

**NEW ISSUES
SERIAL BONDS**

Rating: See “Rating” herein

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Village, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Series A 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 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. Interest on the Series B Bonds is included in gross income for federal income tax purposes pursuant to the Code. In addition, in the opinion of Bond Counsel to the Village, 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. See “Tax Matters for the Series A Bonds” and “Tax Matters for the Series B Bonds” herein.

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

**VILLAGE OF HEMPSTEAD
NASSAU COUNTY, NEW YORK**

\$4,200,000*

**REFUNDING SERIAL BONDS – 2021 SERIES A
(the “Series A Bonds”)**

Dated Date: Date of Delivery

Maturity Dates: August 15, 2021-2032

\$3,595,000*

**REFUNDING SERIAL BONDS – 2021 SERIES B (FEDERALLY TAXABLE)
(the “Series B Bonds” and together with the Series A Bonds, the “Bonds”)**

Dated Date: Date of Delivery

Maturity Dates: April 1, 2021-2028

The Bonds are general obligations of the Village of Hempstead, Nassau County, New York (the “Village”), and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village, 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 Series A 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 Series A Bonds, payable on August 15, 2021 and semi-annually thereafter on February 15 and August 15 in each year until maturity and shall mature on August 15 in the years and the principal amounts specified on the inside cover page hereof. The Series B 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 Series B Bonds, payable on April 1, 2021, October 1, 2021 and semi-annually thereafter in each year until maturity and shall mature on April 1 in the years and the principal amounts specified on the inside cover page hereof. The Series A Bonds maturing on or after August 15, 2031 will be subject to optional redemption prior to maturity as stated herein. The Series B Bonds will not be subject to redemption prior to maturity. (See “*Optional Redemption*,” herein.)

The Bonds will be issued as fully registered bonds and, when issued, at the option of the purchaser, will be either (a) registered in the name of the purchaser or (b) registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for any DTC Bonds. Individual purchases of any DTC Bonds may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in any DTC Bonds. Payment of the principal of and interest on any DTC Bonds will be made by the Village to DTC, which will in turn remit such principal and interest to its Participants for subsequent disbursement to the Beneficial Owners of any DTC Bonds as described herein. (See “*Book-Entry-Only System*” herein.)

The Bonds are offered when, as and if issued and received by the purchaser 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 Village in connection with the issuance of the Bonds. It is anticipated that the Bonds will be available for delivery through the offices of DTC on or about January 27, 2021.

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

Dated: December __, 2020

* Preliminary, subject to change.

This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there may not be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of that jurisdiction.

The Series A Bonds will mature on August 15 in the years, subject to prior redemption, as set forth below:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>	<u>Date</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>
2021	250,000	%	%		2027	\$ 360,000	%	%	
2022	270,000				2028	385,000			
2023	285,000				2029	390,000			
2024	305,000				2030	410,000			
2025	325,000				2031**	430,000			
2026	340,000				2032**	450,000			

* 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 to achieve substantially level or declining annual debt service.

** Subject to optional redemption prior to maturity, as discussed herein. See “*Optional Redemption*” herein.

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

The Series B Bonds will mature on April 1 in the years as set forth below:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2021	\$ 20,000	%	%		2025	\$ 510,000	%	%	
2022	505,000				2026	510,000			
2023	505,000				2027	515,000			
2024	510,000				2028	520,000			

* 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 to achieve substantially level or declining annual debt service.

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

**VILLAGE OF HEMPSTEAD
NASSAU COUNTY, NEW YORK**

**MAYOR
DON RYAN**

BOARD OF TRUSTEES

Charles Renfroe.....Deputy Mayor
Jeffery Daniels..... Trustee
Waylyn Hobbs, Jr..... Trustee
LaMont Johnson..... Trustee

Joe Gill Village Treasurer
Gary Woo Deputy Village Treasurer
Patricia Perez..... Village Clerk
Cherice P. Vanderhall, Esq. Village Attorney

BOND COUNSEL

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

MUNICIPAL ADVISOR

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

No dealer, broker, salesman or other person has been authorized by the Village 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 Village. 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 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 Village 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 Village since the date hereof.

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**OFFICIAL STATEMENT
of the
VILLAGE OF HEMPSTEAD
NASSAU COUNTY, NEW YORK**

relating to

\$4,200,000*
REFUNDING SERIAL BONDS – 2021 SERIES A

and

\$3,595,000*
REFUNDING SERIAL BONDS – 2021 SERIES B (FEDERALLY TAXABLE)

This Official Statement, which includes the cover page, inside cover page and appendices hereto, presents certain information relating to the Village of Hempstead, in the County of Nassau, in the State of New York (the “Village”, “County” and “State,” respectively) in connection with the sale of \$4,200,000* Refunding Serial Bonds – 2021 Series A (the “Series A Bonds”) and \$3,595,000 Refunding Serial Bonds – 2021 Series B (Federally Taxable) (the “Series B Bonds”) and together with the Series A Bonds, the “Bonds”).

