$ 49,037,038	\$ 49,037,038	\$ 49,037,038
Suffolk County Community College Tax	5,250,467	5,250,467	5,250,467
Police District Tax	494,892,794	506,872,160	521,492,609
Sewer Districts	61,747,377	61,958,350	55,673,132
MTA Commuter Tax	2,852,204	2,852,204	2,852,204
Other Items ⁽¹⁾	<u>120,781,367⁽⁵⁾</u>	<u>139,241,788</u>	<u>130,166,857⁽⁶⁾</u>
Subtotal	<u>734,561,247</u>	<u>765,212,007</u>	<u>764,472,307</u>
Town Taxes	1,008,463,397 ⁽⁵⁾	1,027,314,222	1,049,329,153
School District Taxes	<u>\$3,713,638,630⁽³⁾⁽⁴⁾⁽⁵⁾</u>	<u>\$3,790,829,553</u>	<u>\$3,859,089,286⁽⁶⁾</u>
Total Tax Warrant	<u>\$5,456,663,274</u>	<u>\$5,583,355,782</u>	<u>\$5,672,890,746</u>
Collected During Year	\$5,372,989,951	\$5,499,943,359	\$5,589,898,061
Uncollected End of Year ⁽²⁾ :			
Amount	\$83,673,323	\$83,412,423	\$82,922,685
Percent	1.53%	1.49%	1.46%
Uncollected as of April 30, 2019	\$2,333,528	\$9,500,266	\$23,971,159
	Fiscal Year Ending December 31		
	2017	2018	2019
County Taxes:			
County General Tax	\$ 49,037,038	\$ 49,037,038	\$ 49,037,038
Suffolk County Community College Tax	5,250,467	5,250,466	5,250,467
Police District Tax	542,278,671	569,329,186	591,307,286
Sewer Districts	41,896,517	34,935,981	32,298,685
MTA Commuter Tax	2,852,204	2,852,204	2,852,204
Other Items ⁽¹⁾	<u>119,619,239</u>	<u>73,515,810</u>	<u>66,635,729</u>
Subtotal	<u>760,934,136</u>	<u>734,920,685</u>	<u>747,381,409</u>
Town Taxes	1,077,420,766	1,108,345,013	1,145,322,458
School District Taxes	<u>\$3,912,016,695</u>	<u>\$4,002,881,288</u>	<u>\$4,130,541,841</u>
Total Tax Warrant	<u>\$5,750,371,597</u>	<u>\$5,846,146,986</u>	<u>\$6,023,245,708</u>
Collected During Year	\$5,665,883,375	\$5,759,793,927	N/A
Uncollected End of Year ⁽²⁾ :			
Amount	\$84,448,222	\$86,353,059	N/A
Percent	1.47%	1.48%	N/A
Uncollected as of April 30, 2019	\$40,071,758	\$73,602,106	N/A

(1) Includes various debits and credits, District Court taxes, relieved items, etc.

(2) Net of penalties and interest.

(3) Resolution 1233-2013 amended Brookhaven and Southold Tax Warrants.

(4) Resolution 162-2014 amended East Hampton and Southampton Tax Warrants.

(5) Resolution 309-2014 amended East Hampton Tax Warrant.

(6) Resolution 1174-2015 amended Brookhaven and Shelter Island Tax Warrants.

Assessed and Taxable Full Valuation - Towns

There are ten towns in the County within which are also included 31 incorporated villages. Valuations of real estate of the towns taxable by the County for fiscal years 2014 through 2019, are shown below:

Town	2014 Assessed Valuation ⁽²⁾	2014 Full Valuation	2015 Assessed Valuation ⁽³⁾	2015 Full Valuation
Babylon	\$ 245,456,759	\$ 19,955,834,065	\$ 244,921,923	\$ 19,593,753,840
Brookhaven	457,831,888 ⁽¹⁾	48,192,830,316	457,182,058	48,124,427,158
East Hampton	197,545,920	27,061,084,932	198,154,219	27,144,413,562
Huntington	327,205,498 ⁽¹⁾	36,356,166,444	325,971,798	36,626,044,719
Islip	4,364,057,892	33,061,044,636	4,336,052,345	32,848,881,402
Riverhead	809,995,644	5,068,808,786	821,458,520	5,334,146,234
Shelter Island	2,963,844,407	2,963,844,407	3,071,084,694	3,071,084,694
Smithtown	243,976,947	17,808,536,277	243,425,813	17,768,307,518
Southampton	55,020,138,093	55,020,138,093	55,696,406,525	55,696,406,525
Southold	<u>107,582,364</u>	<u>9,117,149,492</u>	<u>107,435,224</u>	<u>9,182,497,778</u>
Totals	<u>\$64,737,635,412</u>	<u>\$254,605,437,448</u>	<u>\$65,502,093,119</u>	<u>\$255,389,963,430</u>

Town	2016 Assessed Valuation ⁽⁴⁾	2016 Full Valuation	2017 Assessed Valuation ⁽⁵⁾	2017 Full Valuation
Babylon	\$ 244,626,105	\$ 20,556,815,546	\$ 244,492,069	\$ 20,719,666,864
Brookhaven	455,288,892	47,925,146,526	456,880,067	50,206,600,769
East Hampton	198,620,361	31,034,431,406	199,658,928	33,840,496,271
Huntington	325,198,542	37,813,783,953	324,495,014	38,175,884,000
Islip	4,335,576,442	34,138,397,181	4,333,832,701	34,124,666,937
Riverhead	826,725,035	5,670,267,730	831,467,682	5,671,675,866
Shelter Island	3,201,639,679	3,201,639,679	3,387,323,394	3,387,323,394
Smithtown	243,062,871	18,697,143,923	243,297,644	18,431,639,697
Southampton	57,712,943,608	57,712,943,608	60,684,106,659	60,684,106,659
Southold	<u>107,924,722</u>	<u>9,811,338,364</u>	<u>108,289,907</u>	<u>10,026,843,241</u>
Totals	<u>\$67,651,606,257</u>	<u>\$266,561,907,916</u>	<u>\$70,813,844,065</u>	<u>\$275,268,903,698</u>

