

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 5, 2019

**NEW AND RENEWAL ISSUES
BOOK-ENTRY-ONLY BONDS AND NOTES**

**RATING: SEE "RATING" HEREIN
SERIAL BONDS AND BOND ANTICIPATION NOTES**

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

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

**TOWN OF EAST HAMPTON
SUFFOLK COUNTY, NEW YORK**

\$23,072,661*

**VARIOUS PURPOSES SERIAL BONDS – 2019
(the "Bonds")**

Dated Date: Date of Delivery

Maturity Dates: August 15, 2020-2036

\$13,267,800

**BOND ANTICIPATION NOTES – 2019 SERIES A
(the "Series A Notes")**

Date of Issue: August 22, 2019

Maturity Date: August 21, 2020

\$3,500,000

**BOND ANTICIPATION NOTES – 2019 SERIES B (FEDERALLY TAXABLE)
(the "Series B Notes" and together with the Series A Notes, the "Notes")**

Date of Issue: August 22, 2019

Maturity Date: August 21, 2020

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

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on August 15, 2020 and semiannually thereafter on February 15 and August 15 in each year until maturity. The Bonds shall mature on August 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity. (See "Optional Redemption" herein.)

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

The Notes will be issued in registered form and, at the option of the purchaser, the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company ("DTC") as book-entry notes.

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

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

The Bonds and the Notes are offered when, as and if issued and received by the purchasers and subject to the receipt of the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Capital Markets Advisors, LLC has served as Municipal Advisor to the Town in connection with the issuance of the Bonds and the Notes. It is anticipated that the Bonds and the Notes will be available for delivery through the offices of DTC on or about August 22, 2019.

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

Dated: August __, 2019

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction.

The Bonds will mature on August 15, subject to optional redemption, in the following years and principal amounts:

<u>Year</u>	<u>Principal Amount*</u>	<u>Coupon</u>	<u>Yield</u>	<u>Year</u>	<u>Principal Amount*</u>	<u>Coupon</u>	<u>Yield</u>
2020	\$1,217,661			2029	\$1,365,000**		
2021	1,225,000			2030	1,385,000**		
2022	1,240,000			2031	1,410,000**		
2023	1,255,000			2032	1,435,000**		
2024	1,270,000			2033	1,460,000**		
2025	1,285,000			2034	1,490,000**		
2026	1,305,000			2035	1,515,000**		
2027	1,325,000			2036	1,545,000**		
2028	1,345,000**						

* The principal amounts of the Bonds are subject to adjustment following the sale of the Bonds, pursuant to the terms of the accompanying Notice of Sale.

** Subject to optional redemption prior to maturity as described herein.

**TOWN OF EAST HAMPTON
SUFFOLK COUNTY, NEW YORK**

TOWN BOARD

PETER VAN SCOYOC
Supervisor

Sylvia Overby Deputy Supervisor
Jeffrey L. Bragman Councilwoman
Kathee Burke-Gonzalez Councilwoman
David Lys Councilman

Len Bernard Town Budget Officer
Charlene G. Kagel, CPA CGMA Chief Auditor
Neide Valeira Town Accountant
Carole A. Brennan Town Clerk
Rebecca Rahn Receiver of Taxes
John Jilnicki, Esq. Town Attorney

BOND COUNSEL
HAWKINS DELAFIELD & WOOD LLP
New York, New York

MUNICIPAL ADVISOR
CAPITAL MARKETS ADVISORS, LLC
Great Neck, New York
(516) 487-9817

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

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OFFICIAL STATEMENT
TOWN OF EAST HAMPTON
SUFFOLK COUNTY, NEW YORK

relating to

\$23,072,661*

VARIOUS PURPOSES SERIAL BONDS – 2019

and

\$13,267,800

BOND ANTICIPATION NOTES – 2019 SERIES A

and

\$3,500,000

BOND ANTICIPATION NOTES – 2019 SERIES B (FEDERALLY TAXABLE)

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of East Hampton, in the County of Suffolk, in the State of New York (the “Town”, “County” and “State,” respectively) in connection with the sale of \$23,072,661* Various Purposes Serial Bonds – 2019 (the “Bonds”), \$13,267,800 Bond Anticipation Notes – 2019 Series A (the “Series A Notes”) and \$3,500,000 Bond Anticipation Notes – 2019 Series B (Federally Taxable) (the “Series B Notes” and together with the Series A Notes, the “Notes”).

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

THE BONDS

Description of the Bonds

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity, payable on August 15, 2020 and semiannually thereafter on February 15 and August 15 in each year until maturity. The Bonds shall mature on August 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity as described herein. See “*Optional Redemption*” herein.

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

* Preliminary, subject to change.

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the Town Law, the Local Finance Law and various bond resolutions duly adopted by the Town Board on their respective dates. A portion of the proceeds from the sale of the Bonds in the amount of \$15,995,876, together with a portion of the proceeds from the sale of the Series A Notes in the amount of \$7,293,900 and \$3,175,989 in available funds, will be used to redeem the Town's \$17,022,525 Bond Anticipation Notes – 2018 Series A and \$9,443,240 Bond Anticipation Notes – 2018 Series B at maturity. A portion of the proceeds from the sale of the Bonds in the amount of \$7,076,785 will be used to provide original or additional original financing for certain objects or purposes as noted on the following pages.

Purpose	Authorization Date	Amount Outstanding	Principal Paydown	New Money	Amount to Bonds
Acquisition of Records Management System	04/18/2019	\$ 0	\$ 0	\$ 423,500	\$ 423,500
Acquisition of Records Management System 2	04/18/2019	0	0	423,500	423,500
Construction of Salt Barn in East Hampton	04/17/2014	252,000	18,000	0	234,000
Reconstruction of Old Town Hall	05/18/2017	100,000	9,000	0	91,000
Roof Improvements - Various Buildings	03/19/2015	81,000	10,000	0	71,000
Acquisition of Navigation Aids - Marine Patrol	05/19/2016	6,000	2,000	0	4,000
Installation of Storage Shed - Buildings	06/02/2016	6,000	2,000	0	4,000
Fence Improvements	06/02/2016	23,000	7,000	0	16,000
Acquisition of Security System - Various Buildings	06/02/2016	23,000	7,000	0	16,000
Acquisition of Snow Plow with Attachments Highway	05/19/2016	71,000	4,000	0	67,000
Construction of Salt Barn	06/02/2016	273,000	29,000	0	244,000
Aquaculture Building Improvements	06/02/2016	91,000	47,551	0	43,449
Second House Comfort Station	06/02/2016	91,000	10,000	0	81,000
ADA Improvements through Town	05/18/2017	100,000	9,000	0	91,000
ADA Improvements through Town 2	05/03/2018	100,000	0	0	100,000
Construction of Ballfield Irrigation Improvements	06/02/2016	19,000	1,000	0	18,000
Acquisition of Skid Street Sanitation	08/04/2016	48,000	3,000	0	45,000
Acquisition and Installation of Airport Perimeter Fence and Electronic Gates	10/20/2016	1,000,000	50,000	0	950,000
Construction of a Fuel Farm at the East Hampton Airport	01/19/2017	520,000	198,941		321,059
Preparation of Plans, Studies, Specifications and Estimates for Taxiways at Airport	03/02/2017	260,000	60,000	0	200,000
Acquisition of Computer Hardware and Software	05/04/2017	73,340	16,340	0	57,000
Acquisition of a Boat Trailer	05/04/2017	8,000	2,000	0	6,000
Acquisition of Beach Control Vehicle	05/04/2017	35,000	17,000	0	18,000
Prepare Map and Survey for Installation of Cell Towers in Wainscott and Montauk	05/18/2017	10,000	2,000	0	8,000
Acquisition of Emergency Services Unit Equipment	05/18/2017	5,000	1,000	0	4,000
Acquisition of Computer Hardware and Software	05/18/2017	104,100	23,100	0	81,000
Constructions of Sidewalk Improvements - Accabonac	05/18/2017	60,000	8,458	0	51,542
Construction of Windows PD Wainscott	05/18/2017	75,000	7,000	0	68,000
Acquisition of Radio Communication System (Phase I)	07/05/2018	1,750,000	0	0	1,750,000

Purpose	Authorization Date	Amount Outstanding	Principal Paydown	New Money	Amount to Bonds
Acq. of Radio Communication System (Phase I) 2	07/18/2019	\$ 0	\$ 0	\$2,800,000	\$ 2,800,000
Construction of Amagansett Youth Park Building	05/04/2017	18,000	2,000	0	16,000
Construction of Improvements to the Fowler House 2	02/01/2018	50,000	0	0	50,000
Acquisition of Computer Hardware and Software	07/06/2017	136,250	31,250	0	105,000
Planning for Road and Drainage Improvements	07/20/2017	40,000	9,000	0	31,000
Acquisition of Radios for Use by Town Lifeguards	07/06/2017	15,000	1,000	0	14,000
Construction of Beach Ramps and Walkways in Montauk	07/06/2017	180,000	16,000	0	164,000
Construction of Beach Ramps and Walkways in Montauk 2	05/03/2018	15,000	0	0	15,000
Acquisition and Installation of a Waste Oil Heater - Highway Department	07/06/2017	30,000	1,000	0	29,000
Acquisition and Installation of Hydraulic Lift - Highway Department	10/19/2017	50,000	0	0	50,000
Increase and Improvements of Facilities of Montauk Street Lighting District	11/02/2017	85,000	0	0	85,000
Acquisition of a Harbormaster Vehicle	02/15/2018	34,000	0	0	34,000
Construction of Field and Backstop Improvements at Maidstone Park	02/15/2018	67,000	7,943	0	59,057
Acquisition of Garbage Barrels for Use by the Town	02/15/2018	20,000	0	0	20,000
Purchase and Installation of a Security System for the Fort Pond House in Montauk	02/15/2018	17,000	0	0	17,000
Construction of Parking Lot Improvements at Ditch Plains Beach	03/20/2018	250,000	176,917	0	73,083
Preparation of Plans and Specifications for Amagansett Bus Stop Structure	05/03/2018	50,000	0	0	50,000
Preparation of Plans and Specifications for Culloden Point Staircase	05/03/2018	130,000	0	0	130,000
Acquisition of Cameras for Montauk Playhouse	05/03/2018	49,000	0	0	49,000
Acquisition of Security Cameras for Town Hall	05/03/2018	25,000	0	0	25,000
Technology Upgrade - Apex Conversion	05/03/2018	15,500	4,415	0	11,085
Acquisition of GIS Large Format Scanner	05/03/2018	20,000	7,868	0	12,132
Acquisition of new Spam Filter	05/03/2018	13,100	1,107	0	11,993
Acquisition of Jet Ski	05/03/2018	13,000	3,316	0	9,684
Acquisition of Small 4x4 Vehicles for Montauk Beach Patrol	05/03/2018	15,000	1,948	0	13,052
Acquisition of Pickup Truck for Ocean Rescue Squad/Beach Patrol	05/03/2018	42,000	14,961	0	27,039
Acquisition of Personal Protective Equipment for Marine Firefighting/Port Security Vessel	05/03/2018	5,000	158	0	4,842
Acquisition of Radar for Port Security Vessel	05/03/2018	5,000	0	0	5,000
Marine Maintenance Equipment	05/03/2018	6,500	1,957	0	4,543
Reconstruct Silvership (Marine 6)	05/03/2018	135,000	0	0	135,000
Generator Replacement (Marine 1)	05/03/2018	15,500	0	0	15,500
Acquisition of Pickup/SUV	05/03/2018	30,000	1,877	0	28,123
Acquisition of Buses	05/03/2018	120,000	9,573	0	110,427
Acquisition of Jet Ski 2	05/03/2018	14,000	4,316	0	9,684
Acquisition of an Outboard Motor for Skiff	05/03/2018	8,000	459	0	7,541

Purpose	Authorization Date	Amount Outstanding	Principal Paydown	New Money	Amount to Bonds
Acquisition of Vehicles and Related Equipment	05/03/2018	\$ 200,000	\$ 0	\$ 0	\$ 200,000
Acquisition of Uninterruptible Power Supply Battery Replacements and Other Equipment	05/03/2018	13,500	0	0	13,500
Acquisition and Installation of Security Cameras for Tower Properties and Tower Buildings	05/03/2018	40,500	1,025	0	39,475
Acquisition and Installation of Security Cameras on Towers	05/03/2018	24,500	0	0	24,500
Acquisition of Firearms for use by the East Hampton Police Department	05/03/2018	20,000	0	0	20,000
Acquisition of Tasers for use by the East Hampton Police Department	05/03/2018	5,000	31	0	4,969
Acquisition of Equipment for Dive Team	05/03/2018	7,500	212	0	7,288
Acquisition of a New Underwater Vision System	05/03/2018	57,250	1,039	0	56,211
Server Upgrades and Replacements	05/03/2018	69,000	8,409	0	60,591
Sonicwall Upgrades and Replacements	05/03/2018	18,735	71	0	18,664
Acquisition of Car Computer Cradles	05/03/2018	20,000	82	0	19,918
Carpet Replacement	05/03/2018	3,500	98	0	3,402
Acquisition of Pickup Truck	05/03/2018	40,000	0	0	40,000
Acquisition of Pickup Truck 2	05/03/2018	36,000	143	0	35,857
Acquisition of Electrical Service Van	05/03/2018	43,000	0	0	43,000
Acquisition of Pickup Trucks	05/03/2018	75,000	18,020	0	56,980
Acquisition of Dump Truck with Plow	05/03/2018	85,000	707	0	84,293
Replacement of Doors at East Hampton and Montauk Police Departments	05/03/2018	10,000	1,118	0	8,882
Replacement of Floor at Montauk Police Department	05/03/2018	13,000	188	0	12,812
Construction of Septic System Upgrades	05/03/2018	25,000	1,329	0	23,671
Construction of Restroom Renovations at Montauk Police Department	05/03/2018	25,000	0	0	25,000
Acquisition of a Crack Sealer	05/03/2018	45,000	3,911	0	41,089
Acquisition of a Pickup with Plow	05/03/2018	38,000	10,382	0	27,618
Acquisition of a Shop Truck	05/03/2018	50,000	13,836	0	36,164
Acquisition of Dump Trucks	05/03/2018	300,000	1,814	0	298,186
Construction of Sidewalk Improvements 2	05/03/2018	95,000	0	0	95,000
Construction of Road Improvements 2	05/03/2018	350,000	0	0	350,000
Improvements to Montauk Tennis Court	05/03/2018	25,000	0	0	25,000
Construction of Improvements to Marine Museum Building - Steps	05/03/2018	20,000	7,693	0	12,307
Lighting Improvements at Montauk Playhouse Gym	05/03/2018	8,000	1,425	0	6,575
Construction of Improvements to Second House	05/03/2018	450,000	0	0	450,000
Replacement of Windows at Gann Road Facility	05/03/2018	20,000	2,676	0	17,324
Acquisition of Radios for Use by Town Lifeguards 2	05/03/2018	10,000	222	0	9,778
Acquisition of Bailer Truck	06/21/2018	350,000	0	0	350,000
Acquisition of Three Pickup Trucks	06/21/2018	100,000	0	0	100,000
Acquisition of Two Box Trailers	06/21/2018	60,000	0	0	60,000
Acquisition of Walking Floor Trailer	06/21/2018	80,000	4,013	0	75,987
Construction of Pavilion at Former Boys and Girls Harbor Property	06/07/2018	600,000	0	0	600,000