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

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

THE BONDS

Description of the Bonds

The Series A 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, payable on August 15, 2021 and semi-annually thereafter on February 15 and August 15 in each year until maturity and shall mature on August 15 in the years and the principal amounts specified on the inside cover page hereof. The Series B 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, payable on April 1, 2021, October 1, 2021 and semi-annually thereafter in each year until maturity and shall mature on April 1 in the years and the principal amounts specified on the inside cover page hereof. The Series A Bonds maturing on or after August 15, 2031 will be subject to optional redemption prior to their stated maturity. The Series B Bonds are not subject to redemption prior to maturity. (See “*Optional Redemption*” herein).

* Preliminary, subject to change.

The Bonds will be issued as fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. Principal of and interest on the Bonds will be made by the Village to DTC, which will in turn remit such principal and interest to its participants, for subsequent disbursement to the beneficial owners of the Bonds as described under “*Book-Entry-Only System*” herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Village referred to therein.

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

Authorization and the Refunding Plan for the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including among others, the Village Law and the Local Finance Law, and the refunding bond resolution duly adopted by the Village Board of Trustees on November 2, 2020. A refunding financial plan has been prepared and is described below (the “Refunding Plan”).

The Series A Bonds are being issued to refund up to \$4,945,000 outstanding principal of the Village’s Various Purposes Serial Bonds – 2012, which mature in the years 2021 to 2032, inclusive (the “Refunded 2012 Bonds”). The Series B Bonds are being issued to refund up to \$3,485,000 outstanding principal of the Village’s General Obligation Serial Bonds – 2013 Series A, which mature in the years 2022 to 2028, inclusive (the “Refunded 2013 Bonds” and together with the Refunded 2012 Bonds, the “Refunded Bonds”). The Refunded 2012 Bonds were issued in the original principal amount of \$7,190,000. The Refunded 2013 Bonds were issued in the original principal amount of \$6,500,000. Under the Refunding Plan, the Refunded 2012 Bonds are to be called and redeemed on February 26, 2021. Under the Refunding Plan, the Refunded 2013 Bonds are to be called and redeemed on April 1, 2021. The net proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance relating to the Bonds) will be used to purchase non-callable, direct obligations of or obligations guaranteed by the United States of America (the “Government Obligations”) which, together with remaining cash proceeds from the sale of the Bonds, will be placed in an irrevocable trust fund (the “Escrow Fund”) to be held by Manufacturers and Traders Trust Company, (the “Escrow Holder”), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the Village and the Escrow Holder, dated as of the delivery date of the Bonds (the “Escrow Contract”). The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of and interest on the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the Refunding Bond Resolution of the Village and the Escrow Contract, to pay the redemption price of the Refunded Bonds on the earliest respective date on which the Refunded Bonds may be called for redemption prior to maturity.

The holders of the Refunded Bonds will have a first lien on all investment income from, and maturing principal of the Government Obligations, along with other available monies held in the Escrow Fund. The Escrow Contract shall terminate upon final payment by the Escrow Holder to the paying agents/fiscal agent for the Refunded Bonds amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds, including interest payable with respect thereto.

The Refunding Plan will permit the Village to realize, as a result of the issuance of the Bonds, cumulative dollar and present value debt service savings.

Under the Refunding Plan, the Refunded Bonds will continue to be general obligation bonds of the Village. However, inasmuch as the Government Obligations held in the Escrow Fund will be sufficient to meet all required payments of principal and interest requirements when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be required.

Refunded 2012 Bonds:

<u>Maturity Date</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Redemption Date/Price*</u>	<u>CUSIP</u>
August 15, 2021	\$ 345,000	2.000%	February 26, 2021 @ 100%	424686 YA5
August 15, 2022	355,000	2.250	February 26, 2021 @ 100%	424686 YB3
August 15, 2023	365,000	2.300	February 26, 2021 @ 100%	424686 YC1
August 15, 2024	375,000	2.400	February 26, 2021 @ 100%	424686 YD9
August 15, 2025	390,000	3.000	February 26, 2021 @ 100%	424686 YE7
August 15, 2026	400,000	3.000	February 26, 2021 @ 100%	424686 YF4
August 15, 2027	415,000	3.000	February 26, 2021 @ 100%	424686 YG2
August 15, 2028	435,000	3.000	February 26, 2021 @ 100%	424686 YH0
August 15, 2029	440,000	3.000	February 26, 2021 @ 100%	424686 YJ6
August 15, 2030	460,000	3.000	February 26, 2021 @ 100%	424686 YK3
August 15, 2031	475,000	3.000	February 26, 2021 @ 100%	424686 YL1
August 15, 2032	<u>490,000</u>	3.000	February 26, 2021 @ 100%	424686 YM9
Total:	<u>\$4,945,000</u>			

Refunded 2013 Bonds:

<u>Maturity Date</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Redemption Date/Price*</u>	<u>CUSIP</u>
April 1, 2022	\$ 460,000	3.000%	April 1, 2021 @ 100%	424686 YU1
April 1, 2023	470,000	3.000	April 1, 2021 @ 100%	424686 YW7
April 1, 2024	485,000	3.000	April 1, 2021 @ 100%	424686 YX5
April 1, 2025	495,000	3.000	April 1, 2021 @ 100%	424686 YY3
April 1, 2026	510,000	3.000	April 1, 2021 @ 100%	424686 YZ0
April 1, 2027	525,000	3.000	April 1, 2021 @ 100%	424686 ZA4
April 1, 2028	<u>540,000</u>	3.125	April 1, 2021 @ 100%	424686 ZB2
Total:	<u>\$3,485,000</u>			

*Preliminary, subject to change.