Town	2018 Assessed Valuation ⁽⁶⁾	2018 Full Valuation	2019 Assessed Valuation ⁽⁷⁾	2019 Full Valuation
Babylon	\$ 244,602,924	\$ 21,839,546,786	\$ 245,775,322	\$ 22,969,656,262
Brookhaven	458,395,503	50,932,833,667	460,295,708	53,522,756,744
East Hampton	200,465,483	35,169,382,982	201,651,639	34,767,523,966
Huntington	323,690,602	38,534,595,476	322,923,047	40,365,380,875
Islip	4,353,090,717	35,916,590,074	4,375,409,829	38,549,866,335
Riverhead	834,398,413	6,015,850,129	839,897,329	6,212,258,351
Shelter Island	3,541,702,845	3,541,702,845	3,689,417,903	3,689,417,903
Smithtown	243,591,217	18,594,749,389	244,996,461	19,918,411,463
Southampton	63,690,013,293	63,690,013,293	67,002,152,249	67,002,152,249
Southold	<u>108,899,037</u>	<u>10,782,082,871</u>	<u>109,652,626</u>	<u>11,665,172,979</u>
Totals	<u>\$73,998,850,034</u>	<u>\$285,017,347,513</u>	<u>\$77,492,172,113</u>	<u>\$298,662,597,127</u>

(1) Amended by MA 144.

(2) Per Resolution 1069 of 2013.

(3) Per Resolution 1056 of 2014.

(4) Per Resolution 985 of 2015 amended by 1056-2016 and 1189-2016.

(5) Per Resolution 926-2016 amended by 1059-2016.

(6) Per Resolution 922-2017.

(7) Per Resolution 895-2018

Source: New York State Office of Real Property Services.

Other Tax and Assessment Information

Real property subject to County taxes is assessed by the ten towns (See “Real Property Tax Collection” herein). Veterans’ and Senior Citizens’ Exemptions are offered to those who qualify.

The total taxable valuation of the County consists of approximately 89.3% residential properties and 10.7% non-residential properties.

The total tax bill of a typical residential property located in the County, outside of a village is approximately \$10,283. This includes all school, town county and special district taxes, but excludes the small amounts raised separately by villages.

Source: Budget Review Office.

STATISTICAL INFORMATION

Population and Land Areas - By Towns

The 2010 population of the County is 1,493,350⁽¹⁾ according to the U.S. Census Bureau.

<u>Town</u>	Area In <u>Square Miles</u>	U. S. Census				
		<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
Babylon	52.3	203,570	203,483	202,940	211,792	213,603
Brookhaven	259.4	245,260	365,015	407,977	448,248	486,040
East Hampton	73.3	10,980	14,029	16,132	19,719	21,457
Huntington	94.0	200,172	201,512	191,474	195,289	203,264
Islip	105.2	278,880	298,897	299,587	322,612	335,543
Riverhead	67.4	18,909	20,243	23,011	27,680	33,506
Shelter Island	12.1	1,644	2,071	2,263	2,228	2,392
Smithtown	53.6	114,657	116,663	113,406	115,715	117,801
Southampton	140.2	36,154	43,146	45,351	54,712	56,790
Southold	<u>53.7</u>	<u>16,804</u>	<u>19,172</u>	<u>19,836</u>	<u>20,899</u>	<u>21,968</u>
County Total	<u>911.2</u>	<u>1,127,030</u>	<u>1,284,231</u>	<u>1,321,977</u>	<u>1,418,894</u>	<u>1,492,364</u>

(1) The total County population is also inclusive of the population of the Shinnecock and Poospatuck Indian reservations which are not included in any of the town populations.

Sources: U.S. Bureau of the Census

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Employment Statistics

The average number of persons employed and unemployed in the County, plus the County, State, and United States average unemployment rates, for the last ten years and monthly for 2019, as available, are set forth below (unemployment rates are not seasonally adjusted).

Year	Number of Persons Employed	Number of Persons Unemployed	Unemployment Rate		
			County	New York State	United States
2009	734,300	57,600	7.3%	8.3%	9.3%
2010	717,600	60,300	7.7	8.6	9.6
2011	711,900	58,600	7.6	8.3	9.0
2012	718,700	60,700	7.8	8.5	8.1
2013	730,000	51,600	6.6	7.7	7.4
2014	724,700	41,300	5.4	6.3	6.2
2015	739,400	36,500	4.7	5.3	5.3
2016	739,400	33,700	4.4	4.9	4.9
2017	740,800	34,700	4.5	4.7	4.4
2018	747,800	30,000	3.9	4.1	3.9
2019 Actual Employment Statistics					
January	744,800	32,300	4.2%	4.6%	4.4%
February	742,200	30,400	3.9	4.4	4.1
March	751,000	28,800	3.7	4.1	3.9
April	753,800	24,100	3.1	3.6	3.3

Source: New York State and United States Department of Labor.

The following table shows the number of residents of the County employed in various categories of non-agricultural work in 1990, 2000 and 2010.