Purpose	Authorization Date	Amount Outstanding	Principal Paydown	New Money	Amount to Bonds
Acquisition and Installation of Security Cameras at Town Hall	07/05/2018	\$ 80,000	\$ 0	\$ 0	\$ 80,000
Construction of Water Improvements within the Wainscott Water Supply Area	07/05/2018	7,943,240	1,443,240	0	6,500,000
Acquisition of Land - 36 Gann Road	09/20/2018	0	0	679,490	679,490
Plans and Specifications for Public Dock Bulkhead	09/20/2018	0	0	45,500	45,500
Acquisition of Structures from CDCH Foundation	12/20/2018	0	0	400,000	800,000
Acquisition of Equipment for Justice Court Security Staff	04/18/2019	0	0	8,000	8,000
Acquisition of Vehicle for Assessor	04/18/2019	0	0	27,948	27,948
Acquisition of Fire Pump	04/18/2019	0	0	3,000	3,000
Installation of Handrails at Gann Road	04/18/2019	0	0	8,500	8,500
Acquisition of AEDs	04/18/2019	0	0	7,800	7,800
Acquisition of Air Compressor	04/18/2019	0	0	24,401	24,401
Acquisition of Police Vehicles and Equipment	04/18/2019	0	0	200,000	200,000
Acquisition of Computer Work Stations	04/18/2019	0	0	41,832	41,832
Acquisition of VERIPIC Workstation	04/18/2019	0	0	6,000	6,000
Acquisition of Ballistic Vests	04/18/2019	0	0	12,800	12,800
Acquisition of Digital Cameras	04/18/2019	0	0	13,000	13,000
Acquisition of Dive Team Equipment	04/18/2019	0	0	2,400	2,400
Replacement of Bulkheads	04/18/2019	0	0	500,000	500,000
Acquisition of Track Loader	04/18/2019	0	0	67,995	67,995
Acquisition of Custodial Van and Racks	04/18/2019	0	0	74,508	74,508
Acquisition of Dump Trucks - Highway Dept.	04/18/2019	0	0	284,790	284,790
Acquisition of Asphalt Hot Patcher Dump Trailer	04/18/2019	0	0	33,640	33,640
Construction of Road Improvements	04/18/2019	0	0	350,000	350,000
Construction of Sidewalk Improvements	04/18/2019	0	0	70,000	70,000
Acquisition of Wood Grinder	06/06/2019	0	0	405,000	405,000
Acquisition of a Tractor	06/06/2019	<u>0</u>	<u>0</u>	<u>163,181</u>	<u>163,181</u>
	Totals	<u>\$18,359,015</u>	<u>\$2,363,139</u>	<u>\$7,076,785</u>	<u>\$ 23,072,661</u>

THE NOTES

Description of the Notes

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

The Town will act as Paying Agent for any Notes issued in book-entry form. Paying agent fees, for non-book-entry notes, will be paid by the purchaser(s). The Town's contact information is Ms. Carole A. Brennan, Town Clerk, telephone number (631) 324-4142, cbrennan@ehamptonny.gov.

Authority for and Purpose of the Series A Notes

The Series A Notes are issued pursuant to the Constitution and Laws of the State, including, among others, the Town Law, the Local Finance Law and various bond resolutions duly adopted by the Town Board on their

respective dates. A portion of the proceeds from the sale of the Bonds in the amount of \$15,995,876, together with a portion of the proceeds from the sale of the Series A Notes in the amount of \$7,293,900 and \$3,175,989 in available funds, will be used to redeem the Town's \$17,022,525 Bond Anticipation Notes – 2018 Series A and \$9,443,240 Bond Anticipation Notes – 2018 Series B at maturity. A portion of the proceeds from the sale of the Series A Notes in the amount of \$5,973,900 will be used to provide original or additional original financing for certain objects or purposes as noted on the following pages.

Purpose	Authorization Date	Amount Outstanding	Principal Paydown	New Money	Amount to Notes
Increase and Improvement of Facilities of East Hampton Wastewater Disposal District Scavenger Facility	03/17/2016	\$ 396,000	\$ 4,000	\$ 0	\$ 392,000
Replacement of RPZ Valves	06/02/2016	38,000	12,000	0	26,000
Engineering for Bull Path Improvements	06/02/2016	18,450	8,450	0	10,000
Fire/Burglar Systems (MM and Springs Lib)	06/02/2016	19,000	2,000	0	17,000
Reconstruction of Compost Building - Sanitation	08/04/2016	91,000	10,000	0	81,000
Construction of a Parking Lot	10/20/2016	220,000	20,000	170,000	370,000
Removal of Fuel Tanks in Various Locations in the Town	04/06/2017	135,000	12,000	0	123,000
Construction of Aquaculture Building Molding	05/18/2017	150,000	14,000	0	136,000
Acquisition and Installation of Airport Equipment	05/18/2017	155,000	14,000	0	141,000
Increase and Improvement of Facilities of East Hampton Garbage and Refuse District	06/01/2017	46,000	11,000	0	35,000
Acquisition of Communications Equipment for the Harbormaster	05/04/2017	31,500	2,500	0	29,000
Acquisition of Radio Upgrades - Public Safety	05/04/2017	24,000	2,000	0	22,000
Acquisition of Portable Radios and Communications Equipment	05/04/2017	73,000	7,000	0	66,000
Construction of Affordable Housing Dwellings at Former Accabonac Tennis Club	07/06/2017	2,500,000	418,000	0	2,082,000
Line Painting - Town Lots, ADA Spots and Beach Ends	05/03/2018	25,000	0	0	25,000
Reconstruction of Harris Govern System (Phase I)	05/03/2018	290,000	0	0	290,000
Acquisition of Remote Desktop Protocol Sever and Licensing	05/03/2018	35,000	0	0	35,000
Replacement of Desktops	05/03/2018	90,000	0	0	90,000
Acquisition of Sonicwall	05/03/2018	5,000	0	0	5,000
Acquisition of Dell Server	05/03/2018	12,000	0	0	12,000
Acquisition of AVAYA Ethernet Routing Switches	05/03/2018	9,400	0	0	9,400
Acquisition of Network Attached Storage Device	05/03/2018	8,000	0	0	8,000
Reconstruct Boat-waste Holding Tanks	05/03/2018	11,500	0	0	11,500
Wainscott Tower Light LED Upgrade	05/03/2018	21,000	0	0	21,000
Preparation of Plans and Specifications for Radio Tower Improvements	05/03/2018	40,000	0	0	40,000
Acquisition and Installation of Security Ballards at Police Department Headquarters	05/03/2018	75,000	0	0	75,000
Reconstruction of Town Vehicles	05/03/2018	150,000	0	0	150,000
Construction of Curb Improvements	05/03/2018	11,000	0	0	11,000

Purpose	Authorization Date	Amount Outstanding	Principal Paydown	New Money	Amount to Notes
Construction of HVAC System Upgrades at Tower Sites	05/03/2018	\$ 43,000	\$ 0	\$ 0	\$ 43,000
Acquisition of a Plow Rig	05/03/2018	75,000	0	0	75,000
Lighting Improvements at Lion's Field	05/03/2018	135,000	0	0	135,000
Reconstruction of Kirk Park Comfort	05/03/2018	70,000	0	0	70,000
Construction of Improvements to Marine Museum Building - Roof	05/03/2018	265,000	0	0	265,000
Electrical System Upgrades at Montauk Playhouse	05/03/2018	12,000	0	0	12,000
Boiler Replacement at Dory Rescue Garage for Lamb Building	05/03/2018	25,000	0	0	25,000
Construction of Parking Lot Improvements at Fresh Pond Park	05/03/2018	65,000	0	0	65,000
Acquisition of Boat - Aquaculture	05/03/2018	96,000	0	0	96,000
Construction of Comfort Station Improvements at South Lake Beach	05/15/2018	10,000	0	0	10,000
Construction of Improvements to Docks and Pilings	05/15/2018	175,000	0	0	175,000
Construction of Breakwater Improvements at Three Mile Harbor and Sammy's Beach	05/15/2018	45,000	0	0	45,000
Construction of Jetty Improvements at Three Mile Harbor	05/15/2018	500,000	0	0	500,000
Replacement of Lighting at the Sanitation Building	06/21/2018	20,000	0	0	20,000
Construction of Water Improvements within the Wainscott Water Supply Area	07/05/2018	1,500,000	0	0	1,500,000
Replacement of the Roof at the Town's Fire Training Center	08/02/2018	115,000	0	0	115,000
Preparation of Map, Plan and Report for Beach Erosion District - Montauk	09/20/2018	0	0	200,000	200,000
Acquisition of Structures from CDCH Foundation	12/20/2018	0	0	400,000	400,000
Acquisition of Land at 780 Route 114	02/07/2019	0	0	935,000	935,000
Mold Remediation - Justice	04/18/2019	0	0	21,000	21,000
Fence Improvements 2	04/18/2019	0	0	15,000	15,000
Street Lighting Improvements at Various Locations	04/18/2019	0	0	30,000	30,000
Carpet Replacement at 300 Pantigo Road	04/18/2019	0	0	223,000	223,000
Flooring Improvements	04/18/2019	0	0	9,000	9,000
Reconstruction of Harris Govern System (Phase II)	04/18/2019	0	0	137,000	137,000
Hardware Replacement	04/18/2019	0	0	73,000	73,000
Infrastructure Replacement	04/18/2019	0	0	90,000	90,000
Multimedia Upgrades at Town Hall	04/18/2019	0	0	38,000	38,000
Acquisition of Wheelchair Accessible Bus	04/18/2019	0	0	60,000	60,000
Acquisition of Vehicle for Animal Control	04/18/2019	0	0	37,050	37,050
Acquisition of Vehicle for Fire Prevention	04/18/2019	0	0	37,050	37,050
Engine Replacement	04/18/2019	0	0	35,000	35,000
IT Equipment Upgrades - Marine Patrol	04/18/2019	0	0	12,000	12,000
Acquisition of Piling Mates	04/18/2019	0	0	17,500	17,500
Acquisition of Tough Books	04/18/2019	0	0	41,000	41,000
Acquisition of Server Software Refresh	04/18/2019	0	0	60,000	60,000
Acquisition of Phone System for Headquarters	04/18/2019	0	0	110,000	110,000

Purpose	Authorization Date	Amount Outstanding	Principal Paydown	New Money	Amount to Notes
Replace Transfer Switches for Headquarters	04/18/2019	\$ 0	\$ 0	\$ 175,000	\$ 175,000
WiFi Hardware Upgrades	04/18/2019	0	0	15,000	15,000
Construction of Roof Improvements to Building on Former CDCH Foundation Site	05/02/2019	0	0	30,000	30,000
Demolition of Old Town Hall	04/18/2019	0	0	500,000	500,000
Replacement of Various Pilings	04/18/2019	0	0	50,000	50,000
Replacement of Bulkheads	04/18/2019	0	0	1,000,000	1,000,000
Construction of Improvements to Steven Hands Path Soccer Field	04/18/2019	0	0	100,000	100,000
Construction of Improvements to Building on Former CDCH Foundation Site	05/02/2019	0	0	220,000	220,000
Construction of HVAC Improvements at 300 Pantigo Road	04/18/2019	0	0	110,000	110,000
Construction of HVAC Improvements at Police Dept.	04/18/2019	0	0	100,000	100,000
Construction of Parking Lot Improvements at Police Dept.	04/18/2019	0	0	150,000	150,000
Construction of Building Improvements - Aquaculture	04/18/2019	0	0	67,300	67,300
Construction of Various Roof Improvements	04/18/2019	0	0	260,000	260,000
Construction of Replacement of Garage Doors at Highway Yard	04/18/2019	0	0	40,000	40,000
Construction of Additional Roofing Improvements	04/18/2019	0	0	115,000	115,000
Construction of Window Replacement - Highway Dept.	04/18/2019	0	0	10,000	10,000
Acquisition of Pickup Truck - Recreation	04/18/2019	0	0	36,000	36,000
Acquisition of Pickup Truck - Trustees	04/18/2019	0	0	35,000	35,000
Acquisition of Four Heavy Duty Rolloff Containers	06/06/2019	0	0	26,000	26,000
Acquisition of a 40-yard Covered Container	06/06/2019	0	0	9,000	9,000
Design Plans and Specifications for Shellfish Hatchery	06/20/2019	0	0	<u>175,000</u>	<u>175,000</u>
Totals		<u>\$ 7,830,850</u>	<u>\$ 536,950</u>	<u>\$ 5,973,900</u>	<u>\$ 13,267,800</u>

Authority for and Purpose of the Series B Notes

The Series B Notes are issued pursuant to the Constitution and Laws of the State, including, among others, the Town Law, the Local Finance Law and a bond resolution duly adopted by the Town Board on July 5, 2018 to finance the construction of water improvements within the Wainscott Water Supply Area in the amount of \$24,344,878. The proceeds from the sale of the Series B Notes, together with \$11,401,638 in available funds, will be used to redeem the Town's \$14,901,638 Bond Anticipation Notes – 2018 Series B (Federally Taxable) at maturity.