Sources and Uses of Proceeds

Sources:

Par Amount
 Net Original Issue Premium/Discount

Total:

Uses:

Refunding Escrow Deposit:
 Costs of Issuance and Contingency
 Underwriter's Discount

Total:

Verification of Mathematical Computations

Causey Demgen and Moore P.C. will verify from the information provided to them, the mathematical accuracy, as of the date of the closing of the Bonds, of: the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits listed in the underwriter's schedules, to be held in escrow, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. Causey

Demgen and Moore P.C. will express no opinion on the assumptions provided to them, nor as to the exclusion from taxation of the interest on the Bonds.

Optional Redemption

The Series A Bonds maturing on or before August 15, 2030, are not subject to redemption prior to maturity. The Series A Bonds maturing on or after August 15, 2031 will be subject to redemption prior to maturity at the option of the Village on any date on or after August 15, 2030, 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 Series A Bonds to be redeemed plus accrued interest to the date of redemption.

The Village may select the maturities of the Series A Bonds to be redeemed and the amount to be redeemed of each maturity selected, as the Village shall determine to be in the best interest of the Village at the time of such redemption. If less than all of the Series A Bonds of any maturity are to be redeemed prior to maturity, the particular Series A Bonds of such maturity to be redeemed shall be selected by the Village by lot in any customary manner of selection as determined by the Village. Notice of such call for redemption shall be given by mailing such notice to the registered owner more than sixty (60) days, nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Series A 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 Series B Bonds are not subject to redemption prior to maturity.

Nature of Obligation

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

The Bonds will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Bonds, the Village has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Village, 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 Village is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State is specifically precluded from restricting the power of the Village 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 Village’s power to increase its annual tax levy. As a result, the power of the Village to levy real estate taxes on all the taxable real property within the Village is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*” herein.)

REMEDIES UPON DEFAULT

Neither the Bonds, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds should the Village default in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds upon the occurrence of any such default. The Bonds are general obligation contracts between the Village and the owners for which the faith and credit of the Village are pledged and while remedies for enforcement of payment are not expressly included in the Village’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 at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Village. 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 Village 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 Village and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Bonds, the owners of such Bonds could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Village to assess, levy and collect an ad valorem tax, upon all taxable property of the Village subject to taxation by the Village sufficient to pay the principal of and interest on the Bonds 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 proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. 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 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 Village.

Pursuant to Article VIII, Section 2 of the State Constitution, the Village 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 Village indebtedness is past due. The Village has never defaulted in the payment of the principal of and/or interest on any indebtedness.

MUNICIPAL BANKRUPTCY

The undertakings of the Village 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 Village 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 Village 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. 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 the obligations incurred by the Village, 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 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 Village in the future cannot be assured.

No current state law purports to create any priority for holders of the Bonds should the Village 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 Village 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 Village 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.

BOOK-ENTRY SYSTEM

If the Bonds are issued as book-entry bonds, the following shall apply:

The Depository Trust Company (“DTC”) will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds 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 of a series in the aggregate amount of such issue 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 under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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 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, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 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; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 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 are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds 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 Village, 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 Village, 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 at any time by giving reasonable notice to the Village. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered to the Beneficial Owners.

The Village 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 the Beneficial Owners.

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

Source: The Depository Trust Company

RISK FACTORS

There are certain potential risks associated with an investment in the Bonds, 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 Village's credit rating could be affected by circumstances beyond the Village'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 Village 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 Village's credit rating could adversely affect the market value of the Bonds.

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

The Village relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to municipalities will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. (See "*State Aid*" herein). Should the Village fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies, the Village is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Village's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place

following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the Village's operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurgence at any time could have a material adverse effect on the State and municipalities and school districts located in the State, including the Village. The Village is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" herein).

The Village expects the impact of the COVID-19 pandemic on its revenue to be minimal as evidenced by the 2020-2021 fiscal year's first half property tax collections exceeding the prior year's collections by 1%. The Village is not as dependent upon sales tax as are other municipalities as the Village's non-grant State aid represents less than 1% of its budgeted revenues. Additionally, the Village also expects minimal impact on its expenses as CARES Act proceeds distributed to the Village from the Town will reimburse a substantial amount of COVID-related spending. Positively, as a suburb to New York City, the Village has seen an uptick in housing prices which may lead to higher assessed valuations.

Cybersecurity

The Village, 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 Village 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 Village 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 Village digital networks and systems and the costs of remedying any such damage could be substantial.

LITIGATION

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

Not unlike other jurisdictions in Nassau County, the Village has experienced a significant number of tax certiorari petitions by various taxpayers in the Village in recent years. From time to time, the Village has issued debt obligations to fund settled or adjudicated claims. At this time, the Village does not believe that the outcome of current tax certiorari petitions will have a material adverse effect on the financial condition of the Village.