Categories	1990	Percent	2000	Percent	2010	Percent
Construction	45,328	6.8%	51,079	7.5%	56,469	7.9%
Manufacturing	96,828	14.6	65,316	9.6	55,922	7.8
Transportation, Utilities	56,557	8.5	40,393	5.9	40,414	5.6
Information	N/A	N/A	27,290	4.0	20,802	2.9
Trade	139,700	21.0	112,235	16.5	113,105	15.7
Services, Misc.	235,969	35.4	292,746	43.0	339,463	47.2
Public Administration	35,080	5.3	38,124	5.6	40,745	5.7
Finance, Insurance & Real Estate	<u>55,720</u>	<u>8.4</u>	<u>53,510</u>	<u>7.9</u>	<u>51,642</u>	<u>7.2</u>
Total	<u>665,182</u>	<u>100.0</u>	<u>680,693</u>	<u>100.0</u>	<u>718,562</u>	<u>100.0</u>

Source: U.S. Census Bureau.

LITIGATION

In the opinion of the County Attorney, unless otherwise set forth in this section and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the County, would have a material adverse effect on the financial condition of the County and its ability to make timely payments of debt service on the Notes.

The County is subject to a number of lawsuits and claims in the ordinary conduct of its affairs. The County has elected to self-insure for workers' compensation claims, general liability claims, automobile liability claims, and medical malpractice claims. The County maintains catastrophe excess coverage for general liability and automobile liability with self-insured retentions in the amount of \$5,000,000 per occurrence.

As a result of the forecasting in budgeting by the County, it is the opinion of the County that the County's Insurance Budget included, in all prior years, adequate amounts for the payment of general liability, automobile liability,

medical malpractice and workers' compensation claims to be paid during such year. To the extent that the amount of medical malpractice claims exceeds amounts appropriated in the County's Insurance Budget for those claims, the County intends to issue bonds to finance the amount of the claims not covered by appropriations in the County's Insurance Budget. Other than as stated herein, general liability, automobile liability, medical malpractice and worker's compensation claims, individually or in the aggregate, are not likely to have a material adverse effect on the financial condition or operations of the County.

Medical Malpractice Infant Claims: There are several medical malpractice claims against the County involving infants that have been in the notice of claim stage for quite some time. The statute of limitations is tolled in each of those cases due to infancy and some, all or none of those cases could result in lawsuits being filed in the future. At this time the potential for damages in these cases is unknown and in most instances where this situation occurs, no lawsuits are filed.

Andersen, Danny v. Samuel D. Roberts, as Commissioner of the New York State Office of Temporary and Disability assistance, and John F. O'Neil, as Commissioner of the Suffolk County Department of Social Services: This is a hybrid Article 78/Declaratory Judgement Class Action brought against the Commissioner of the New York State Office of Temporary and Disability Assistance and the Commissioner of the Suffolk County Department of Social Services ("DSS") in Supreme Court, Albany County, on behalf of a former County recipient of public assistance. The claim asserted is that the named plaintiff (and those similarly situated for six years preceding commencement of the action), who was placed in the "Work Experience" program by DSS, as a condition of receiving benefits, is considered an "employee" under the Federal Fair Labor Standards and is therefore entitled to be credited for work performed at the rate of the minimum wage for purposes of calculating the amount he will owe to DSS via the mortgage on his real property that DSS required him to execute as a condition of receiving benefits. The County's and the State's motions to dismiss were denied and an amended petition/complaint adding another Suffolk County petitioner/plaintiff and a St. Lawrence County petitioner/plaintiff and adding the County of St. Lawrence as a respondent/defendant has been filed. Time to respond to the amended petition/complaint has been extended, without date, pending continuation of settlement discussions and court direction after the next status report. The parties met to discuss settlement on several occasions, most recently in early February 2019. A draft stipulation of settlement is being circulated for comment prior to updating the Court on progress. A telephone conference is scheduled for July 1, 2019.

Ayo, Barbara, et al. v. County of Suffolk, et al.: A lawsuit on behalf of thirty plaintiffs was filed in Suffolk County Supreme Court in connection with a residual firefighting suppressant alleged to be a groundwater contaminant that was used by the Air National Guard, a tenant at County-owned Gabreski Airport. The plaintiffs allege that the firefighting suppressant has contaminated the water supply to their homes. In addition to the County, numerous corporate entities have been sued, including: the 3M Company, Tyco Fire Products, the Ansul Company, Angus Fire Company, National Foam, Buckeye Fire Protection Company, Kidde PLC, Inc. and Chemguard. The defendants removed the case to federal court. The plaintiffs made a motion to remand the case back to State court, which was denied. The chemical manufacturing defendants submitted a motion for a stay on this action and the related *Green, Singer* and *Py* actions. The court has granted the motion for a stay. The stay was granted because a motion has been made before the "Judicial Panel on Multidistrict Litigation" to transfer all similar cases around the country to one federal district court. The Judicial Panel on Multidistrict Litigation has transferred all similar cases to Judge Gergel in the District of South Carolina. Discovery will now proceed.

Baruch/Belli/Arundel/Crai/Lipets/DiMonte/Grabina/Schulman v. County of Suffolk, et al.: This case arises out of a two vehicle accident that occurred at the intersection of a County road and a Town road. Several young females in their early twenties were in a limousine, which was struck by a pick-up truck as the limousine was attempting a u-turn. Four of the limousine passengers were killed. 50-h hearings have been conducted. All eight cases are now in suit. Discovery is ongoing. All plaintiffs have amended their complaints to include a product defect claim against the stretch limousine company.