THE BONDS AND THE NOTES

Optional Redemption

The Bonds maturing on or before August 15, 2027 are not subject to redemption prior to maturity. The Bonds maturing on or after August 15, 2028 will be subject to redemption prior to maturity, at the option of the Town, on any date on or after August 15, 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 equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

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

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

Nature of Obligation

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

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

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

REMEDIES UPON DEFAULT

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

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

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

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

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

obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

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

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

No Past Due Debt

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

MUNICIPAL BANKRUPTCY

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

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

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

exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds and Notes to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

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

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

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

Financial Control Boards

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

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

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

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

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

DESCRIPTION OF BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”) will act as securities depository for the Bonds and for the Notes issued in book-entry form. Said Bonds and Notes will be issued as fully-registered bonds and notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, and will be deposited with DTC. One fully-registered note certificate will be issued for each Note of an issue bearing the same rate of interest and CUSIP number, 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 (“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 the 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 the Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 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 Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

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

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

The Town's credit rating could be affected by circumstances beyond the Town's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers

and employers, as well as natural catastrophes, could adversely affect the assessed valuation of Town property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the Town's credit rating could adversely affect the market value of the Bonds and the Notes.

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

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

The Town is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The Town's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the Town fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the Town is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Town will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the Town requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "State Aid" herein.)

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

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

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

Cybersecurity

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

LITIGATION

The Town is a defendant in a matter originally captioned *Thomas Cangemi et al. v. The United States of America, the U.S. Army Corps of Engineers, Col. John R. Boule II, The Town of East Hampton, William J. Wilkinson, County of Suffolk, State of New York, Joe Martens, Commissioner of the New York State Department of Environmental Conservation, and Cesar A. Peralies, Secretary of the New York State Department of State*. This lawsuit seeks to hold the Town responsible for damages to eleven properties owned by the Plaintiffs, as well as for damage to various public areas west of the Lake Montauk Harbor jetties. The case asserted that the jetties, which were constructed before the Town acquired the property in the early 1940s, are responsible for erosion along the western shoreline. Plaintiffs have sought both monetary damages for specific injury to their properties, and injunctive relief to force the Town to remediate the entire western shoreline with an infusion of sand. The Town largely succeeded on an early motion to dismiss, which eliminated all the Federal claims and some state claims, but left remaining claims for private nuisance, public nuisance, and trespass against the Town, and the court denied the Town's motion for summary judgment on those remaining claims. All other defendants were dismissed from the case. The jury rendered a verdict against the Town on June 29, 2018 for \$355,961.27, representing out of pocket expenses for damages to seven of the properties but found in favor of the Town on the public nuisance claim. The Town then made a post-trial motion to set aside the verdict. The Court granted the Town's motions in their entirety and judgment is expected to be entered shortly. The Court reversed its prior decisions on the Town's motions to dismiss, motion for summary judgment, motions *in limine* and evidentiary arguments, finding the Town is not responsible for fixing a problem it did not cause, approve or exacerbate. The Court also granted the Town's motion for a new trial. Should the Court's decision be vacated or overturned upon appeal, the matter will be re-tried. The Plaintiffs have appealed their loss, but the Town is in a much stronger position to prevail upon appeal in view of the Court's decision on the Town's motions resulting in a complete dismissal of all claims.

The Town owns and operates the East Hampton Airport (the "Airport"), located on Daniels Hole Road in the Town. On April 21, 2015, the Friends of the East Hampton Airport et al. filed a lawsuit in the United States District Court for the Eastern District of New York challenging the Town's April 16, 2015, enactment of three local laws designed to restrict aircraft operations at the East Hampton (the "Local Laws"); *Friends of the East Hampton Airport et al v. Town of East Hampton* (No. 15 Civ. 2246). The current list of Plaintiffs in the federal lawsuit is: Friends of the East Hampton Airport; Anlar Corporation; Associated Aircraft Group, Inc.; Eleventh Street Aviation, LLC; Helicopter Association International, Inc.; Heliflite Shares, LLC; Liberty Helicopters, Inc.; Sound Aircraft Services, Inc.; National Business Aviation Association, Inc. An additional prospective Plaintiff, Air Pegasus, has recently sought intervention. Friends of the East Hampton Airport, Inc. et al. allege the restrictions are preempted under the Supremacy Clause of the U.S. Constitution and violate the Commerce Clause of the U.S. Constitution because they unduly burden interstate commerce. On April 29, 2015, the Friends of the East Hampton Airport Inc., et al. filed a motion for a temporary restraining order in connection with this complaint, challenging the constitutionality of the Town's Airport legislation. The Court issued a memorandum and order on June 26, 2015 allowing the Town to enforce two of the three adopted local laws that is, the laws imposing curfews on the use of the East Hampton Airport. The Town has appealed that portion of the order which denied the Town the ability to enforce the third local law has cross appealed. Briefs were submitted in November, 2015 and the parties are awaiting the Court's decision.

On January 29, 2015, another 14 CFR Part 16 Complaint entitled *Friends of East Hampton Airport, Inc. et al. v. Town of East Hampton and East Hampton Airport*, was brought by a coalition including Friends of the East Hampton Airport, Inc; Anlar Corporation; Associated Aircraft Group, Inc.; Helicopter Association International, Inc.; Heliflite Shares LLC; Liberty Helicopters, Inc.; and Shoreline Aviation, Inc. (collectively, the "Complainants") against the Town. The Complainants in this case are individuals and corporate entities that use the East Hampton Airport. This Part 16 Complaint alleges that the Town violated various FAA Grant Assurances by: (1) raising the landing fees and fuel flowage fees in 2014; (2) failing to have a compliant pavement maintenance management plan; (3) failing to properly maintain runways and aircraft ramp and apron areas in safe operating condition; (4) taking steps to permanently convert Runway 4-22 to a taxiway; (5) failing to properly maintain airport lighting; (6) failing to maintain an effective perimeter fence; (7) failing to timely install an FAA-certified Automated Weather Observing System ("AWOS"); (8) permitting non-aeronautical users of Airport property to pay below fair-market value rental rates; and (9) failing to remove trees that obstruct

the approach path to Airport runways. *Friends of the East Hampton Airport, Inc. et al v. Town of East Hampton*. (FAA Docket No. 16-15-02). On May 1, 2015, the Town filed its Answer and accompanying brief. Damages are not available in a Part 16 proceeding; however, the FAA could order the Town to transfer funds from the Airport enterprise account to the airport fund to compensate for below-market rental rates should the complainants prevail.

Finally, On May 20, 2015, the National Business Aviation Association, Inc. and several of its members that operate at the East Hampton Airport filed a Part 16 Complaint, *National Business Aviation Association, Inc. v. Town of East Hampton and East Hampton Airport*, alleging two violations of FAA Grant Assurances in the enactment of the Local Laws. The Complainants in this case include Shoreline Aviation, Inc. (Connecticut); PlaneSense, Inc.; Fly the Whale, Inc.; Eastern Air Express, Inc.; FL Aviation Corporation; Tuckair Inc.; Autonomic Controls, Inc.; Shoreline Aviation, Inc. (Massachusetts); Wes Rac Contracting Corporation; Eagle Air, Inc; and JETAS Inc. The Town intends vigorously to defend its actions as being in compliance with Grant Assurances. If the Town is unsuccessful, the FAA could direct that the Town rescind the Local Laws or the Town could lose the opportunity to receive future federal grants. As noted above, the Town has not taken any federal aviation grants since 2001 and has no current plan to seek future grants. As noted above, damages are not available in a Part 16 proceeding.

Various other notices of claim have been filed with the Town. The allegations set forth in the claims relate to various circumstances including personal injury, condemnation proceedings, civil rights violations and administrative determinations by Town officials. Certain claims assert money damages while others seek a specific action or forbearance on the part of the Town. In the opinion of the Town Attorney, the resolution of such various other claims presently pending against the Town will not have an adverse material effect on the Town's financial position. Such matters are immaterial or adequately covered by existing insurance coverage.

Pursuant to the Local Finance Law, the Town is authorized to issue bonds or notes to finance judgments and claims, if necessary.

TAX MATTERS FOR THE BONDS AND THE SERIES A NOTES

Opinion of Bond Counsel

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

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

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Tax-Exempt Obligations, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to

update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Obligations.

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Bond Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

Prospective purchasers of the Tax-Exempt Obligations should consult their own tax advisors regarding the foregoing matters.

TAX MATTERS FOR THE SERIES B NOTES

Opinion of Bond Counsel

In the opinion of Bond Counsel to the Town, interest on the Series B Notes (i) is included in gross income for federal income tax purposes, and (ii) is exempt, under existing statutes, from personal income taxes of New York State and its political subdivisions, including The City of New York.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Series B Notes by original purchasers of the Series B Notes who are “U.S. Holders”, as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series B Notes will be held as “capital assets”; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Series B Notes as a position in a “hedge” or “straddle”, holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire Series B Notes in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series B Notes at the time that such income, gain or loss is set forth on such financial statements instead of under the rules described below.

Holders of Series B Notes should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series B Notes as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount

In general, if Original Issue Discount (“OID”) is greater than a statutorily defined de minimis amount, a holder of a Series B Note must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such holder holds such Series B Note) the daily portion of OID, as it accrues (generally on a constant yield method) and regardless of the holder’s method of accounting. “OID” is the excess of (i) the “stated redemption price at maturity” over (ii) the “issue price”. For purposes of the foregoing: “issue price” means the first price at which a substantial amount of the Series B Note is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); “stated redemption price at maturity” means the sum of all payments, other than “qualified stated interest”, provided by such Series B Note; “qualified stated interest” is stated interest that is unconditionally

payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and “de minimis amount” is an amount equal to 0.25 percent of the Series B Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity. A holder may irrevocably elect to include in gross income all interest that accrues on a Series B Note using the constant-yield method, subject to certain modifications.

Acquisition Discount on Short-Term Taxable Bonds

Each holder of a Series B Note with a maturity not longer than one year (a “Short-Term Taxable Bond”) is subject to rules of Sections 1281 through 1283 of the Code, if such holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Taxable Bond is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on the Series B Note and “acquisition discount” with respect to, the Short-Term Taxable Bond accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant interest rate basis using daily compounding. “Acquisition discount” means the excess of the stated redemption price of a Short-Term Taxable Bond at maturity over the holder’s tax basis therefor.

A holder of a Short-Term Taxable Bond not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the holder’s regular method of tax accounting, unless such holder irrevocably elects to accrue acquisition discount currently.

Bond Premium

In general, if a Series B Note is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Series B Note other than “qualified stated interest” (a “Taxable Premium Bond”), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the holder of a Taxable Premium Bond elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Bond, determined based on constant yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the holder will make a corresponding adjustment to the holder’s basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the holder’s original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Series B Note, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder’s adjusted tax basis in the Series B Note.

The Town may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series B Notes to be deemed to be no longer outstanding. For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series B Notes subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders of the Series B Notes with respect to payments of principal, payments of interest, and the accrual of OID on a Series B Note and the proceeds of the sale of a Series B Note before maturity within the United States. Backup withholding may apply to holders of Series B Notes under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Series B Note that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series B Notes under state law and could affect the market price or marketability of the Series B Notes.

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and the Notes are subject to the respective approving legal opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. The respective opinions of Bond Counsel will be in substantially the forms attached hereto in Appendices D, E and F.

DISCLOSURE UNDERTAKINGS

Disclosure Undertaking for the Bonds

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12") with respect to the Bonds, the Town will execute a Certificate to Provide Continuing Disclosure, the form of which is attached hereto as Appendix G.

Disclosure Undertaking for the Notes

In order to assist the purchasers in complying with Rule 15c2-12 with respect to the Notes, the Town will execute a Certificate to Provide Notices of Events, the form of which is attached hereto as Appendix H.

RATING

The Town has applied to Moody's Investors Service, Inc. ("Moody's") for a rating on the Bonds. Such application is pending at this time. The Town did not apply to Moody's for a rating on the Notes.

On March 26, 2019, Moody's affirmed the Town's long-term, uninsured credit rating of 'Aaa' with a stable outlook.

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

MUNICIPAL ADVISOR

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

Additional information may be obtained from Mr. Len Bernard, Town Budget Officer, 159 Pantigo Road, East Hampton, New York 11937, (631) 907-8719, or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 487-9817.

The Town will act as Paying Agent with respect to the Bonds and the Notes issued in book-entry form. The Town Clerk, Carole A. Brennan, (631) 324-4142, cbrennan@ehamptonny.gov should be used as the Paying Agent contact.

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

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information.

Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

This Official Statement is submitted only in connection with the sale of the Bonds and the Notes by the Town and may not be reproduced or used in whole or in part for any other purpose. The preparation and distribution of this Official Statement has been authorized by the Supervisor of the Town, as Chief Fiscal Officer thereof.