TAX MATTERS FOR THE SERIES A BONDS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Village, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Series A 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 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the Village (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Series A Bonds, 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 Village and others in connection with the Series A Bonds, and Bond Counsel has assumed compliance by the Village 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 Series A Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Village, under existing statutes, interest on the Series A Bonds 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 Series A Bonds, 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 Series A Bonds.

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 Series A Bonds in order that interest on such Series A Bonds 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 Series A Bonds, 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 Series A Bonds 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 Village, in executing the Tax Certificate, will certify to the effect that the Village 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 Series A Bonds 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 Series A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series A Bonds. 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 Series A Bonds.

Prospective owners of the Series A Bonds 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 Series A Bonds 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 Series A Bond (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 Series A Bonds. In general, the issue price for each maturity of Series A Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Series A Bond having OID (a “Tax-Exempt Discount Bond”), OID that has accrued and is properly allocable to the owners of the Tax-Exempt Discount Bonds 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 Series A Bonds.

In general, under Section 1288 of the Code, OID on a Tax-Exempt Discount Bond 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 Tax-Exempt Discount Bond. An owner's adjusted basis in a Tax-Exempt Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Series A Bond. 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 Tax-Exempt Discount Bond even though there will not be a corresponding cash payment.

Owners of Tax-Exempt Discount Bonds 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 Tax-Exempt Discount Bonds.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Tax-Exempt Premium Bond"). In general, under Section 171 of the Code, an owner of a Tax-Exempt Premium Bond must amortize the bond premium over the remaining term of the Tax-Exempt Premium Bond, based on the owner's yield over the remaining term of the Tax-Exempt Premium Bond, determined based on constant yield principles (in certain cases involving a Tax-Exempt 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 lowest yield on such Tax-Exempt Bond). An owner of a Tax-Exempt Premium Bond 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 Bond, 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 Tax-Exempt Premium Bond may realize a taxable gain upon disposition of the Tax-Exempt Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Tax-Exempt Premium Bonds 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 Tax-Exempt Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest on tax-exempt obligations, including the Series A Bonds. 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 Series A Bonds 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, could adversely affect the tax-exempt status of interest on the Series A Bonds under federal or state law or otherwise prevent beneficial owners of the Series A Bonds 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) or such decisions could affect the market price or marketability of the Series A Bonds.

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

TAX MATTERS FOR THE SERIES B BONDS

Opinion of Bond Counsel

In the opinion of Bond Counsel to the Village, interest on the Series B Bonds (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 Bonds by original purchasers of the Series B Bonds 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 Bonds 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 U.S. Holder in light of its particular circumstances or to U.S. 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 Bonds as a position in a “hedge” or “straddle”, U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire Series B Bonds 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 and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series B Bonds at the time that such income, gain or loss is set forth on such financial statements instead of under the rules described below.

U.S. Holders of Series B Bonds 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 Bonds 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 Bond 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 Bond) 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 Bond 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 Bond; “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 Bond’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 Bond using the constant-yield method, subject to certain modifications.

Acquisition Discount on Short-Term Series B Bonds

Each U.S. Holder of a Series B Bond 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 U.S. 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, 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 U.S. Holder’s tax basis therefor.

A U.S. 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 U.S. Holder’s regular method of tax accounting, unless such U.S. Holder irrevocably elects to accrue acquisition discount currently.

Bond Premium

In general, if a Series B Bond 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 Bond 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 U.S. 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 U.S. Holder will make a corresponding adjustment to the U.S. Holder’s basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the U.S. 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 U.S. 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 U.S. 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 Bond, 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 Bond.

The Village may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series B Bonds 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 Bonds 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 Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Series B Bond and the proceeds of the sale of a Series B Bond before maturity within the United States. Backup withholding may apply to holders of Series B Bonds 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 Bond 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 Bonds under state law and could affect the market price or marketability of the Series B Bonds.

Prospective purchasers of the Series B 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 are subject to the respective approving legal opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel in substantially the forms attached hereto in Appendices D and E hereto.

DISCLOSURE UNDERTAKING

In order to assist the purchaser(s) 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 Village will execute an Undertaking to Provide Continuing Disclosure for the Bonds in substantially the form attached hereto as Appendix F.

RATING

The Village has applied to S&P Global Ratings (“S&P”) for a rating on the Bonds. Such application is pending at this time.

On January 10, 2019, S&P affirmed the Village’s long-term underlying credit rating of “AA-” with a stable outlook.

With respect to the S&P's rating applicable to uninsured debt, such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Standard & Poor's Corporation, 25 Broadway, New York, New York 10004. 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 S&P circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such bonds or the availability of a secondary market for those bonds.

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 Village 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 Village 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 Village. 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.

ADDITIONAL INFORMATION

Additional information may be obtained from Mr. Joe Gill, Village Treasurer, (516) 478-6224, jgill@villageofhempsteadny.gov or from the Village's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York, (516) 487-9817. The Village Clerk will act as Paying Agent with respect to the Bonds. The Village Treasurer noted above is the Paying Agent contact.

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

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

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 Village nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Village 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 Village 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 by the Village and may not be reproduced or used in whole or in part for any other purpose.