Booker, Gregory as admin of Mary Alice Booker, Jacqueline & Anthony McCoy v. County of Suffolk: The police were allegedly pursuing a vehicle stolen by Londell Skinner when Skinner crashed into the Booker vehicle, killing Mary Alice Booker and Jacqueline and Anthony McCoy. Mary Alice was Gregory's mother; Jacqueline was his sister; and Anthony was his brother. A fourth passenger in the vehicle, Tameka Foster, who was Anthony's girlfriend and the mother of his children, was also killed, as was a passenger in Skinner's vehicle. The County has not received a claim on behalf of either of those two decedents, Foster and the passenger in Skinner's vehicle. The

claim is of an improper pursuit. A notice of claim has been filed and a 50-h hearing has been held. A complaint has not yet been filed.

Brownyard, et al. v. County of Suffolk, et al.: This is a potential class action lawsuit commenced in Supreme Court Suffolk County on February 2, 2015. Plaintiffs are seeking to have declared null and void a reserve fund for the Southwest Sewer District as having been illegally established, holding an excess balance, having its balance returned to the taxpayers of the District, and to have the Court grant injunctive relief. The amount in question alleged in the original complaint is the fund balance of approximately \$117 million. The County answered the complaint and the plaintiffs are, by motion, seeking to amend the complaint to enlarge the amount in dispute by \$145 million and have moved for class certification and for summary judgment. Following a court conference, the plaintiffs served an amended complaint seeking the return of a total of approximately \$255 million and the County has answered, moved to dismiss the amended complaint, opposed the motions for summary judgement and class certification and cross-moved to disqualify plaintiffs' counsel. All motions were marked fully submitted on October 31, 2017. The four motions have been decided by the Court, as follows: Plaintiffs' motion for class certification was denied. The County's cross motion to disqualify one of plaintiffs' co-counsel was granted. The plaintiffs' motion for summary judgment was denied. The County's motion to dismiss the plaintiffs' third amended complaint was denied. Due to Justice Mayer's retirement, the case has been reassigned to Justice Reilly for further proceedings.

Jannie Butler, as Administratrix of the Estate of Arthur Lee Thomas, deceased v. the County of Suffolk, et al. A Notice of Claim and complaint were served on the County alleging medical malpractice, negligence and a violation of decedent-plaintiff's civil rights. It is alleged that from April 12, 2012 through June 12, 2012, while decedent-plaintiff was incarcerated at the Riverhead Correctional Facility, the County deviated from acceptable medical care in the community by failing to care and treat decedent-plaintiff's tracheotomy and failing to transfer decedent-plaintiff to a facility where proper medical care could be rendered. It is claimed that as a result, decedent-plaintiff died. An answer was interposed and the matter is in discovery.

Butler (class action) v. County of Suffolk: This is a class action federal court lawsuit brought by present and former inmates of the Suffolk County Correctional Facilities. The plaintiffs claim that various conditions at the jails violate their civil rights. Plaintiffs have made an \$85 million settlement demand. Discovery is complete. Both sides have submitted motions for summary judgment and are awaiting the Court's decision.

Cella, et al. v. Suffolk County. The plaintiffs identify themselves as individuals who have paid a County "tax map verification fee" fixed in the County Code, suing on behalf of others similarly situated. The complaint does not demand any specific dollar amount, but instead generally demands a refund of fees paid under the Code. Plaintiffs seek (i) a declaratory judgment that fees collected under County Code § 18-3(G) are unlawful, invalid and unenforceable, (ii) an injunction preventing the County from charging and collecting fees not reasonably calculated to defray the cost of providing services related to the County Real Property Tax Service Agency, (iii) a refund of the fees paid, and attorney's fees. The complaint does not allege the size of the class or the amount of fees paid by putative class members. The County filed an Answer on February 5, 2018 including several affirmative defenses. In April, 2018, Plaintiffs filed two motions: (1) a motion for conditional class certification; and (2) a motion for partial summary judgment. The County filed its opposition papers to the two motions filed and filed a cross-motion to dismiss. The motion was marked fully submitted on May 28, 2019. Several judges recused themselves from handling this matter. It is now pending before Judge Berland.

Coleman, Destiny, an infant by her mother, Krystle Atkins v. Robert Lipari, et. al.: A summons and complaint were served on the County alleging negligence and medical malpractice by defendants in the obstetrical care and treatment rendered to the infant-plaintiff in failing to practice according to generally accepted medical and obstetrical standards. It is claimed that as a result of such malpractice, the infant-plaintiff sustained Erb's palsy. No Notice of Claim was ever served on the County in connection with this claim. An answer was interposed and the matter proceeded with discovery. The trial began and has settled subject to Legislative approval.

DiLorenzo, Patrizia, as Administratrix of the Estate of Robert DiLorenzo, deceased v. County of Suffolk, et al.: A Notice of Claim and complaint were served on the County alleging medical malpractice and negligence by defendants in the care and treatment of decedent-plaintiff during 2010 at the Suffolk County Marilyn Shellabarger South Brookhaven Family Health Center East. It is alleged that from November 28, 2010 until December 6, 2010, decedent-plaintiff was caused to sustain severe injuries, including death, due to defendants' failure to properly diagnose a heart condition and to otherwise render appropriate care. The case is in discovery.

Flores-Melendez, et al. v. County of Suffolk: The County received five Notices of Claim arising out of an accident involving a police vehicle. A police vehicle was involved in an accident with another vehicle and the police vehicle was propelled onto the sidewalk. Several infants walking on the sidewalk were injured. Although several of the claims are simply for “zone of danger” injuries, one infant claims he sustained a leg injury which required multiple surgeries and a lengthy hospitalization. The 50-H hearings have been held and all plaintiffs have filed suit. Discovery is ongoing.