TOWN OF EAST HAMPTON
SUFFOLK COUNTY, NEW YORK

By: _____
Peter Van Scoyoc
Supervisor

DATED: August __, 2019

APPENDIX A

THE TOWN

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THE TOWN

General Information

The Town is the easternmost town on Long Island. It encompasses a land area of approximately 70 square miles on Long Island's south fork and has almost 70 miles of waterfront on three sides. The Town is bordered by the Town of Southampton to the west, the Atlantic Ocean to the east and south and Gardiners Bay to the north.

The land comprising the Town was purchased from the Montauket Indians and covered approximately 30,000 acres. The first settlement within the present jurisdiction of the Town was made by Lion Gardiner on his privately-owned Gardiners Island in 1639, but organized settlement did not take place until 1648. The original name of the Town was Maidstone but fourteen years later became known as East Hampton. Whaling, fishing, farming and cattle-raising were the basis of the settlers' early economy.

Present day East Hampton provides many artistic, cultural and historic points of interest including the Second House Museum, Old Hook Mill (built in 1806 and later restored), Deep Hollow Ranch (the oldest cattle ranch in America), and Guild Hall, home of the John Drew Theater. The Atlantic Ocean, the bays and the harbors remain the Town's prime attractions, providing swimming, boating and fishing for summer visitors and year-round residents alike.

The Town owns and operates the East Hampton Airport (the "Airport"), located on Daniels Hole Road in the Town. (See "*LITIGATION*" herein).

Form of Government

The Town of East Hampton was established in 1788 by the State as a separate political entity vested with independent taxing and debt authority. There is one incorporated village wholly situated within the Town's borders, the Village of East Hampton, and a portion of a second village, Sag Harbor. The Town has four independently governed school districts wholly located within its borders and portions of two others, all of which rely on their taxing powers granted by the State to raise revenues for school district purposes. The school districts use the Town's assessment roll as the basis for taxation of property within the Town. The Town has four fire districts wholly or partially located within its borders, all of which rely on their taxing powers granted by the State to raise revenues for fire district purposes.

The legislative power of the Town is vested in the Town Board. The Town Board consists of five members, including the Town Supervisor. The Supervisor is the presiding member and Chief Fiscal Officer of the Town and is elected for a term of two years. The four other members of the Town Board are elected to four-year terms. All the Town Board members are elected at-large. There are no limitations as to the number of terms which they may serve.

The Town Clerk serves as custodian of the Town's legal documents and papers, maintains the minutes of proceedings of the Town Board and is responsible for the publication and filing of all official notices. Pursuant to the Town Law, the Clerk is elected to serve a four-year term. The number of terms the Clerk may serve is unlimited. The Town Budget Officer is responsible for the Town's fiscal affairs and the efficient operation of the Finance Department, including establishing and maintaining records of and controls on all monies received by the Town, all accounts maintained by the Town and all claims against the Town. The Town Receiver of Taxes is responsible for receiving and collecting all State, County, Town and School taxes and all assessments that may be levied in the Town. Other officers of the Town include: the Highway Superintendent, which is a two-year elected position; the Town Assessors, who are elected to four-year terms; the Town Attorney and Town Receiver of Taxes, who are appointed by the Town Board.

Services

The Town is responsible for providing most governmental services to its residents. Water service is provided by the Suffolk County Water Authority and sewerage is provided by the individual private property owner. Highway construction and maintenance is a Town function. In addition, recreation is provided via parks and beaches which are maintained through Town government. Other services performed at the Town level include: property assessment, building inspection, zoning administration and the local justice court system. The Town furnishes police protection, while the State police provide intermittent patrols of highways and the County police supply special police services. Fire protection is contracted for through the Town's several fire protection districts. Education is the responsibility of the six independent school districts located in whole or in part in the Town. The County provides various social and health services. Certain services are provided through Town-operated Special Districts and Improvement Areas. Town-operated Special Districts and Improvement Areas are managed and operated by the Town Board.

Employees

The Town provides services through approximately 329 full-time as well as additional part-time employees. The Civil Service Employees Association (the "CSEA") represents 200 employees, the East Hampton Police Benevolent Association (the "PBA") represents 67 employees and 13 dispatchers are represented by their own union. The CSEA contract expired on December 31, 2018 and is currently in negotiations. The PBA and dispatchers' contracts expire on December 31, 2020.

Employee Pension Benefits

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

Police officers and firefighters who are members of PFRS are divided into four tiers. As with ERS, retirement benefit plans available under PFRS are most liberal for Tier 1 employees. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. Police officers and firefighters that were hired between July 1, 2009 and January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. Police officers and firefighters hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution from members. Police officers and firefighters hired after April 1, 2012 are in Tier 6, which also originally had a 3% contribution requirement for members for FY 12-13; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: \$45,000.00 or less contributes 3%; \$45,000.01 to \$55,000.00 contributes 3.5%; \$55,000.01 to \$75,000.00 contributes 4.5%; \$75,000.01 to \$100,000.00 contributes 5.75%; and more than \$100,000.00 contributes 6%.

The billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with the required payment until after its budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. The Town is also required to make a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible. The pension payment date for all local governments is February 1. The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount. The Town prepaid its employer contribution in December in the years 2004 through and including 2011. The Town did not prepay its employer contribution in December 2012 or December 2013. The Town did prepay its employer contribution in December 2014, 2015, 2016, 2017 and 2018.

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

Employer contribution rates for the State's Retirement System continue to be higher than the minimum contribution rate established by Chapter 49. Contribution rates are expected to remain higher than the minimum contribution rates set by Chapter 49 in the near-term. To mitigate the expected increases in the employer contribution rate in 2010, legislation was enacted that authorizes local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. This legislation also requires those local governments and school districts, who decide to amortize their pension obligations pursuant to this law, to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The Town did not participate in the 2010 pension amortization program.

In Spring 2013, the State and ERS approved a Stable Contribution Option ("SCO"), which modified the 2010 law discussed above, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below. The Town has not and will not be participating in the ERS SCO plan at this time or in the foreseeable future.

Other Post Employment Benefits

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

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

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

The Town's total OPEB liability as of December 31, 2018 was \$116,187,378 using a discount rate of 3.64% and actuarial assumptions and other inputs as described in the Town's December 31, 2018 audited financial statements.

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

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

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

Health Care Benefits

The Town provides health care benefits to both current and retired Town employees and their dependents. All full-time Town employees are eligible for benefits while employed by the Town and substantially all of the Town's employees become eligible for benefits if they reach normal retirement age while working for the Town.

The Empire Plan ("NYSHIP") was implemented as of January 1, 2009 and Town employees became insured by NYSHIP as of that date. Since NYSHIP was implemented, health care expenditures have not exceeded budgetary appropriations. The Town's 2019 Adopted Budget appropriates \$10.96 million for health care expenditures and expects that such appropriation will be sufficient to pay the expected health care expenditures of the Town in fiscal year 2019.

The Town has determined not to finance future expenditures associated with retiree healthcare benefits for eligible Town employees. Said expenditures are paid on a current basis to eligible retirees. It is likely that the cost of providing these benefits will increase in the future as the costs of the medical care to be provided increases and the number of retired Town employees eligible for such benefits increases. (See "*Other Post Employment Benefits*" herein.)

FINANCIAL FACTORS

Financial Operations

The Supervisor is the Chief Fiscal Officer of the Town as provided in Section 2.00 of the Local Finance Law; and the Town Budget Officer is the chief fiscal advisor to the Town Board. The Town Budget Officer is responsible for the Town's fiscal affairs and the efficient operation of the Finance Department, including establishing and maintaining records of and controls on all monies received by the Town, all accounts maintained by the Town and all claims against the Town.

Pursuant to Section 30.00 of the Local Finance Law, the Supervisor has been authorized by the Town Board to issue and sell bonds and notes. As required by law, the Supervisor must execute an authorizing certificate, which is then filed with the Town Clerk.

The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions, including the development of operating and capital budgets and the issuance of indebtedness.

Budgetary Procedure

The Supervisor, with the assistance of the Town Budget Officer, prepares a preliminary budget for submission to the Town Board. The budget process, including preparation, approval and amendment thereof, is determined by Article 8 of the Town Law. According to law, the tentative budget must be filed in the office of the Town Clerk on or before September 30th of each year. The tentative budget is submitted to the Town Board not later than October 5th. Following review and modification, a preliminary budget hearing is held by November 15th. At this hearing, members of the public may express opinions, which the Town Board may take under advisement. Approval of the budget is not subject to a vote of the electorate and the Town Board may make changes following the hearing process. The Town Board is required to adopt the final annual budget by November 20th. From time to time, the Town Board may make changes or modifications in the amount of annual appropriations subject to legal provisions.

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

Basis of Accounting

The Town complies with the Uniform System of Accounts as prescribed for towns in the State. This system conforms to generally accepted accounting principles as promulgated in the "Codification of Governmental Accounting and Financial Reporting Standards", as published by the Governmental Accounting Standards Board in connection with the Government Accounting Research Foundation of the Government Finance Officers' Association.

The Town prepares an annual financial report, which must be filed with the State Comptroller. Financial statements are annually audited by an independent public accountant and the Town is audited periodically by the State Comptroller. (See "*Independent Audits*" herein.)

Town finances are operated primarily through two general funds and various special revenue funds. These two general funds are needed because some Town functions are not provided to incorporated villages in the Town, which instead provide these functions. The two general funds are called "Townwide" and "Part Town" funds. Current operating expenditures are paid from the funds subject to available appropriations. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar fiscal year for operating and reporting purposes.

Formal Reserve Policy

After a public hearing, the Town Board adopted a Formal Reserve Policy for the Town on September 19, 2002 which has as its goal the maintenance of a 20% fund balance reserve in all funds. For several years prior to 2010, the Town accumulated substantial deficits in several funds and did not have a General Fund balance reserve (see "*Deficit Financing*" herein.) However, since 2010, the Town began the process of replenishing fund balance and creating dedicated reserves for a portion of its fund balance. (See "*Recent Operating Results*" herein.)

Fiscal Recovery

For several years prior to 2010, the Town experienced financial difficulties as a result of consistently underbudgeting expenses and overbudgeting revenues. During the period 2005 through 2008, the Town's former Budget Officer unlawfully used Community Preservation Fund monies to fund the Town's operating expenses, thus concealing consecutive years of operating deficits.

The Town took several steps to address the financial difficulties that it faced, including the issuance of deficit bonds pursuant to Special State legislation to fund the accumulated deficits in the General Fund which totaled \$27,257,902, developing and adopting conservative budgets which resulted in positive operating results, changing from self-insured health insurance to the Empire Plan, adopting property tax increases, retaining new auditors and instituting various new internal controls.

For the fiscal year ended December 31, 2010, operating surpluses realized by the Town were used to reduce the General Fund deficit; repay all Town funds which were owed money from the General Fund through interfund transfers; and fund new reserves established by the Town Board.

In 2011, the Town continued its fiscal recovery such that positive operating performance and results, together with the deficit financing resulted in the first positive cumulative fund balances in the General Fund (Townwide and Part-Town) since 2004. (See "*Recent Operating results*" herein.)

Since 2011, the Town has realized operating surpluses in the General Fund, which have added to the positive cumulative fund balance in the General Fund.

In addition, the Town Budget Officer has assessed the design and operating effectiveness of selected internal controls which has provided an improved understanding of the flow of transactions, including information technology aspects to identify points at which financial misstatements can occur. In particular, a new method of tracking all capital projects and finances related to those projects has been designed. Budget software has been implemented by the Town which will allow the tracking of capital projects and underlying sources of funding. The travel policy for all Town employees was revised for 2011 and internal controls and segregation of duties were implemented with respect to the transfer of funds between bank accounts and wiring of funds. Internal controls continued to be strengthened throughout 2013 and into 2014 with the establishment of the Town's Internal Audit Division, which has evaluated such things as controls and checks over petty cash funds and the operation of the Town's information technology function.

Deficit Financing

Pursuant to Special State Legislation enacted on behalf of the Town, the Town issued bonds in the amount of \$22,230,000 to partially liquidate accumulated deficits in the Town's General Fund which totaled \$27,257,902. The balance of such accumulated deficit was reduced as a result of positive operating results for fiscal year 2010. As of the date hereof, \$2,500,000 of such bonds remain outstanding. The final maturity date of such bonds is March 15, 2021.

For each fiscal year during which the deficit bonds are outstanding, the Town must submit to the New York State Comptroller its tentative or preliminary budget for the succeeding fiscal year. The New York State Comptroller must examine the proposed budget and make recommendations for any changes that are needed to bring the proposed budget into balance. Such recommendations are made after the examination into the estimates of revenues and expenditures of the Town. The Town Board must review all recommendations made by the New York State Comptroller and may make adjustments to its proposed budget consistent with those recommendations. All recommendations that the Town Board rejects must be explained in writing to the Office of the New York State Comptroller. The Town may not issue bonds or notes for any purpose until it has responded in writing to the recommendations made by the New York State Comptroller's Office.

For each fiscal year that any bonds or notes issued to fund the deficits are outstanding, the Town must prepare a quarterly report of summarized budget data depicting trends of actual revenues and budget expenditures for the

entire budget. The Town has submitted quarterly financial reports to the State Comptroller's office through the second quarter of 2019 as required. Such budgetary reports must compare revenue estimates and appropriations as set forth in the budget with actual revenues and expenditures made to date. The report must also contain a corrective action plan to address any unfavorable budget variances. All reports must be completed within thirty (30) days after the end of each quarter and must be submitted at the end of each quarter to each member of the Town Board, the Director of the New York State Division of Budget, the State Comptroller and the Chairs of the Senate Finance Committee and the Assembly Ways and Means Committee.

In addition, for each fiscal year that any bond or notes issued to fund the deficits are outstanding, the Town must prepare a three (3) year financial plan covering the next succeeding fiscal year and the two fiscal years thereafter. The financial plan must contain the information required by paragraph (e) of Section 10.10 and must be submitted to each member of the Town Board, the Director of the New York State Division of Budget, the State Comptroller and the Chairs of the Senate Finance Committee and the Assembly Ways and Means Committee.