VILLAGE OF HEMPSTEAD
NASSAU COUNTY, NEW YORK

By: _____
Joe Gill
Village Treasurer

DATED: December __, 2020

APPENDIX A

THE VILLAGE

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THE VILLAGE

General Information

The Village, incorporated as a municipal government by the State in 1853, is located in the geographical center of Nassau County (the “County”) on Long Island in the Town of Hempstead (the “Town”), approximately 22 miles from the center of Manhattan. Dating from the period before its incorporation, the Village was a major center of Long Island society. During the Spanish-American War, Camp Black was established in the Village as a training facility and a point of embarkation for troops.

In the late 1800s and early 1900s, many of the prominent New York financiers and industrialists decided to build permanent summer homes in the Village. After World War I, the population greatly increased as city dwellers were attracted to the benefits of suburban living. The Village became a desirable place to live, as it was a well-established community with convenient shopping, already existing public services, and within commuting distance from Manhattan. In later years, country estates gave way to middle-income housing, and the Village became increasingly urbanized.

The Village continues to maintain a diverse economic base. The majority of the homes within the Village are single-family residences; however, there are several apartment complexes. The Village has a large commercial base, although, for many years, the Village has faced pressing economic challenges as its central business district slowly declined with the closures of major retailers and the nearby Mitchel Air Field.

The Village is home to Hofstra University, a number of nonprofit agencies and the Nassau County District Court. The Village is bounded on the north by the Village of Garden City, to the west by the unincorporated area of West Hempstead, to the south by the unincorporated area of South Hempstead, and to the east by the unincorporated areas of Uniondale and East Meadow.

Its estimated 2019 population of 55,113 (according to the U.S. Census Bureau) makes it the largest village in the State, encompassing an area of approximately 3.8 square miles.

Downtown Redevelopment

In the 1990s, when the Village's Master Plan was adopted, various downtown rehabilitation initiatives were implemented to spur economic growth. A considerable infusion of State and federal funding, as well as private investment, have enabled the replacement of blighted storefronts, complete commercial building rehabilitations and the development of affordable housing for Village residents. Major accomplishments include the development of the Hempstead Village Commons, a 100,000 square foot retail center located at the former Times Square Store site. The Commons is anchored by Home Depot, Super Stop-n-Shop, Old Navy and Staples.

Additionally, a \$9 million bus terminal opened in 1993 and has 26 routes and approximately 13,000 riders passing through the Village daily. In 1997, the rundown Rivoli Theater gave way to a 150,000 square foot building to house 112 units of rental housing with retail space on the first floor. In 2001, the Long Island Railroad completed its construction of a \$15.6 million terminal in the Village. State and federal funds have also been dedicated to the expansion of parking spaces in the local business district.

Downtown Revitalization and Redevelopment

In May 2008, the Village adopted a comprehensive plan update that laid out a vision for the future of the Village. That plan focused on the Village’s downtown area and addressed the increasing need for a broad range of housing options for various income levels and demographic groups.

Some recent renewal efforts have strengthened the Village’s transportation assets, generated new mixed-use development and attracted several big box retail stores. The Village retains a strong downtown center, surrounded by industrial and institutional uses along radial corridors.

Building upon its 2008 comprehensive plan, the Village created a Downtown Overlay Zone (“DOZ”), which was adopted as local law on July 3, 2012, to promote the health, safety and general welfare of the Village by creating a holistic and comprehensive economic development strategy that utilizes the principles of social, economic and environmental responsibility to reestablish the downtown as a center of vibrancy within a mixed-use, transit-oriented setting. Parcels totaling 35.1 acres have been targeted for revitalization and development within the DOZ. Commercial, light industrial, residential and mixed-use projects developed within the DOZ are subject to the Community Benefits Agreement adopted by the Village in February 2013.

The Village has initiated the nomination process to have the DOZ designated as a New York State Brownfield Opportunity Area (“BOA”). The Village has identified a 180 acre area with approximately 40 potential Brownfield sites within the DOZ. Upon completion of the nomination process, the Village will identify those strategic sites that will serve as catalysts for revitalization. Furthermore, a BOA designation will prompt further investment and development within the downtown area. The Village expects notice of the official designation by April 2021.

The Village also has two census tracts within the DOZ designated as federal opportunity zones. This designation provides additional incentives for investors to pool and employ financial resources to significantly increase investments in historically underserved communities.

The Village is well positioned to capitalize upon its designation by the Long Island Regional Planning Council as a “Project of Regional Significance.” The Village’s adopted form-based municipal code allows for flexible zoning options for property owners within a half-mile radius of the DOZ. The Village is working closely with regional stakeholders to identify opportunities for collaboration that will support transformative revitalization efforts.

Transportation

Commuting facilities to New York City include daily train service provided by the Long Island Railroad, Hempstead Branch, for which the Village is the terminus.

The Hempstead Bus Terminal is the point of origin, destination or junction point of numerous bus routes of Long Island Bus, a subsidiary of the Metropolitan Transportation Authority, connecting the Village with many communities on Long Island. Greyhound Bus Lines provides service to upstate New York, New England and all parts of the United States.

The Village is approximately 10 miles from John F. Kennedy International Airport and approximately 12 miles from LaGuardia International Airport. In addition, MacArthur Airport is located approximately 30 miles east of the Village in the Town of Islip in Suffolk County.