Gonzales-Mugaburu, Cesar v. County of Suffolk: Plaintiff was a foster parent who fostered over 140 children at his home in the County. He was supervised by the Department of Social Services and the Saint Christopher’s Otilie Agency. In January 2016, two of plaintiff’s foster children told social workers that plaintiff was having sexual relations with the family dog. As a result, all foster children were removed from plaintiff’s home. Eventually, numerous other foster children advised Suffolk County Detectives that they had been sexually assaulted by plaintiff. Plaintiff was indicted on 17 counts of sexual abuse and was incarcerated for sixteen months before being found not guilty on all counts after a jury trial. Plaintiff sued the County and the two detectives who investigated the charges for both federal and state claims of false arrest; malicious prosecution; denial of a fair trial; abuse of process; defamation; and coercion and intimidation of defense witnesses. Specifically, plaintiff alleges that the investigating detectives coerced the children to falsify the claims of sexual abuse. Plaintiff’s lawsuit demands 100 million dollars in damages, plus attorney’s fees. A complaint has been filed and the County interposed an answer. Discovery is ongoing.

Green, Isaac, et al. v County of Suffolk, et al.: A proposed class action suit was filed by fifteen individual plaintiffs in Suffolk County Supreme Court in connection with a residual firefighting suppressant alleged to be a groundwater contaminant that was used by the Air National Guard, a tenant at County-owned Gabreski Airport. In addition to the County, several corporate entities have been sued: the 3M Company; Tyco Fire Products; the Ansul Company; Angus Fire Company; National Foam; Buckeye Fire Protection Company and Chemguard. The defendants removed the case to Federal court. The District court issued a briefing schedule for the defendants’ motions to dismiss. The defendants’ motion to dismiss has been fully briefed. However, the chemical manufacturing defendants submitted a motion for a stay on this action and the related *Ayo*, *Singer* and *Py* actions. The court has granted the motion for a stay. The stay was granted because a motion has been made before the “Judicial Panel on Multidistrict Litigation” to transfer all similar cases around the country to one federal district court. The Judicial Panel on Multidistrict Litigation has transferred all similar cases to Judge Gergel in the District of South Carolina. Discovery will now proceed. The State Department of Environmental Conservation has this matter under review.

Johnson, Lashakem, as Parent and Natural Guardian of Z.A.J. an Infant v. Suffolk County Brentwood Family Health Center, et al.: A late Notice of Claim was served on the County in July 2017 in connection with an incident that allegedly occurred between April 1, 2013 and December 28, 2013 involving the claimants. It is alleged that claimant Lashakem Johnson received prenatal care and treatment at the Suffolk County Brentwood Family Health Center (“Health Center”) from on or about April 1, 2013 through December 23, 2013 and labor and delivery care at Southside Hospital between December 23, 2013 and December 28, 2013 (date of discharge), and that such care resulted in injuries to the claimants. It is further alleged that the Health Center was negligent in, among other things, failing to treat the pregnancy as high risk, failing to timely perform sonograms, failing to monitor fetal growth, failing to take proper tests, failing to recognize fetal distress, failing to do proper blood counts, and failing to do a timely Cesarean section. The injuries alleged are global developmental delays, brain damage, cerebral palsy, motor delays and diminished earning capacity and enjoyment of life. The Notice of Claim was rejected by the County as untimely.

Kennedy, Jessica v. County of Suffolk: A Notice of Claim was served wherein claimant asserts violations of her civil rights and State law allegations of medical malpractice and negligent hiring and training while claimant was an inmate at the Suffolk County Correctional Facility. Claimant alleges that as a result of such civil rights violations, medical malpractice and negligent hiring and training, she was denied proper medical care for the duration of her pregnancy and was caused to give birth to a premature baby girl. The claimant alleges multiple kidney infections, two days of excruciating labor, and other non-disclosed complications from the failure to provide proper pre-natal care.

Lawrence, Shawn v. County of Suffolk: Plaintiff was convicted of murder and spent approximately five years in prison. Eventually, the conviction was overturned because the court found that the District Attorney withheld Brady material during plaintiff’s trial. Plaintiff also alleges that detectives ignored exculpatory evidence and

witnesses. Plaintiff has filed a Notice of Claim, alleging false arrest and malicious prosecution. The 50-h hearing has been held.

Long Island Pine Barrens Society, et al. v. County of Suffolk, et al.: Resolution #625-2011, a Charter Law regarding use of Assessment Stabilization Reserve Fund ("ASRF") surpluses to enhance sewer capacity and provide tax relief, was adopted on August 2, 2011 by the County Legislature. This legislation establishes a limit for the balance of the Sewer District Tax Rate Stabilization fund at \$140 million for the fiscal years 2011 through 2021, inclusive. In fiscal years 2011, 2012 and 2013, of the fund balance which exceeded \$140 million, 62.5% of the excess funds were required to be used for sewer projects approved by the County Legislature and 37.5% was appropriated by resolution to a reserve fund for bonded indebtedness or to a retirement contribution reserve. Should the fund balance exceed \$140 million in 2014 through 2021, the excess fund balance shall be used exclusively for sewer projects as approved by legislative resolutions. In September 2011, two environmental groups filed a lawsuit to block the County Executive and the County Legislature from using the surplus in this manner without voter approval. In a decision by the New York State Supreme Court on July 19, 2012, the Court found that the plaintiffs lacked the necessary standing to challenge the law. Plaintiffs appealed the decision and the Appellate Division, Second Department declared the law to be null and void and remanded the case to the New York State Supreme Court for, inter alia, entry of judgment. Judgment has been entered nullifying the 2011 law, but no damages were awarded in the judgment. Plaintiffs appealed from the judgment and briefs were filed. A decision from the Appellate Division is pending.