For each fiscal year occurring during the time bonds and/or bond anticipation notes issued to fund the deficits are outstanding, the Town Supervisor must notify the State Comptroller at least fifteen (15) days prior to the issuance of any bonds or notes or entering into any installment purchase contract by the Town. The Town has complied with this procedure with respect to the issuance of the Bonds and the Notes.

The Town has filed quarterly reports and a three year financial plan update with the Office of the State Comptroller as required by New York State Local Finance law. The Town has also had its yearly tentative budget audited by the Office of the State Comptroller. The Town is current with all required filings with the State and has received no comments or negative feedback from the State on its tentative budgets for the last three years.

Recent Operating Results

For the fiscal years ended December 31, 2003 to December 31, 2008, the Town accumulated significant deficits in its General Fund (Townwide and Part Town Funds). As a result of the issuance of deficit bonds by the Town in 2010 and 2011, and positive operating results in 2009 and 2010, such accumulated deficits were eliminated. (See "*Deficit Financing*" herein.) As of the fiscal year ended December 31, 2011, the General Fund (Townwide and Part Town) had positive cumulative fund balances. Based upon audited results, this positive trend continued through the fiscal year ended December 31, 2018.

General Fund – Townwide

For the fiscal year ended December 31, 2014, based on audited figures, the Townwide General Fund revenues and other sources were \$43,857,739 and Townwide General Fund expenditures and other uses were \$44,814,388. Based on audited figures, the Town recognized an operating Townwide General Fund deficit, including other sources and uses, of \$956,649 which when subtracted from the restated fund balance at the beginning of the year of \$8,017,050 resulted in a cumulative Townwide General Fund balance of \$7,060,401.

For the fiscal year ended December 31, 2015, based on audited figures, the Townwide General Fund revenues and other sources were \$51,978,238 and Townwide General Fund expenditures and other uses were \$49,226,023. Based on audited figures, the Town recognized an operating Townwide General Fund surplus, including other sources and uses, of \$2,752,215 which when added to the fund balance at the beginning of the year of \$7,060,401 resulted in a cumulative Townwide General Fund balance of \$9,812,616.

For the fiscal year ended December 31, 2016, based on audited figures, the Townwide General Fund revenues and other sources were \$35,953,443 and Townwide General Fund expenditures and other uses were \$33,451,388. Based on audited figures, the Town recognized an operating Townwide General Fund surplus, including other sources and uses, of \$2,502,055 which when added to the fund balance at the beginning of the year of \$9,812,616 resulted in a cumulative Townwide General Fund balance of \$12,314,671.

For the fiscal year ended December 31, 2017, based on audited figures, the Townwide General Fund revenues and other sources were \$31,541,145 and Townwide General Fund expenditures and other uses were \$29,998,184. Based

on audited figures, the Town recognized an operating Townwide General Fund surplus, including other sources and uses, of \$1,542,961 which when added to the fund balance at the beginning of the year of \$12,314,671 resulted in a cumulative Townwide General Fund balance of \$13,857,632.

For the fiscal year ended December 31, 2018, based on audited figures, the Townwide General Fund revenues and other sources were \$31,880,204 and Townwide General Fund expenditures and other uses were \$31,938,308. Based on audited figures, the Town recognized an operating Townwide General Fund deficit, including other sources and uses, of \$58,104 which when subtracted to the fund balance at the beginning of the year of \$13,857,632 resulted in a cumulative Townwide General Fund balance of \$13,799,528.

Part Town Fund

For the fiscal year ended December 31, 2014, based on audited figures, the Part Town Fund revenues and other sources were \$23,930,105 and Part Town Fund expenditures and other uses were \$23,299,720. The Town recognized an operating Part Town Fund surplus, including other sources and uses, of \$630,385, which when added to the fund balance at the beginning of the year of \$5,438,205 resulted in a cumulative Part Town Fund balance of \$6,068,590.

For the fiscal year ended December 31, 2015, based on audited figures, the Part Town Fund revenues and other sources were \$24,529,702 and Part Town Fund expenditures and other uses were \$23,171,156. The Town recognized an operating Part Town Fund surplus, including other sources and uses, of \$1,358,546, which when added to the fund balance at the beginning of the year of \$6,068,590 resulted in a cumulative Part Town Fund balance of \$7,427,136.

For the fiscal year ended December 31, 2016, based on audited figures, the Part Town Fund revenues and other sources were \$26,106,998 and Part Town Fund expenditures and other uses were \$24,154,530. The Town recognized an operating Part Town Fund surplus, including other sources and uses, of \$1,952,468, which when added to the fund balance at the beginning of the year of \$7,427,136 resulted in a cumulative Part Town Fund balance of \$9,379,604.

For the fiscal year ended December 31, 2017, based on audited figures, the Part Town Fund revenues and other sources were \$27,020,443 and Part Town Fund expenditures and other uses were \$24,511,041. The Town recognized an operating Part Town Fund surplus, including other sources and uses, of \$2,509,402, which when added to the fund balance at the beginning of the year of \$9,379,604 resulted in a cumulative Part Town Fund balance of \$11,889,006.

For the fiscal year ended December 31, 2018, based on audited figures, the Part Town Fund revenues and other sources were \$27,470,579 and Part Town Fund expenditures and other uses were \$26,051,536. The Town recognized an operating Part Town Fund surplus, including other sources and uses, of \$1,419,043, which when added to the fund balance at the beginning of the year of \$11,889,006 resulted in a cumulative Part Town Fund balance of \$13,308,049.

Independent Audits

The Financial Statements for the fiscal years 2007 through and including 2018 were audited by the firm Nawrocki Smith LLP, Certified Public Accountants (the "Auditors"). Appendix B to the Official Statement presents excerpts from the Town's most recent audited reports covering the fiscal years ended December 31, 2014 through 2018, inclusive.

In the Town's audited financial statements for the fiscal years ended December 31, 2012 through 2018, inclusive, the Town's auditors did not find any significant internal control problems with respect to Town operations. As a result, the Town anticipates achieving increased efficiency and cost effectiveness in its operations. (See "Health Care Benefits" and "Deficit Financing" herein.)

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

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

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

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

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes.

See the State Comptroller's official website for more information. Reference to this website implies no warranty of accuracy of information therein. References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Revenues

The Town derives its revenues primarily from real property taxes and special assessments, State aid, and departmental fees and charges. (See "*Statement of Revenues, Expenditures and Changes in Fund Balance*" in Appendix B herein). Property taxes accounted for 63.6% of total General Fund (Townwide) revenues and 81.2% of total General Fund (Part Town) revenues for the fiscal year ended December 31, 2018, while State aid accounted for 18.1% of total General Fund (Townwide) revenues and 3.7% of total General Fund (Part Town) revenues for the same period. State aid revenues generally accounts for less than 1% of the total General Fund (Part Town) revenues and thus are not shown in the tables that follow. In 2017 and 2018, an increase in public safety funding through the County/State sales tax increased such revenues to between 3 and 4%. The General Fund (Part Town) covers the unincorporated areas of the Town.

Real Property Taxes

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

Real Property Taxes – Townwide

<u>Fiscal Year Ended December 31:</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2014	\$28,577,996	\$18,538,476	64.9%
2015	29,761,518	19,255,338	64.7
2016	30,038,805	19,251,964	64.1
2017	30,246,017	18,888,948	62.5
2018	30,540,396	19,421,332	63.6
2019 (Adopted Budget)	32,617,086	20,377,628	62.5

Source: Audited Financial Statements and Adopted Budget of the Town.

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

Real Property Taxes - Part Town

<u>Fiscal Year Ended December 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2014	\$23,920,936	\$20,442,181	85.5%
2015	24,523,745	20,741,753	84.6
2016	26,083,547	21,133,417	81.0
2017	26,954,143	22,037,482	81.8
2018	27,378,395	22,233,729	81.2
2019 (Adopted Budget)	28,105,642	22,909,103	81.5

Source: Audited Financial Statements and Adopted Budget of the Town.

State Aid

The Town receives financial assistance from the State. State aid accounted for 18.1% of the total General Fund (Townwide) revenues and 3.8% of total General Fund (Part Town) revenues of the Town during the 2018 fiscal year. State aid is budgeted to be 14.4% of the total General Fund (Townwide) revenues in 2019. A substantial portion of the State aid received is directed to be used for specific programs.

If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in this year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, requiring either a

counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also “*Market Factors Affecting Financings of the State and Municipalities of the State*”).

The following table sets forth total General Fund (Townwide) revenues and State aid received for each of the last five audited fiscal years and the amounts budgeted for the current fiscal year.

<u>State Aid – Townwide Only</u>			
<u>Fiscal Year</u> <u>Ended December 31</u>	<u>Total</u> <u>Revenues⁽¹⁾</u>	<u>State Aid</u>	<u>Ratio of State Aid to</u> <u>Total Revenues</u>
2014	\$28,577,996	\$5,133,780	18.0%
2015	29,761,518	5,110,949	17.2
2016	30,038,805	5,367,693	17.9
2017	30,246,017	5,167,785	17.1
2018	30,540,396	5,530,260	18.1
2019 (Adopted Budget)	32,617,086	5,086,946	15.6

(1) General Fund, Townwide only.

Source: Audited Financial Statements and Adopted Budget of the Town.

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

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

Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

There can be no assurance that the State’s financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

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

Tax Cuts and Jobs Act of 2017

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which are effective in the 2018 tax year. The new federal tax law makes extensive changes to federal personal income taxes, corporate income taxes, and estate taxes, and the deductibility of various taxes and interest costs. The State's income tax system interacts with the federal system in numerous ways. The federal changes are expected to have significant flow-through effects on State tax burdens and revenues. The State's 2018-2019 Enacted Budget included legislation decoupling certain linkages between federal and local income tax and corporate taxes, increasing the opportunities for charitable contributions, and providing an option to employers to shift to an employer compensation tax and reduce State personal income taxes. In addition, the State's 2018-2019 Enacted Budget included legislation that granted localities the option to establish local charitable funds that would provide taxpayers with a credit against their property taxes. In response to various state initiatives following changes to federal taxes and deductibility, the Department of Treasury (Treasury Department) and the Internal Revenue Service (IRS) have provided guidance regarding state initiatives that would seek to circumvent the new statutory limitation on state and local tax deductions and characterization of payments for federal income tax purposes. The final regulations prohibit the use of programs implemented in some states in which taxpayers receive a credit against their state income taxes for donations made to charitable funds set up by the state in an attempt to reduce the impact of the federal cap on state and local tax deductions. The Town has not exercised this option and has no plans to do so in the foreseeable future.

Real Estate Transfer Tax

In 1998, the Town, along with four other East End towns on Long Island, were authorized by the New York State Legislature to collect a 2% real estate transfer tax to achieve open space and farmland preservation through the voluntary acquisition of land and development rights in targeted areas pursuant to a Community Preservation Project Plan (the "Plan"). Such transfer tax monies are restricted and are not generally available for ordinary Town purposes.

One of the goals of the Plan is to preserve lands which contain: "fresh and saltwater marshes"; "aquifer recharge areas"; "undeveloped beach lands or shoreline", "pine barrens"; and "rivers, river areas in natural, free flowing condition". In addition, the plan states that the preservation of "unique or threatened ecological areas" will be considered for protection of unique coastal or estuarine habitats. Furthermore, the Plan allows for "restoration and preservation of historic properties".

The Plan's primary purpose is to protect the above described lands from development by preserving them through land purchases, purchases of development rights, and conservation easements. According to the Plan, stopping or reducing development will limit the amount of fertilizers, pesticides, oil spills and leaks, septic system leaks, and street runoff which would otherwise drain into our surface waters or groundwater recharge areas. This plan will also protect surface water and groundwater by limiting development through the purchase of land or development or development rights.

The 2% real estate tax is collected by Suffolk County and transferred to the Town monthly, in arrears, to its Community Preservation Fund. The tax was implemented on April 1, 1999. The revenues of the Community Preservation Fund are expected to be used to pay debt service on the bonds issued to finance these land purchases.

The table below presents the annual revenues and expenditures for the Community Preservation Fund.

Community Preservation Fund – Revenues and Expenditures

	2014	2015	2016	2017	2018
Revenues	\$32,308,648	\$30,491,103	\$27,760,053	\$27,248,706	\$32,958,582
Debt Service and Land					
Acquisition Expenses	<u>40,599,493</u>	<u>30,757,264</u>	<u>33,261,837</u>	<u>46,369,733</u>	<u>16,246,046</u>
Ending Fund Balance	<u>\$47,412,910</u>	<u>\$47,146,749</u>	<u>\$41,644,665</u>	<u>\$22,523,638</u>	<u>\$39,236,174</u>

The legislation authorizing the 2% real estate tax was set to expire on March 31, 2030. The Town approved a proposal to amend its potential use through a referendum in November 2016 that allows the Town to use up to 20% of the Community Preservation Fund monies to improve water quality and extends the 2% real estate tax to 2050.

Town Deposits and Investments

New York State law strictly limits the disposition of Town funds and requires Towns to designate one or more banks or trust companies for the deposit of public funds. All deposits must be made to the credit of the Town and all such deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act must be fully collateralized by statutorily defined "eligible securities" pursuant to an agreement between the Town and such depository bank. Eligible securities that may be utilized by the Town pursuant to its adopted investment policy, include the following:

- 1) Obligations issued by the United States of America, an agency thereof or a United States Government sponsored corporation or obligations fully insured or guaranteed as to the payment of principal and interest by the United States of America, an agency thereof or a United States government sponsored corporation.
- 2) Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligation that represents the amount of the insurance or guaranty.
- 3) Obligations issued or fully insured or guaranteed by this State, obligations issued by a municipal corporation, school district or district corporation of this State or obligations of any public benefit corporation which, under a specific state statute, may be accepted as security for deposit or public monies.
- 4) Obligations issued by states (other than New York State) of the United States rated in one of the three highest rating categories by at least one nationally recognized credit rating organization.
- 5) Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized credit rating organization.
- 6) Obligations of counties, cities and other governmental entities of another state other than New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized credit rating organization.
- 7) Obligations of domestic corporations rated in one of the three highest rating categories by at least one nationally recognized credit rating organization.
- 8) Zero-Coupon obligations of the United States Government marketed as "Treasury STRIPS" (sometimes utilized to match-fund specific obligations).