The Village is served by a network of highways and parkways, including the Long Island Expressway, the Northern State Parkway, the Southern State Parkway, and the Meadowbrook State Parkway. These routes provide easy access to all of Long Island and New York City.

Education and Culture

Four school districts provide elementary, middle and high school education for Village residents. The majority of students attend the Hempstead Union Free School District, with remaining students attending the Uniondale Union Free School District, the Rockville Centre and West Hempstead Union Free School Districts.

Hofstra University is also located in the Village, although part of the campus extends beyond the Village borders. Hofstra University, founded in 1935 as an extension of New York University, is, at present, one of the largest private universities in the eastern United States. In addition to basic liberal arts and sciences, law, business and education degrees are offered by the university.

Additional higher educational facilities are available nearby at Nassau Community College, Adelphi University, C.W. Post College, Molloy College, several technical institutes and the U.S. Merchant Marine Academy.

Form of Government

The Village is vested with such powers and has the responsibilities inherent in the operation of a municipal government, including the adoption of rules and regulations to govern its affairs. In addition, the Village may tax real property situated in its boundaries and incur debt subject to the provision of the State's Local Finance Law. The four independent school districts operating in the Village possess the same powers with respect to taxation and debt issuance as the Village. Village residents also pay real property taxes to the Town and the County to support programs conducted by these two governmental entities.

Government operations of the Village are subject to the provisions of the State Constitution and various statutes affecting Village governments including the Village Law, the General Municipal Law and the Local Finance Law. Real property assessment, collection, and enforcement procedures are determined by the Real Property Tax Law.

Elected and Appointed Officials

As prescribed by Village Law, the chief executive officer of the Village is the Mayor, who is elected for a term of four years and is eligible to succeed himself. The Mayor is also a member of the Board of Trustees of the Village, (the "Board") the legislative, governing and policy determining body of the Village. In addition to the Mayor, the Board consists of four trustees who are elected for four-year terms. These terms are staggered so that the Mayor and two of the trustees run for election in one year and the other two trustees run the following year. The Village Justice is the only other elected official of the Village.

The Mayor appoints all department heads and non-elected officials subject to the approval of the Board, including the Village Treasurer, Village Attorney and Village Clerk.

The Village Treasurer, as chief fiscal officer of the Village, is responsible for receipt, investment and disbursement of the Village funds as well as the issuance of obligations of the Village. The Village Clerk, in addition to regular duties of that office, is also the Tax Collector.

The Village Treasurer, as budget officer, also prepares the proposed budget each year, pursuant to the laws of the State, and a public hearing is held thereon. Subsequent to the public hearing, revisions, if any, are made and the budget is then adopted by the Board of Trustees of the Village as the Village's final budget for the coming fiscal year. The budget is not subject to referendum.

Village Administration

Don Ryan is the current mayor of the Incorporated Village of Hempstead. He previously served as a trustee, a position he held since 2001. Mayor Ryan's vision is for the Village to be a thriving suburban village where residents can live safely, afford to raise a family and find meaningful employment with career job training. As Mayor, he is committing to expanding transparency in local government and encourages the expansion of commercial and light industrial tax base to help ease the overall tax base.

Mayor Ryan is dedicated to the improvement of the Village's financial operations. The Mayor and his staff continue to examine every facet of the Village's operations in an effort to streamline costs, enhance revenues, and develop innovative approaches to solve the Village's financial difficulties.

Village Services

The Village provides its residents with many of the services traditionally provided by village governments. In addition, the Town and County furnish certain other services. A list of services provided by the Village include the following: police and fire protection, on and off-street parking facilities, parks playgrounds and recreation centers, street maintenance, street lighting, sanitary and storm sewers, refuse and garbage collection, a public library and a water system. Electricity in the Village is provided by the Long Island Power Authority.

Health care for Village residents is provided by hospitals located in or near the Village, including Mercy Medical Center, South Nassau Community Hospital, Nassau University Medical Center, Winthrop Hospital, and North Shore University Health System.

Employees

The Village provides services through approximately 328 full-time employees, which are represented by two labor organizations. Membership in each is as follows:

<u>Employees Represented</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
216	CSEA	05/31/21
112	Police Benevolent Association	05/31/21

Employee Pension Benefits

Substantially all employees of the Village 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 Village. Under the previous method, the Village 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 Village is notified of and can include the actual cost of the employer contribution in its budget. The Village 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. For the 2020 bill, the Village’s required contribution was \$2,285,349 to ERS and \$4,517,896 to PFRS for a total of \$6,803,245, which was paid in December 2019. For the 2021 bill, the

Village's required contribution was \$2,845,886 to ERS and \$4,745,960 to PFRS for a total of \$7,591,846, which was paid in December 2020.

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.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio has in some recent years experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State's Retirement System continues 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 Village did not participate in the 2010 pension amortization plan.

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 Village has not participated in the ERS SCO plan and does not plan to do so in the foreseeable future.

Other Post Employment Benefits

The Village 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 May 31, 2019. 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 Village's total OPEB liability as of May 31, 2019 was \$219,120,158 using a discount rate of 3.78% and actuarial assumptions and other inputs as described in the Village's May 31, 2019 audited financial statements.