Long Island Power Authority and Long Island Lighting Company d/b/a LIPA v. County of Suffolk, Suffolk County Comptroller: LIPA has commenced this action seeking a declaratory judgment and permanent injunction declaring that purported tax liens and tax sales held by the County on LIPA properties are illegal and void and should be cancelled. LIPA seeks to permanently enjoin the County from taking liens, holding any tax sales and issuing any tax deeds regarding LIPA properties in the future. The County Comptroller has previously purchased tax liens and has indicated its intent to issue tax deeds to remedy partial remittances by LIPA to towns and/or school districts for sums owed as payments in lieu of taxes ("PILOTs"). Pursuant to the Public Authorities Law, the PILOT payments are to be made to the subject taxing jurisdictions, however, year over year increases are not to exceed two percent. As a result of an ongoing billing dispute between LIPA and the other taxing jurisdictions, the remitted PILOTs are less than the amounts actually charged. Due to the method by which payments are remitted and dispersed in the County under law, school districts and towns take one hundred percent of their respective amounts billed and the County is owed the difference between what was billed and what was actually paid by LIPA. Successful prosecution of this action by LIPA could render the unpaid PILOT charges for which the liens were issued uncollectable by the County. LIPA's motion for preliminary injunction was granted. The towns moved to discuss County impleader action. The motion is pending.

Maddox, Andrea, et al. v. County of Suffolk, et al. A proposed federal class action lawsuit alleging that defendants deprived the plaintiffs and others similarly situated of property rights, statutory protections and contractual rights without due process of law in connection with the seizure of their vehicles. The complaint was filed on September 28, 2018 and the County has interposed an answer. Discovery will now proceed.

Mahadeo v. Suffolk County Department of Health Services: Medical malpractice notice of claim and summons and complaint served wherein plaintiffs allege that between February 1, 2014 and November 24, 2014, at the Marilyn Shellabarger South Brookhaven Health Center East, claimant Monica Mahadeo received improper medical care and treatment relating to Ms. Mahadeo's pregnancy and delivery, which resulted in the death of claimants' child. It is alleged that the improper treatment included, inter alia, failure to properly test the mother for fetal abnormalities, the failure to properly order sonograms, the failure to properly interpret sonograms, the failure to inform claimants that their child suffered from Hypertrophic Cardiomyopathy, and the failure to offer claimants counseling. The injuries alleged are as follows: psychiatric and psychological pain, inability to sleep, loss of appetite, loss of libido, and loss of interest in daily activities of life. The matter is in discovery.

Matter of a Remedial Program for Suffolk County Firematics, Order on Consent and Administrative Settlement: This is a Consent Order between the County and the New York State Department of Environmental Conservation pertaining to the implementation of a remediation program at Suffolk County Firematics, the County Fire Academy in Yaphank. The Order provides for the initial expenditure by the County of not less than \$1,200,000 to fund certain initial remedial measures for contamination caused by a foam firefighting suppressant used at the Academy. Interim remediation measures include connection of certain affected properties to the public water supply

or to alternative water supply filtration systems, investigative and feasibility studies, and associated site management.

McGrath, Robert v. County of Suffolk: This is an action pending in Suffolk County Supreme Court wherein Plaintiff is challenging the constitutionality of the Traffic Violations Bureau's \$30.00 administrative fee, which is added to the \$50.00 fine for red light camera convictions. Plaintiff's complaint indicates that he will be requesting that the case be given "class action" status in the future. Plaintiff argues that the New York State Vehicle and Traffic Law prohibits the imposition of the thirty-dollar fee. Plaintiff argues that the fee is an improper revenue generating penalty, not a true administrative fee. Plaintiff seeks a declaration from the court that the imposition of the administrative fee is unconstitutional; that the defendants have committed fraud; and seeks an order directing restitution of the thirty-dollar fees to the putative class members. The County has submitted a motion for summary judgment, asking the court to find, as a matter of law that the fee is not unconstitutional. The Plaintiff has crossed-moved for summary judgment and has opposed the County's motion for summary judgment. In the County's reply, it advised the court of a similar case brought in Nassau County by the same attorneys, Guthart v. Nassau County, which was dismissed by Judge Palmieri and is up on appeal to the Second Department. All motions marked "fully submitted" by Judge Ford on May 17, 2018 and a status conference was held on May 30, 2018. Since that conference, Judge Ford recused himself and the case was reassigned to Judge Reilly. A conference was held before Judge Reilly on February 15, 2019. At that time, the judge gave the plaintiff until March 20, 2019 to submit supplemental opposition to the County's summary judgment motion regarding whether or not the court is bound by the Nassau County decision. The County submitted a supplemental reply. Oral argument was held May 29, 2019.

Mendez-Castaneda, an Infant By Her Mother and Natural Guardian, Aleida Castaneda and Aleida Castaneda Individually v. Patricia O'Sullivan, MD and Southside Hospital: This is a medical malpractice lawsuit whereby it is alleged that from on or about December 7, 2010, leading to the birth of the infant plaintiff on December 7, 2010, and continuing until the infant plaintiff's discharge/transfer on December 15, 2010, and continuing through the infant plaintiff's pediatric visits and admissions, defendants were negligent and committed malpractice in their treatment of the infant plaintiff and the infant plaintiff's mother by failing to timely and properly deliver. It is alleged that the infant plaintiff sustained global developmental delays, brain damage, cerebral palsy, neurological/cognitive deficits, motor delays, inability to live independently, and loss of enjoyment of life. No Notice of Claim was ever served on the County. The County filed a motion for summary judgment to dismiss the complaint and the motion was granted on July 18, 2018. The plaintiff filed an appeal and the co-defendant hospital has opposed it. In its opposition, co-defendant is attempting to bring the County, through Dr. O'Sullivan, back into the case.