Collateral agreements entered into by the Town must provide that the eligible securities are being pledged by the bank as security for Town deposits and must provide the conditions under which the securities held may be valued, sold, presented for payment, substituted or released and the events of default which will enable the Town to exercise its rights against the pledged securities. Such collateral agreements must also provide that the pledged securities will be held by the bank as agent and custodian for the Town will be kept separate and apart from the general assets of the bank and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities of the bank.

The Town also has the power to invest funds of the Town not required for immediate expenditure in the special time deposit accounts in or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York. Any such investments must be payable within such times as the proceeds shall be needed to meet expenditures for which such monies were obtained and must provide that such time deposit

account or certificate of deposit be collateralized in the same manner as provided for Town deposits above. This prevents the Town from having to sell such investments prior to maturity or redemption and thereby avoids market risk for such investments. The Town may also make temporary investments of public funds in obligations of the United States of America where the payment of principal and interest are guaranteed by the United States of America or in obligations of the State of New York or with the approval of the New York State Comptroller in obligations of New York State municipal corporations.

All temporary investments must be payable or redeemable at the option of the Town within such times, as the proceeds will be needed by the Town. The Town has no power to accumulate and apply Town funds solely for investment purposes.

TAX INFORMATION

Tax Collection Procedures

The Town receives tax revenues under the two-payment tax system. The first half is due December 1st of the preceding fiscal year and payable until January 10th without penalty, or full tax payment can be made during this period of time. Second half taxes are due May 10th each year and are payable until May 31st without penalty. After January 10th, one percent per month is added to first half tax payment. After May 31st, when the tax rolls are turned over to the County, all taxes are payable to the County Treasurer with an additional penalty to date of payment.

There are no uncollected Town items at the close of the fiscal year. The Town Receiver of Taxes collects the County tax as well as the General Town, Town Highway, School and Special District levies. Before the tax rolls are returned to the County at the end of the tax period (May 31st), the Town Receiver of Taxes pays in full to the Supervisor, the General Town, Town Highway, School and Special District levies. Any uncollected items are deducted from the amount returned to the County and the County assumes the responsibility for the enforcement of all unpaid taxes. The County conducts tax sales each year in accordance with the provisions of the Suffolk County Tax Act.

Real Property Taxes and Assessments

The following table shows the trend during the last five completed fiscal years for taxable assessed valuations, state equalization rates, full valuations, real property taxes and real property tax rates.

Real Property Tax Assessment and Rates **(For the Fiscal Year Ended December 31:)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assessed Value	\$ 198,154,219	\$ 198,620,361	\$ 199,658,928	\$ 200,465,483	\$ 201,651,639
Equalization Rate	.0073	.0064	.0059	.0057	.0058
Full Value	27,144,413,561	31,034,431,406	33,840,496,271	35,169,382,982	34,767,523,965
Tax Levy for Town Purposes ⁽¹⁾	\$ 45,204,666	\$ 45,873,436	\$ 46,809,854	\$ 47,785,115	\$ 49,426,826
Tax Rate for Town Purposes ⁽²⁾	\$ 269.83	\$ 273.88	\$ 279.11	\$ 283.78	\$ 291.25

(1) Levy amount reflects General Fund and Highway Fund levies. Does not reflect the levies for special districts.

(2) Tax Rate Per \$1,000 Assessed Value. Inclusive of General Fund and Highway Fund levies.

Source: Town Officials and the New York State Office of Real Property Services.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"), all the taxable real property within the Town has been subject to the levy of ad valorem taxes to pay the bonds and

notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year commencing after January 1, 2012, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town, without limitation as to rate or amount is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

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

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Town, a local law to override such limit for such coming fiscal year.

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

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Ten of the Largest Taxpayers

The following table presents the taxable assessments of ten of the Town's largest taxpayers for the tax period ending December 31, 2019.

<u>Taxable Assessments</u>			Percentage of Total Assessed Valuation ⁽¹⁾
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	
Keyspan Energy Development Corp.	Utility	\$ 497,441	0.25%
Bruce Wasserstein	Private	326,375	0.16
Gurney's Inn Resort & Spa LTD	Hotel & Restaurant	303,650	0.15
Lewis Sanders	Private	301,300	0.15
Stewart J. Rahr Foundation	Private	275,000	0.14
Trust U/A/D 11/17/86	Private	264,000	0.13
252 Further Lane, LLC	Real Estate	262,750	0.13
Calvin Klein	Private	262,480	0.13
Long Island Lighting Company	Utility	261,429	0.13
Hamptons Residence, LLC	Private	<u>227,500</u>	<u>0.11</u>
Totals		<u>\$3,046,444</u>	<u>1.48%</u>

(1) The Town's total assessed valuation for the 2019 fiscal year is \$201,651,639.

Source: Town Tax Assessor's Office

TOWN INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

Constitutional Debt Contracting Limit

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

<u>Constitutional Debt Contracting Limit</u>				
Assessment Roll Completed <u>December 31:</u>	For Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate</u>	<u>Full Valuation</u>
2014	2015	\$198,154,219	0.0073	\$ 27,144,413,561
2015	2016	198,620,361	0.0064	31,034,431,406
2016	2017	199,658,928	0.0059	33,840,496,271
2017	2018	200,465,483	0.0057	35,169,382,982
2018	2019	201,651,639	0.0058	<u>34,767,523,965</u>
Total Five-Year Full Valuation				\$161,956,248,185
Five-Year Average Full Valuation				<u>32,391,249,637</u>
Debt Contracting Limitation: 7% of Average Full Valuation				<u>\$ 2,267,387,474</u>

Source: New York State Office of Real Property Services.

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Debt Contracting Limitation
(As of August 5, 2019)

Debt-Contracting Limitation:	\$2,267,387,474
Gross Direct Indebtedness:	
Bonds:	
General Purpose	\$65,915,000
NYS EFC Bonds ⁽¹⁾	<u>6,530,000</u>
Total Bonds	72,445,000
Bond Anticipation Notes (“BANs”):	41,367,403
Housing Guarantees ⁽²⁾	<u>4,887,422</u>
Total Gross Direct Indebtedness	<u>\$118,699,825</u>
Less Exclusions and Deductions:	
Appropriations for Non-Exempt Indebtedness During 2019 Fiscal Year	<u>17,962,627</u>
Total Net Direct Indebtedness	<u>\$100,737,198</u>
Debt-Contracting Margin	<u>\$2,166,650,276</u>
Percentage of Debt-Contracting Power Exhausted	<u>4.44%</u>

- (1) New York State Environmental Facilities Corporation.
(2) See “Additional Borrowings – East Hampton Housing Authority” herein.

Source: Town Budget Office

Bond Anticipation Notes

The Town currently has the following outstanding bond anticipation notes:

<u>Bond Anticipation Notes</u>			
<u>Dated</u>	<u>Due</u>	<u>Issue</u>	<u>Amount</u>
08/23/18	08/23/19	Bond Anticipation Notes – 2018 Series A	\$17,022,525 ⁽¹⁾
08/23/18	08/23/19	Bond Anticipation Notes – 2018 Series B	9,443,240 ⁽¹⁾
08/23/18	08/23/19	Bond Anticipation Notes – 2018 Series C (Federally Taxable)	<u>14,901,638⁽²⁾</u>
Total			<u>\$41,367,403</u>

- (1) A portion of the proceeds from the sale of the Bonds, together with a portion of the proceeds from the sale of the Series A Notes, the proceeds from the sale of the Series B Notes and available Town funds will be used to redeem these notes at maturity. (See “Authority for and Purpose of the Bonds”, “Authority for and Purpose of the Series A Notes” and “Authority for and Purpose of the Series B Notes” herein.)
(2) The proceeds from the sale of the Series B Notes, together with \$11,401,638 in available funds, will be used to redeem these notes at maturity.

Tax and Revenue Anticipation Notes

The Town has not issued any tax or revenue anticipation notes in recent years.

Trend of Capital Indebtedness

The following table sets forth the amount of direct capital indebtedness outstanding at year end for the last five fiscal years. (See also “*East Hampton Housing Authority*” herein).

	<u>Capital Indebtedness Outstanding</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Bonds ⁽¹⁾	\$ 98,408,736	\$ 94,152,348	\$ 89,815,941	\$ 80,545,000	\$ 82,710,000
Bond Anticipation Notes	<u>12,034,858</u>	<u>9,895,623</u>	<u>11,056,899</u>	<u>24,650,990</u>	<u>41,367,403⁽²⁾</u>
Total	<u>\$110,443,594</u>	<u>\$104,047,971</u>	<u>\$100,872,840</u>	<u>\$105,195,990</u>	<u>\$124,077,403</u>

- (1) Exclusive of bonds issued by the East Hampton Housing Authority which are subject to a guarantee of the Town. See “*East Hampton Housing Authority*” herein.
- (2) \$24,334,878 of the outstanding bond anticipation notes are related to improvements to the Wainscott Water Improvement Area. The Town anticipates receiving approximately \$5 million from the State to pay a portion of the cost of the project. Bonds are expected to be issued to pay the local share of the project. Debt service will be paid by the General Fund – Part Town and benefitted homeowners. A portion of the proceeds from the sale of the Bonds in the amount of \$6,500,000, a portion of the proceeds from the sale of the Series A Notes in the amount of \$1,500,000 and the proceeds from the sale of the Series B Notes, together with available Town funds, will be used to redeem such notes at maturity.

Source: Audited Financial Statements and information provided by the Town Budget office.

Overlapping and Underlying Debt

In addition to the Town, other political units have the power to incur indebtedness payable from property taxes levied on property in the Town. The table below sets forth both the total outstanding principal amount of debt issued by the Town and the approximate burden on taxable property in the Town of the debt instruments issued and outstanding by such other political units.

Statement of Direct and Overlapping Indebtedness

<u>Issuing Entity</u>	<u>Net Indebtedness</u>	<u>Town Share</u>	<u>Net Indebtedness as of:</u>	<u>Net Overlapping Indebtedness</u>
Suffolk County	\$1,280,685,507	6.30%	05/31/19	\$ 80,683,187
East Hampton Village	4,050,000	100.00	01/05/19	4,050,000
Sag Harbor Village	2,034,587	33.00	05/31/18	671,414
School Districts				
Amagansett	0	100.00	06/30/18	0
East Hampton	52,857,000	100.00	12/01/18	52,857,000
Montauk	0	100.00	10/11/18	0
Sag Harbor	19,978,500	11.80	07/14/19	2,357,463
Springs	400,000	100.00	09/12/18	400,000
Wainscott	450,000	90.00	06/30/18	405,000
Fire Districts				
Amagansett	1,830,000	100.00	12/31/17	1,830,000
Bridgehampton	3,888,910	75.00	12/31/17	2,916,683
Montauk	0	100.00	12/31/17	0
Springs	0	100.00	12/31/17	<u>0</u>
Total Overlapping Debt				146,170,747
Total Net Direct Debt				<u>100,737,198</u>
Total Net Direct and Overlapping Debt				<u>\$246,907,945</u>

Source: County, Village and District Officials, and the Special Report on Municipal Affairs, released by the State Comptroller.

Debt Ratios

The following table presents certain debt ratios relating to the Town's Statement of Direct and Overlapping Indebtedness.

Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$100,737,198	\$ 4,578	0.29%
Net Direct and Overlapping Debt	246,907,945	11,220	0.71

(1) The Town has a population of 22,007 as of July 1, 2018 according to the U.S. Census Bureau.

(2) The full valuation of real property in the Town for the 2019 fiscal year is \$34,767,523,965.

Debt Service Schedule

The following table shows the debt service requirements to maturity, on the Town's outstanding general obligation bonded indebtedness for future fiscal years, exclusive of the Bonds, refunded bonds of the Town and debt issued by the East Hampton Housing Authority.

Bond Principal and Interest Maturity Table

<u>Fiscal Year Ending December 31:</u>	<u>Principal</u>	<u>Interest</u> ⁽¹⁾⁽²⁾	<u>Total Debt Service</u> ⁽¹⁾
2019 ⁽³⁾	\$13,150,000	\$ 2,739,780	\$15,889,780
2020	12,785,000	2,435,220	15,220,220
2021	10,690,000	1,960,283	12,650,283
2022	10,835,000	1,508,682	12,343,682
2023	8,830,000	1,063,343	9,893,343
2024	7,260,000	778,832	8,038,832
2025	6,220,000	566,429	6,786,429
2026	4,945,000	374,093	5,319,093
2027	2,885,000	242,463	3,127,463
2028	1,830,000	161,030	1,991,030
2029	1,885,000	101,771	1,986,771
2030	215,000	40,556	255,556
2031	220,000	29,355	249,355
2032	225,000	17,896	242,896
2033	<u>235,000</u>	<u>6,051</u>	<u>241,051</u>
Totals	<u>\$82,210,000</u>	<u>\$12,025,784</u>	<u>\$94,235,784</u>

(1) Exclusive of 50% interest subsidy on bonds financed through the New York State Environmental Facilities Corporation and bonds issued by the East Hampton Housing Authority, which are subject to a guarantee by the Town. (See "Additional Borrowings – East Hampton Housing Authority" herein.)

(2) Off slightly due to rounding.

(3) For the entire fiscal year.

Source: Audited Financial Statements of the Town.