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

Legislation has been introduced from time to time to authorize the creation of an optional investment pool to help the State and local governments fund retiree health insurance and OPEB. Such proposed legislation would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities,

establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the proposed legislation, there would be no limits on how much a local government can deposit into the trust. The Village cannot predict whether such legislation will be enacted into law in the foreseeable future.

FINANCIAL FACTORS

Independent Audit

The financial statements of the Village are audited by the firm of Nawrocki Smith LLP, independent certified public accountants. Appendix B to this Official Statement presents a summary of the audited financial statements for each of the last five fiscal years ended May 31. The Village's audited financial statements for the fiscal year ended May 31, 2019 may be accessed by following the link appearing in Appendix C.

Fund Structure and Accounts

The Village utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

The Village has three basic fund types, Governmental, Proprietary and Fiduciary. Governmental Funds are those through which most governmental functions of the Village are processed and include the General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Funds. The General Fund is the principal operating fund and includes all operations not required to be recorded in other funds. Special Revenue Funds account for proceeds of specific revenue sources. The Special Revenue Funds maintained by the Village is the Water Fund. Proprietary Funds are used to account for ongoing organizations or activities which are similar to those often found in the private sector. The Village maintains an Internal Service Fund. Fiduciary Funds are used to account for assets held in a trustee or custodial capacity.

Basis of Accounting

The Village maintains its records and reports on the modified accrual basis of accounting for recording transactions in all governmental and fiduciary funds. Under this method, (1) revenues are recorded when received in cash except that for revenues which are material and susceptible to accrual (measurable and available to finance the current year's operations) which are recorded when earned, and (2) expenditures, other than retirement plan contributions, vacation and sick pay, and accrued interest are recorded at the time liabilities are incurred. The Proprietary Fund types are accounted for on the accrual basis of accounting as commercial self-sustaining operations that render services to the public on a user-charge basis.

Recent Financial Operations

In some past years the Village suffered financial setbacks due to reductions in State aid, real property tax delinquencies, a declining tax base as a result of reductions in real property assessments pursuant to tax certiorari proceedings, revenue shortfalls, and increasing costs such as employee health care and pension payments.

The Village has sought to raise revenues by increasing taxes, fees and fines, and by attracting new businesses to expand the Village's tax base.

2015 Audited Results. For the fiscal year ending May 31, 2015, based on audited results, General Fund revenues and other sources were approximately \$80.1 million and General Fund Expenditures and other uses were \$78.2 million, which resulted in an operating surplus of \$1,878,637 and a cumulative General Fund balance of \$15,917,748.

2016 Audited Results. For the fiscal year ending May 31, 2016, based on audited results, General Fund revenues and other sources were approximately \$79.0 million and General Fund Expenditures and other uses were \$75.2 million, which resulted in an operating surplus of \$3,773,623 and a cumulative General Fund balance of \$20,404,479.

2017 Audited Results. For the fiscal year ended May 31, 2017, based on audited results, General Fund revenues and other sources were approximately \$78.8 million and General Fund Expenditures and other uses were \$74.1 million, which resulted in an operating surplus of \$4,655,291 and a cumulative General Fund balance of \$27,394,621.

2018 Audited Results. For the fiscal year ended May 31, 2018, based on audited results, General Fund revenues and other sources were approximately \$87.7 million and General Fund Expenditures and other uses were \$90.5 million, which resulted in an operating deficit of \$2,797,667 and a cumulative General Fund balance of \$24,596,954.

2019 Audited Results. For the fiscal year ended May 31, 2019, based on audited results, General Fund revenues and other sources were approximately \$79.6 million and General Fund Expenditures and other uses were \$75.0 million, which resulted in an operating surplus of \$4,610,529 and a cumulative General Fund balance of \$29,207,483.

2020 Preliminary, Unaudited Results. For the fiscal year ended May 31, 2020, based on *preliminary, unaudited results*, General Fund revenues and other sources were approximately \$77.61 million and General Fund Expenditures and other uses were approximately \$81.75 million, which is expected to result in an operating deficit of approximately \$4.14 million and a cumulative General Fund balance of approximately \$25.1 million. The operating deficit consists of approximately \$900 thousand from ordinary operations and \$3.2 million in deferred revenues, of which \$2.8 million is related to the Village bidding in its tax liens due to the COVID-19 pandemic.

2020 Adopted Budget. For the fiscal year ending May 31, 2020, budgeted General Fund Revenues are \$83.9 million and General Fund Expenditures and other uses are \$83.9 million. (See “Appendix B” herein for a summary of the 2020 Adopted Budget.)

2021 Adopted Budget. For the fiscal year ending May 31, 2021, budgeted General Fund Revenues are \$86.4 million and General Fund Expenditures and other uses are \$86.4 million. (See “Appendix B” herein for a summary of the 2021 Adopted Budget.)

Revenues

The Village derives a major portion of its General Fund revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B, herein). Real property taxes accounted for 84.7% of total General Fund revenues for the fiscal year ended May 31, 2019 and State aid accounted for 2.0%.

Real Property Tax. The following table sets forth the total General Fund and real property tax revenues for the last five audited fiscal years, the most recent unaudited fiscal year and the budgeted amount for the current fiscal year.