Monteleone, Daniel v. County of Suffolk: A motorcyclist was involved in an accident with another vehicle on a County owned roadway. Injuries to the motorcyclist included a leg amputation. Suit has been filed and discovery is ongoing.

Montella, Nicole v. County of Suffolk: Federal lawsuit wherein plaintiff claims violations of Federal law (8th and 14th amendment of the Constitution) and a State law allegation of medical malpractice while plaintiff was an inmate at the Suffolk County Correctional Facility. Plaintiff claims that as a result of the Federal law violations and medical malpractice, she was caused to experience a stillborn delivery of a fetus at 37 weeks gestation at Peconic Bay Medical Center on August 27, 2015. The plaintiff claims psychological and psychiatric injury and loss of income as a result of this occurrence. The matter is in discovery.

Pena, Reyna and Rodriguez, Lorenzo v. County of Suffolk: Plaintiffs were driving in their car when they were struck by a vehicle being chased by the Suffolk County Police Department. Both plaintiffs sustained injuries. Rodriguez claims internal injuries, resulting in removal of his appendix, some of his intestine and some of his liver. The case is in suit and discovery is ongoing.

Plaintiffs #1-21, individually and on behalf of all others similarly situated v. County of Suffolk et al.: Federal lawsuit wherein plaintiffs claim that they were the victims of discriminatory policing by the Suffolk County Police Department ("SCPD"), in that Latinos have been subjected to unlawful arrests and seizures; subjected to a violation of equal protection in that the SCPD has failed to provide police services to Latino individuals; that two individual SCPD police officers have stolen property from Latino individuals; and that the County has created a policy sanctioning all of these constitutional violations. Discovery has been extended through October 2019. Defendant Green has filed multiple motions for appointed counsel, which the Court continues to deny.

Py et al. v. County of Suffolk: This is a class action lawsuit arising out of alleged groundwater water contamination in the area surrounding the Suffolk County Fire Academy in Yaphank. Plaintiffs, who are homeowners who live near the Academy, allege that their water supply has been contaminated by a foam firefighting suppressant used at the Academy. The plaintiffs sued the County and the manufacturers of the foam. The plaintiffs brought suit in state court and the defendants removed the case to federal court. The chemical manufacturing defendants have submitted a motion for stay on this action and the related *Ayo*, *Singer* and *Green* actions. The court has granted the motion for a stay. The stay was granted because a motion has been made before the “Judicial Panel on Multidistrict Litigation” to transfer all similar cases around the country to one federal district court. The Judicial Panel on Multidistrict Litigation has transferred all similar cases to Judge Gergel in the District of South Carolina. Discovery will now proceed.

Pyzikiewicz, Theresa v. County of Suffolk, et al.: Plaintiff was involved in an accident with a police vehicle. She sustained fractures of her cervical spine and rib fractures, which resulted in hospitalization, surgery with cervical screws and a lengthy stay in a rehabilitation facility. A complaint has been received; discovery is ongoing.

Ray v. County of Suffolk et al.: This action is brought pursuant to General Municipal Law §51 seeking to recoup allegedly illegal payments made from New York State and or federal asset forfeiture funds as salary enhancements to assistant District Attorneys for the period of approximately 2012 to the present time in an estimated amount of \$3.25 million dollars. The state court has dismissed this action, finding that it is in the nature of an Article 78 proceeding and that the plaintiff failed to obtain a final determination prior to filing suit.

Reyes, Oralia v. Peconic Bay Medical Center, et al.: Medical malpractice case whereby plaintiff is alleging that between November 15, 2010 and December 2, 2010, the plaintiff was treated for her pregnancy, delivery and symphyseal separation. It is further alleged that the doctors failed to appropriately deliver the plaintiff’s child by caesarean section and caused traumatic damage to her urethra. It is alleged that as a result of the foregoing, and due to the doctors’ failure to properly suture the plaintiff, plaintiff has been severely damaged. None of plaintiff’s injuries are itemized in the complaint. No Notice of Claim was served. A summons and verified complaint have been served and the County has interposed an answer on behalf of one of the doctors. Discovery has been completed.

Rogers, Grant v. Suffolk County: A notice of claim was served regarding this medical malpractice matter whereby claimant alleges that while he was an inmate at the Suffolk County jail (between December 2017 and March 2018), the County failed to timely diagnose and treat a detached retina to claimant’s left eye despite claimant’s repeated complaints of severe pain and loss of vision to his left eye.

Rosado, Wanda, as Proposed Administrator of the Estate of Vazquez v. Suffolk County Department of Health Services - Division of Patient Care Services, et al.: A Notice of Claim was served in this medical malpractice matter whereby claimant is alleging the wrongful death of claimant-decedent Vazquez on June 10, 2015 as a result of the negligent care and treatment rendered to her while a patient at the Brentwood Family Health Center. It was claimed that, among other things, respondents ignored claimant-decedent’s long standing complaints of lower back pain, failed to order appropriate tests and failed to institute appropriate and timely treatment of a malignant liver mass which has metastasized. The 50-h hearing has been conducted.