Additional Borrowings and Certain Recurring Obligations

Landfill Capping

The Town currently performs monitoring activities at the Montauk Landfill and the Springs-Fireplace Landfill at a total cost of approximately \$150,000 per year. The Town will be required to perform certain maintenance and monitoring at the Montauk Landfill and Springs-Fireplace Landfill for the next thirty years. Such post closure maintenance and monitoring activities for both landfill sites will be paid for from annual budgetary appropriations of the Town.

Open Space Preservation

Pursuant to its Community Preservation Fund law, the Town has funded the purchase of land or development rights for preservation purposes through the Environmental Facilities Corporation (“EFC”), as well as, through a bond issue of \$25,000,000 in 2006. Under this plan, the Town borrowed \$13,167,466 in 2002 through EFC for 10 years. In 2003, the Town borrowed an additional \$4,886,413 over 18 years. In January 2004 and June 2004, the Town borrowed \$4,590,980 and \$4,703,347, respectively. The January 2004 loan matures in November 2020. The June 2004 loan matures in August 2033. The Town receives a 50% interest rate subsidy over the life of EFC issues. The Town uses the revenues generated by the 2% real estate transfer tax to pay the debt service on the bonds issued under its Community Preservation Fund, however, such indebtedness remains a general obligation of the Town containing the Town’s faith and credit pledge. (See “*Real Estate Transfer Tax*, herein.)

East Hampton Housing Authority

On December 4, 2008, the Town sold a 26-unit housing project located on Springs Fireplace Road (the “Springs Fireplace Project”), which the Town constructed, to the East Hampton Housing Authority. The Authority funded the purchase of the Springs Fireplace Project through the issuance of bonds of the Authority, guaranteed by the Town (the “Springs Fireplace 2008 Bonds”). The Springs Fireplace 2008 Bonds were refunded with the proceeds of the refunding bonds of the Authority issued in 2015 (the “Springs Fireplace 2015 Bonds”). The \$4,250,000 proceeds from the sale of the Springs Fireplace 2008 Bonds were deposited in the Town’s Capital Fund to replenish approximately \$3.8 million of monies which had been borrowed by the Town to finance the reconstruction of Town Hall facilities but were instead diverted to pay for the construction of the Housing Project at a time when the reconstruction of the Town Hall facilities was delayed. The Town recognized that these transactions were not properly accounted for and has worked with the Town’s auditors to ensure the funds have been properly accounted for in the 2008 financial records and that policies and procedures have been implemented to ensure that such a situation is never repeated. This issue was addressed during the capital project review by the independent auditors.

The Authority’s Springs Fireplace 2015 Bonds are payable from the revenues received by the Authority from the operation of the Springs Fireplace Project. The Authority’s bonds do not constitute a debt or liability of the State of New York or of any political subdivision thereof, except the Town with respect to a guarantee by the Town of timely payment of principal and interest on such bonds.

Tentative Future Borrowings

The Town has several major projects that have been approved but not finalized that it may borrow for over the next several years. These include an addition to the Montauk Playhouse Community Center, the construction of a new Senior Center, the relocation of the Town Shellfish Hatchery and Town constructed Affordable Housing. Any borrowing that is done for these projects will be done so as part of a structured capital spending plan that is consistent with the Town’s policy goal of borrowing no more in a given year than it retires in principal bond debt.

The following table shows the debt service requirements to maturity, on the Housing Authority's outstanding bonded indebtedness for future fiscal years guaranteed by the Town.

Housing Authority Bond Principal and Interest Maturity Table

Fiscal Year <u>Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u> ⁽¹⁾⁽²⁾
2019 ⁽³⁾	\$ 135,000	\$ 162,825	\$ 297,825
2020	145,000	155,825	300,825
2021	150,000	149,200	299,200
2022	155,000	143,100	298,100
2023	160,000	136,800	296,800
2024	170,000	130,200	300,200
2025	175,000	123,300	298,300
2026	185,000	116,563	301,563
2027	185,000	109,972	294,972
2028	200,000	102,869	302,869
2029	205,000	95,275	300,275
2030	210,000	87,363	297,363
2031	220,000	78,894	298,894
2032	225,000	69,994	294,994
2033	240,000	60,694	300,694
2034	245,000	50,994	295,994
2035	255,000	40,834	295,834
2036	270,000	30,006	300,006
2037	280,000	18,488	298,488
2038	<u>295,000</u>	<u>6,269</u>	<u>301,269</u>
Totals	<u>\$ 4,105,000</u>	<u>\$ 1,869,465</u>	<u>\$ 5,974,465</u>

- (1) Off slightly due to rounding.
- (2) Debt service guaranteed by the Town.
- (3) For the entire fiscal year.

Source: East Hampton Housing Authority.

The Authority also has an outstanding non-interest bearing promissory note, supported by a mortgage with the State of New York Housing Trust Fund Corporation, in the amount of \$917,422 in connection with the Avallone Apartments, a low income housing facility in the Town. Payments pursuant to this promissory note are also guaranteed by the Town.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends for the Town, County and State.

	<u>Population Trends</u>			
	<u>2000</u>	<u>2010</u>	<u>2016</u>	Percentage Change <u>2010-2016</u>
Town	19,719	21,457	21,888	2.01%
County	1,419,369	1,492,364	1,498,130	.39
State	18,976,457	19,378,102	19,697,457	1.65

Source: U.S. Census Bureau.

Income

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

	<u>Median Household Income</u>			
	<u>2000</u>	<u>2010</u>	<u>2016</u>	Percentage Change <u>2010-2016</u>
Town	\$52,201	\$72,803	\$85,959	18.1%
County	65,288	84,235	90,128	7.0
State	43,393	55,217	60,741	10.0

Source: U.S. Census Bureau.

Employment and Unemployment

The following tables provide information concerning employment and unemployment in the Town, County and State.

Major Employers in the Town

<u>Name of Employer</u>	<u>Number of Employees⁽¹⁾</u>	<u>Nature of Business</u>
Town of East Hampton	665	Municipality
Public Schools (4 Districts)	533	Education
Gurney's Inn	250	Restaurant & Hotel
Dune Management	230	Hotel
Village of East Hampton	165	Municipality
Riverhead Building Supply	59	Construction Supplies
United States Post Office	38	Post Office
East Hampton STAR Newspaper	35	Media

(1) Includes seasonal or part-time employees.

Source: Local Official Estimates and Telephone Survey.

Yearly Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2014	5.4%	6.3%
2015	4.7	5.3
2016	4.4	4.9
2017	4.5	4.7
2018	4.0	4.1

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

Data provided in the following tables is not necessarily representative of the Town.

Civilian Labor Force

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
County	766,000	775,900	773,100	775,500	777,800
State	9,529,400	9,561,900	9,557,100	9,561,400	9,574,700

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

Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
July 2018	3.9%	4.2%
August	3.8	4.0
September	3.3	3.6
October	3.2	3.6
November	3.2	3.5
December	3.4	3.9
January 2019	4.2	4.6
February	3.9	4.4
March	3.7	4.1
April	3.1	3.6
May	3.2	3.8
June	3.1	3.8

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

Culture and Recreation

With its numerous ocean and bay beaches, the Town is a major recreational area for residents of New York, New Jersey and Connecticut. State parks are located at Montauk and Hither Hills, the latter offering oceanfront camping facilities. Chartered and party fishing fleets sail daily from Montauk, affording both in-shore and deep-sea fishing for both food and sport. Sightseers may visit the Deep Hollow Ranch, the Second House Museum, the Old Customs House and Montauk Lighthouse. There is also a wide variety of inns, motels, and housekeeping apartments and wide selection of restaurants located within the Town.

Educational, Cultural and Medical Institutions

The Town is the location of artistic, cultural and historical points of interest including, but not limited to, the John Drew Theater, Guild Hall, the Pollock-Krasner House and Study Center, the Home Sweet Home Museum, the Longhouse Reserve and several art galleries. The East Hampton Historical Society serves the residents and visitors

of the Town by collecting, preserving, presenting and interpreting the material, cultural and economic heritage of the Town and its surroundings.

Colleges and universities in the area include State University of New York at Stony Brook, St. Joseph's College and Suffolk Community College.

There are numerous public libraries located throughout the Town which sponsor various programs of general interest to adults and children throughout the year. The Fieldhouse at Southampton offers programs featuring well-known musical groups, off-Broadway revivals and programs of classical and popular music.

Hospital services are provided by numerous area hospitals including Southampton Hospital and Stony Brook University Hospital.

Transportation

Montauk Highway (Route 27) is the main east-west highway that extends the length of the Town. State Route 114 runs north-south from the Village of East Hampton through Sag Harbor and North Haven and then continues by ferry to Shelter Island and, again by ferry to the north fork of Long Island at Greenport. An interior network of Town and County roads serves the Town, as does the Long Island Railroad's Montauk Division with stations at East Hampton, Amagansett and Montauk. The Town has initiated a seasonal bus service in Montauk to assist the summer resort community and facilitate movement in an area of Town greatly dependent on seasonal business and tourism.

East Hampton Airport comprises approximately 600 acres and has been operated, since its origin in 1938, solely by the Town. A wide range of aircraft types, ranging from small single engine trainers to corporate jets, use the airport. Out of town corporate aircraft frequent the airport with passengers for the convention and seminar facilities in the area as well as business and recreational uses. No major commercial service is available at the East Hampton facility; however, such service is available at MacArthur Airport approximately 55 miles west in the Town of Islip.

In March 2019, the Town partnered with the Long Island Railroad to provide a new commuter public transportation service. The new program will provide rush hour train service linked to local bus routes to deliver workers to their job locations in an effort to reduce the cost and time of commuting for local employees.

Financial Institutions

Financial institutions located in the Town include JPMorgan Chase Bank, Suffolk County National Bank, Bridgehampton National Bank, Capital One, Apple Bank and M&T Bancorp.

Utilities

Water service is supplied by the Suffolk County Water Authority. Gas and electric service is provided by the PSEG Long Island and National Grid.

END OF APPENDIX A

APPENDIX B
SUMMARY OF FINANCIAL STATEMENTS

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TOWN OF EAST HAMPTON
Statement of Budgeted Revenues & Expenditures
General Fund - Townwide
Fiscal Year Ended December 31:

	Adopted <u>2018</u>	Adopted <u>2019</u>
Revenues		
Real Property Taxes	\$19,421,332	\$20,377,628
Other tax items	202,000	223,000
Departmental Income	1,467,000	1,493,075
Use of Money and Property	618,650	720,000
Licenses and Permits	869,000	835,000
Fines and Forfeitures	1,335,000	1,285,000
Miscellaneous Local Sources	547,598	486,100
State aid	4,579,106	5,086,946
Federal aid	128,297	130,000
Interfund Transfers	1,058,013	1,069,298
Appropriated Fund Balance	<u>1,622,192</u>	<u>911,039</u>
 Total Revenues	 <u><u>\$31,848,188</u></u>	 <u><u>\$32,617,086</u></u>
Expenditures		
General Government Support	\$11,650,033	\$12,297,705
Public Safety	609,476	575,148
Transportation	1,960,908	2,007,321
Economic Assistance & Opportunity	1,768,488	1,842,392
Culture and Recreation	2,874,414	3,018,614
Home and Community Services	2,629,901	2,608,236
Employee Benefits	1,536,382	1,625,752
Debt Service	8,448,784	8,253,198
Internal Transfers	<u>369,802</u>	<u>388,720</u>
 Total Expenditures	 <u><u>\$31,848,188</u></u>	 <u><u>\$32,617,086</u></u>

Source: Adopted Budgets of the Town.

TOWN OF EAST HAMPTON
Statement of Budgeted Revenues & Expenditures
General Fund - Part Town
Fiscal Year Ended December 31:

	Adopted <u>2018</u>	Adopted <u>2019</u>
Revenues		
Real Property Taxes	\$22,233,729	\$22,909,103
Other Tax Items	1,159,000	1,207,000
Departmental Income	2,680,000	2,495,000
Use of Money and Property	247,500	243,500
Fines and Forfeitures	1,000	0
Miscellaneous Local Sources	254,300	289,200
State & Federal Aid	71,500	76,000
Interfund Transfers	60,000	0
Appropriated Fund Balance	<u>320,283</u>	<u>885,839</u>
Total Revenues	<u><u>\$27,027,312</u></u>	<u><u>\$28,105,642</u></u>
 Expenditures		
General Government Support	\$1,535,352	\$1,442,182
Public Safety	20,298,231	20,703,249
Home and Community Services	1,598,575	1,630,949
Employee Benefits	1,831,590	1,960,849
Debt Service	1,763,564	2,368,413
Internal Transfer	<u>0</u>	<u>0</u>
Total Expenditures	<u><u>\$27,027,312</u></u>	<u><u>\$28,105,642</u></u>

Source: Adopted Budgets of the Town.

TOWN OF EAST HAMPTON
 Combined Balance Sheet
 General Fund - Townwide
 Fiscal Years Ended December 31:

	<u>2017</u>	<u>2018</u>
<u>Assets</u>		
Cash and Investments	\$10,577,335	\$11,813,337
Restricted Cash	2,476,615	1,877,313
Accounts Receivable, net	837,460	383,804
Prepaid expenses	316,172	291,916
Due From Other Funds	1,476,861	1,503,129
State and Federal Aid Receivable	1,393,908	1,152,806
Due from Fiduciary Funds	0	0
Due from Other Governments	155,902	200,080
	<u>\$17,234,253</u>	<u>\$17,222,385</u>
<u>Liabilities</u>		
Accounts Payable	\$515,918	\$605,814
Accrued Liabilities	149,479	145,817
Due to Other Funds	50,097	26,611
Due to Fiduciary Funds	1,033	72
Due to Other Governments	32,674	36,545
	<u>\$749,201</u>	<u>\$814,859</u>
<u>Deferred Inflows</u>		
Deferred Property Taxes	\$2,627,420	\$2,607,998
<u>Fund Balance:</u>		
Nonspendable	\$316,172	\$291,916
Restricted	2,476,615	1,877,313
Assigned	83,373	262,124
Unassigned	10,981,472	11,368,175
	<u>\$13,857,632</u>	<u>\$13,799,528</u>
Total Liabilities and Fund Balance	<u>\$17,234,253</u>	<u>\$17,222,385</u>

Source: Audited financial statements.

TOWN OF EAST HAMPTON
 Combined Balance Sheet
 General Fund - Town Outside Village
 Fiscal Years Ended December 31:

	<u>2017</u>	<u>2018</u>
<u>Assets</u>		
Cash	\$13,668,865	\$13,886,365
Restricted Cash	243,993	295,609
Accounts Receivable, net	289,288	387,938
Prepaid Expenses	586,040	524,675
State and Federal Aid Receivable	10,000	44,682
Due From Other Funds	13,316	9,827
Due From Fiduciary Funds	34,225	0
Due From Other Governments	28,865	1,084,388
	<u>\$14,874,592</u>	<u>\$16,233,484</u>
<u>Liabilities</u>		
Accounts Payable	\$189,489	\$260,213
Accrued Liabilities	81,276	117,258
Due to Other Funds	77,041	37,179
Due to Fiduciary Funds	0	188
Due to Employees' Retirement Systems	0	0
	<u>\$347,806</u>	<u>\$414,838</u>
<u>Deferred Inflows</u>		
Deferred Property Taxes	\$2,637,780	\$2,510,597
<u>Fund Balance:</u>		
Nonspendable	\$586,040	\$524,675
Restricted	243,993	295,609
Committed Fund Balance	0	0
Assigned	11,058,973	12,487,765
Unassigned	0	0
	<u>\$11,889,006</u>	<u>\$13,308,049</u>
Total Fund Balance	<u>\$11,889,006</u>	<u>\$13,308,049</u>
Total Liabilities and Fund Balance	<u>\$14,874,592</u>	<u>\$16,233,484</u>

Source: Audited financial statements

TOWN OF EAST HAMPTON
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 General Fund - Townwide
 Fiscal Years Ended December 31:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues					
Real Property Taxes	\$18,538,476	\$19,255,338	\$19,251,964	\$18,888,948	\$19,421,332
Other Real Property Tax Items	334,814	204,615	194,195	209,596	220,341
Non-Property Taxes	993,524	1,030,339	1,108,013	1,139,007	1,123,071
Departmental Income	1,152,292	1,257,227	1,451,078	1,336,950	1,362,852
Intergovernmental Charges	16,752	14,839	16,975	31,860	21,163
Use of Money and Property	482,367	433,383	465,646	472,928	592,596
Licenses and Permits	12,405	10,739	10,527	10,256	9,747
Fines and Forfeitures	969,186	1,278,947	1,398,756	1,175,477	1,175,879
Sales of Property and					
Compensation for Loss	310,941	586,533	107,778	980,381	263,458
Miscellaneous Local Sources	471,025	449,888	526,020	604,664	666,923
State Aid	5,133,780	5,110,949	5,367,693	5,167,785	5,530,260
Federal Aid	162,434	128,721	140,160	228,165	152,774
Total Revenues	<u>\$28,577,996</u>	<u>\$29,761,518</u>	<u>\$30,038,805</u>	<u>\$30,246,017</u>	<u>\$30,540,396</u>
Expenditures					
General Government Support	\$9,881,926	\$10,476,775	\$10,189,305	\$10,906,438	\$11,430,591
Education					
Public Safety	1,198,828	1,170,141	1,240,503	1,337,083	2,477,396
Health	50,000	50,000	50,000	47,513	50,000
Transportation	736,514	709,237	705,755	793,645	751,032
Economic Assistance & Opportunity	1,386,834	1,486,324	1,532,884	1,580,607	1,726,345
Culture and Recreation	2,460,486	2,578,809	2,690,967	2,808,152	2,869,978
Home and Community Service	2,307,910	2,158,288	2,326,291	2,588,970	2,366,159
Employee Benefits	1,483,437	1,499,218	1,484,250	1,505,194	1,504,152
Debt Service - Principal & Interest	8,442,619	8,451,955	7,920,533	8,084,028	8,393,637
Total Expenditures	<u>\$27,948,554</u>	<u>\$28,580,747</u>	<u>\$28,140,488</u>	<u>\$29,651,630</u>	<u>\$31,569,290</u>
Excess (Def.) of Revenues					
Over (Under) Expenditures	<u>629,442</u>	<u>1,180,771</u>	<u>1,898,317</u>	<u>594,387</u>	<u>(1,028,894)</u>
Other Financing Sources (Uses):					
Debt Proceeds	14,455,307	20,658,491	5,059,067	133,276	55,152
Payment to Refunded Bond Escrow Account	(16,270,369)	(20,388,279)	(4,827,092)	0	0
Bond Issuance Costs	0	0	0	0	0
Operating Transfers In	824,436	1,558,229	855,571	1,161,852	1,284,656
Operating Transfers Out	(595,465)	(256,997)	(483,808)	(346,554)	(369,018)
Total Other Financing Sources (Uses)	<u>(1,586,091)</u>	<u>1,571,444</u>	<u>603,738</u>	<u>948,574</u>	<u>970,790</u>
Excess (Def.) of Revenues and					
Other Financing Sources Over					
Expenditures and Other Uses	<u>(956,649)</u>	<u>2,752,215</u>	<u>2,502,055</u>	<u>1,542,961</u>	<u>(58,104)</u>
Fund Balances - Beginning of Year, as restated ⁽¹⁾	\$8,017,050	7,060,401	9,812,616	12,314,671	13,857,632
Fund Balances - End of Year	<u>\$7,060,401</u>	<u>\$9,812,616</u>	<u>\$12,314,671</u>	<u>\$13,857,632</u>	<u>\$13,799,528</u>

⁽¹⁾ See Appendix C - Notes to the Financial Statements, herein.
 Source: Audited financial statements

TOWN OF EAST HAMPTON
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 General Fund - Town Outside Village
 Fiscal Years Ended December 31:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues					
Real Property Taxes	\$20,442,181	\$20,741,753	\$21,133,417	\$22,037,482	\$22,233,729
Other Real Property Tax Items	88,531	83,080	85,586	87,398	138,014
Non-Property Taxes	691,117	796,017	900,917	136,867	157,888
Departmental Income	2,037,091	2,247,309	3,230,729	2,911,090	2,950,670
Intergovernmental Charges	17,127	16,944	11,478	14,615	18,522
Use of Money and Property	154,252	163,618	174,617	178,577	257,210
Fines and Forfeitures	15,626	1,218	1,308	0	0
Sales of Property and Compensation for Loss	70,133	54,071	81,030	86,806	59,238
State Aid	31,110	28,902	11,377	1,023,243	1,013,190
Federal Aid	5,198	40,331	38,495	59,560	27,651
Miscellaneous Local Sources	368,570	350,502	414,593	418,505	522,283
Total Revenues	<u>\$23,920,936</u>	<u>\$24,523,745</u>	<u>\$26,083,547</u>	<u>\$26,954,143</u>	<u>\$27,378,395</u>
Expenditures					
General Government Support	\$1,194,366	\$1,307,181	\$1,361,315	\$1,180,782	\$1,507,317
Public Safety	17,919,490	17,611,162	17,992,494	18,618,085	19,361,492
Home and Community Service	1,310,259	1,298,018	1,513,034	1,412,942	1,459,337
Employee Benefits	1,504,866	1,528,457	1,752,597	1,772,591	1,964,812
Debt Service - Principal & Interest	1,370,548	1,423,829	1,465,758	1,526,641	1,758,525
Total Expenditures	<u>23,299,529</u>	<u>23,168,647</u>	<u>24,085,198</u>	<u>24,511,041</u>	<u>26,051,483</u>
Excess (Def.) of Revenues					
Over (Under) Expenditures	<u>621,407</u>	<u>1,355,098</u>	<u>1,998,349</u>	<u>2,443,102</u>	<u>1,326,912</u>
Other Financing Sources (Uses):					
Debt Proceeds	2,954	4,418	23,451	64,400	76,926
Operating Transfers In	6,215	1,539	0	1,900	15,258
Operating Transfers Out	(191)	(2,509)	(69,332)	0	(53)
Total Other Financing Sources (Uses)	8,978	3,448	(45,881)	66,300	92,131
Excess (Def.) of Revenues and					
Other Financing Sources Over					
Expenditures and Other Uses	<u>630,385</u>	<u>1,358,546</u>	<u>1,952,468</u>	<u>2,509,402</u>	<u>1,419,043</u>
Fund Balances - Beginning of Year, as restated⁽¹⁾	5,438,205	6,068,590	7,427,136	9,379,604	11,889,006
Fund Balances - End of Year	<u>\$6,068,590</u>	<u>\$7,427,136</u>	<u>\$9,379,604</u>	<u>\$11,889,006</u>	<u>\$13,308,049</u>

⁽¹⁾ See Appendix C - Notes to the Financial Statements, herein.
 Source: Audited financial statements

APPENDIX C
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018*

**CAN BE ACCESSED ON THE ELECTRONIC MUNICIPAL MARKET ACCESS
("EMMA") WEBSITE
OF THE MUNICIPAL SECURITIES RULEMAKING BOARD ("MSRB")
AT THE FOLLOWING LINK:**

<https://emma.msrb.org/ES1404320.pdf>

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

*** Nawrocki Smith LLP, Certified Public Accountants has not commented on or approved this Official Statement, has not been requested to perform any procedures on the information in its included report since its date and has not been asked to consent to the inclusion of its report in this Official Statement.**

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APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL FOR THE BONDS

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

August 22, 2019

The Town Board of the
Town of East Hampton, in the
County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of East Hampton (the “Town”), in the County of Suffolk, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$23,072,661 Various Purposes Serial Bonds-2019 (the “Bonds”) of the Town, dated and delivered on the date hereof.

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

Concurrently with the issuance of the Bonds, the Town is issuing its \$13,267,800 Bond Anticipation Notes – 2019 Series A (the “Series A Note”). The Bonds are treated, together with the Series A Note, as a single issue for federal tax purposes. We have served as bond counsel with respect to the issuance of the Series A Note. On the date hereof, we have rendered our opinion with respect to the exclusion of interest on the Series A Note from gross income for federal income tax purposes subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Bonds and the Series A Note to become subject to federal income taxation retroactive to their respective dates of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

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

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

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

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

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

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

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

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

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

Very truly yours,
Hawkins Delafield & Wood LLP

APPENDIX E

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL
FOR THE SERIES A NOTES**

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FORM OF OPINION OF THE SERIES A NOTES

August 22, 2019

The Town Board of the
Town of East Hampton, in the
County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of East Hampton (the “Town”), in the County of Suffolk, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$13,267,800 Bond Anticipation Note-2019 Series A (the “Note”) of the Town, dated and delivered on the date hereof.

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

Concurrently with the issuance of the Note, the Town is issuing its \$23,072,661 Various Purposes Serial Bonds – 2019 (the “Bonds”). The Note is treated, together with the Bonds, as a single issue for federal tax purposes. We have served as bond counsel with respect to the issuance of the Bonds and the Note. On the date hereof, we have rendered our opinion with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Bonds and the Note to become subject to federal income taxation retroactive to the respective dates of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

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

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

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

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

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

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

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

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

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

Very truly yours,

APPENDIX F

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL
FOR THE SERIES B NOTES**

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FORM OF OPINION FOR THE SERIES B NOTES

August 22, 2019

The Town Board of the
Town of East Hampton, in the
County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of East Hampton (the “Town”), in the County of Suffolk, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$3,500,000 Bond Anticipation Notes – 2019 Series B (Federally Taxable) (the “Notes”), dated and delivered on the date hereof.

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

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

2. Interest on the Notes is included in gross income for federal income tax purposes pursuant to the Code.

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

Except as stated above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, for any facts or circumstances that may hereafter come to our attention, for any changes in law or in interpretations thereof that may hereafter occur or for any other reason.

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

Very truly yours,

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APPENDIX G

FORM OF DISCLOSURE UNDERTAKING FOR THE BONDS

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UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

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

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

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

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

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

“Issuer” shall mean the **Town of East Hampton**, in the County of Suffolk, a municipal corporation of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Supervisor as of August 13, 2019.

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

“Securities” shall mean the Issuer’s **\$23,072,661 Various Purposes Serial Bonds-2019**, dated August 22, 2019, maturing in various principal amounts on August 15 in each of the years 2020 through 2036, inclusive, and delivered on the date hereof.

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

- (i) (A) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2019, the Annual Information relating to such fiscal year, and (B) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2019, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and

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

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

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following

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

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

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

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

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

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

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

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

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

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

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

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of August 22, 2019.

TOWN OF EAST HAMPTON

By _____
Supervisor and Chief Fiscal Officer

APPENDIX H

**FORM OF CERTIFICATE TO PROVIDE NOTICES OF EVENTS
FOR THE NOTES**

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UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

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

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

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

“Issuer” shall mean the Town of East Hampton, in the County of Suffolk, a municipal corporation of the State of New York.

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

“Purchaser” shall mean the financial institution(s) referred to in the Certificate of Determination, executed by the Town Supervisor as of August 22, 2019.

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

“Securities” shall mean the Issuer’s [\$13,267,800 Bond Anticipation Notes-2019 Series A][\$3,500,000 Bond Anticipation Notes-2019 Series B (Federally Taxable)], dated August 22, 2019 maturing on August 21, 2020, and delivered on the date hereof.

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

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;

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

Note to clause (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 Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

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

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

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

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

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

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

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

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of August 22, 2019.

TOWN OF EAST HAMPTON, NEW YORK

By _____
TOWN SUPERVISOR