R.S., an infant and Debra Schaefer on behalf of herself and of R.S. as R.S.’s custodian v. Suffolk County Executive Steven Bellone, et al.: This is an action pending in federal court, which is related to Ray v. County of Suffolk et al., brought against the County Executive, Comptroller, former District Attorney Tom Spota, and five former Assistant District Attorneys seeking the return of approximately \$3,250,000 in bonuses paid out to the Assistant District Attorneys from civil forfeiture monies collected by the District Attorney’s Office. In addition to the return of the forfeiture money, the suit asks for triple damages under federal civil RICO statutes, punitive damages and attorney’s fees. All defendants have submitted motions to dismiss. The court has granted the motions of the defendants and dismissed the lawsuit. The time to appeal has not expired.

Scott, Tawana as admin of Turner, Kevin v. County of Suffolk: Plaintiff estate sues in federal court for violation of his civil rights. Plaintiff was involved in an altercation with the police during which he sustained head injuries. He remained in a coma for six months prior to his death. Discovery is ongoing.

Singer, Diane, et al. v. County of Suffolk: This is a class action lawsuit arising out of alleged groundwater contamination issue at the Yaphank Firematics Training Facility (the “Training Facility”). Plaintiffs are residents of

the neighborhoods surrounding the Training Facility and allege that the use of aqueous firefighting foam containing perfluorooctane sulfonate (PFOS) and perfluorooctanoic acid (PFOA) chemicals at the facility has resulted in contamination of their water supply. In addition to the County, the plaintiffs have sued the manufacturers of the firefighting foam. The case was originally filed in Suffolk County Supreme Court, but the defendants removed it to federal court. The plaintiff's motion to remand the case back to state court has been denied. The defendants' motions to dismiss have been fully briefed. However, the chemical manufacturing defendants have submitted a motion for stay on this action and the related *Ayo, Py* and *Green* actions. The court has granted the motion for a stay. The stay was granted because a motion has been made before the "Judicial Panel on Multidistrict Litigation" to transfer all similar cases around the country to one federal district court. The Judicial Panel on Multidistrict Litigation has transferred all similar cases to Judge Gergel in the District of South Carolina. Discovery will now proceed.

Taouil, Elvis v. County of Suffolk, et al.: A notice of claim was served on the County setting forth allegations of negligence, medical malpractice and civil rights violations (Section 1983) in connection with a Suffolk County Correctional Facility inmate who alleges that in August 2018 he was severely injured by other inmates and not given the proper medical care for the injuries he sustained. The claimant alleges, among other things, that the County was negligent in failing to separate inmates who had a history of violence, in acting with deliberate indifference in allowing the claimant to face a substantial risk of harm and in failing to control the safety of inmates. The injuries alleged in the notice of claim include permanent loss of vision to left eye, ruptured globe, orbital medial wall fracture, skull fracture, disfigurement, loss of teeth and emotional and psychological injuries.

Trinidad, Sebastian v. County of Suffolk: Plaintiff was involved in an accident at the intersection of a Town and County road. The claim is negligent roadway/traffic control design and defect. Plaintiff suffered a traumatic amputation of his leg. Discovery is complete. The County has submitted a motion for summary judgment.

Yac v. Suffolk County, et al.: Medical malpractice claim wherein it alleged that decedent, Demetrio Yac, was under the care and treatment of the Marilyn Shellabarger South Brookhaven Family Health Center and the County failed to, among other things, investigate, diagnose and treat pyelonephritis, bacteremia, sepsis, pulmonary congestion, and jaundice. It is alleged that as a result of such failures, decedent sustained multiple and fatal bodily injuries including, but not limited to pyelonephritis, bacteremia, sepsis pulmonary congestion, jaundice, and death. A notice of claim was served in May 2010. A summons and complaint were subsequently served. Discovery was completed, the trial proceeded and the County obtained a verdict in its favor. The plaintiff has filed a motion for a directed verdict in the plaintiff's favor or for a new trial and the County opposed the motion. The motion was granted and a notice of appeal was filed.

22-50 Jackson Avenue Associates, L.P. v County of Suffolk, et al. (Heartland): This action is a hybrid Article 78 Petition and complaint, arising out of the project known as the "Heartland Town Square" project. The Heartland project is a proposed mixed-use community, which would include retail, office and residential properties. The Heartland project was proposed to be built on the Pilgrim State Psychiatric Center property in Brentwood. The property is not within the boundaries of any sewer district in the County so the developers requested approval to connect to the Southwest Sewer District. The petitioners claim that, despite a lengthy approval process, including a favorable SEQRA review and approval by the County Commissioner of Public Works and the County Sewer Agency, the County Legislature failed to approve a bill allowing Heartland to connect to the Sewer District. The lawsuit asks for a declaration, *inter alia*: that the legislature's actions were illegal and improper; that the legislature's approval for the process was not legally required, as the DPW Commissioner has authority to approve any necessary contracts; directing the DPW Commissioner to proceed with contract negotiations for the connection of the property to the Sewer District; and that any contract negotiation by the DPW Commissioner is not subject to review by the legislature. The petition also seeks damages pursuant to 42 U.S.C. 1983 for violating petitioner's rights to due process and equal protection. The County has submitted a motion for summary judgment, which was returnable on May 22, 2019. The motion is fully submitted.

End of Appendix A

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APPENDIX B

Link to Audited Financial Statements*

For the Year Ended

December 31, 2017

(With Auditors' Report Thereon)

*** The Financial Statements for the year ended December 31, 2017 and opinion are intended to be representative only as of the date thereof. The financial statements referenced above are hereby incorporated into the attached Official Statement. Deloitte & Touche LLP, Independent Auditors, has not been requested by the County to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

The County's financial statements for the fiscal year ended December 31, 2017 have been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system ("EMMA").

Copies of the County's audited financial statements for the fiscal year ended December 31, 2017 are available on EMMA and can be viewed and downloaded at the following web address: (<https://emma.msrb.org/EP1200423.pdf>).