Fiscal Year Ending May 31:	Property Taxes		
	Total Revenues	Real Property Taxes ⁽¹⁾	Real Property Taxes to Revenues
2015	\$74,080,863	\$62,578,328	84.5%
2016	79,013,092	66,709,609	84.4
2017	78,624,700	67,424,569	85.8
2018	79,137,946	67,217,262	84.9
2019	79,561,604	67,386,685	84.7
2020 (Preliminary)	77,613,417	64,025,007	82.5
2021 (Adopted Budget)	86,396,620	67,722,087	78.4

(1) Inclusive of other property tax items.

Source: Audited Financial Statements, preliminary, unaudited numbers and Adopted Budget for the Village. Table itself not audited.

State Aid. The Village receives financial assistance from the State. State Aid is expected to account for approximately 1.7% of the total general fund revenues of the Village in the 2020-2021 fiscal year. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid. Additionally, 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 Village, in this year or future years, the Village 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.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. There can be no assurances that the State's financial position will not change materially or adversely from current projections. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Village, 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*" herein.)

The Governor's Executive Budget for the State's 2019-2020 fiscal year included the elimination of State Aid and Incentives for Municipalities ("AIM") for certain municipalities, including the Village. However, in the State's final 2019-2020 Executive Budget, additional sales tax revenue from the elimination of the internet tax advantage will be used to keep towns and villages whole.

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 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.

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 Village has not exercised this option and has no plans to do so in the foreseeable future.

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

The following table sets forth the total general fund and State aid revenues for the last five audited fiscal years, the most recent unaudited fiscal year and the amount budgeted for the current fiscal year.

Fiscal Year Ending <u>May 31:</u>	<u>State Aid</u>		State Aid to Revenues
	Total <u>Revenues</u>	<u>State Aid</u>	
2015	\$74,080,863	\$1,958,186	2.6%
2016	79,013,092	1,552,960	2.0
2017	78,624,700	1,596,808	2.0
2018	79,137,946	1,575,996	2.0
2019	79,561,604	1,672,643	2.1
2020 (Preliminary)	77,613,417	988,164	1.3
2021 (Adopted Budget)	86,396,620	1,477,842	1.7

Source: Audited Financial Statements, preliminary, unaudited numbers and Adopted Budget for the Village. Table itself not audited.

Investment Policy Permitted Investments

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

The Village may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the Village; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the Village pursuant to law, in obligations of the Village.

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

The Village Board had adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the Village are made in accordance with such policy. A copy of such policy is available upon request.

REAL PROPERTY TAXES

Real Property Tax Collection Procedures

The Village levies and collects its own taxes. Property taxes become a lien on the first day of the levy year and may be paid in two equal installments. The first installment is due on June 1 each year and is payable without penalty during the month of June. The second installment is due on December 1 and is payable without penalty during the month of December. Penalties for tax delinquencies are imposed at the rate of 5% for the first month and an additional percentage (which is set by the State each year and in recent years has approximated 1%) for each month or fraction thereof thereafter. The Village enforces liens for unpaid real estate taxes in the manner set forth in the Real Property Tax Law. Tax lien sales are held annually. (See “*Tax Levy Limit Law*” and “*Tax Lien Sales*” herein.)

Due to concerns regarding COVID-19, all liens for 2019-2020 were bid-in by the Village.

The following table reflects the real property tax levies and the total amounts collected in each of the last five fiscal years.

Real Property Tax Levies and Collections

<u>Fiscal Year</u> <u>Ending May 31:</u>	<u>Gross</u> <u>Tax Levy⁽¹⁾</u>	<u>Total Taxes</u> <u>Collected</u>	<u>Percentage of</u> <u>Taxes Collected</u>
2015	\$65,468,708	\$63,990,049	97.7%
2016	68,952,221	67,562,425	98.0
2017	68,996,786	68,223,827	98.9
2018	69,320,732	68,111,889	98.3
2019	69,546,786	68,655,116	98.7

(1) The Gross Tax Levy includes real property taxes and user fees for refuse and garbage collection and disposal.

Tax Lien Sales

The Village conducts sales of outstanding tax liens in May of each year for tax liens created in the current fiscal year. The table below reflects the revenue from these annual tax lien sales for the last five years.

Annual Property Tax Lien Sale Revenue

<u>Fiscal Year</u> <u>Ending May 31:</u>	<u>Revenue from</u> <u>Tax Lien Sales</u>
2015	\$2,425,328
2016	2,617,647
2017	2,429,668
2018	2,209,678
2019	2,324,499

Real Property Tax Rates, Levies and Assessments

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

	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
Assessed Valuation	\$75,120,042	\$74,489,298	\$74,215,394	\$73,637,393	\$73,667,603
Equalization Rates	2.55%	2.44%	2.35%	2.24%	2.12%
Full Valuation	\$2,945,884,000	\$3,052,840,082	\$3,158,101,872	\$3,287,383,616	\$3,474,886,934
Village Tax Levy	62,710,071	62,710,071	62,710,071	62,710,071	62,710,071
Tax Rates per \$1,000 A.V.	834.80	841.87	844.97	851.61	851.25

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

Tax Limit

The Village is responsible for preparing the tax assessment role and levying taxes for Village purposes. The Village's real property tax levying powers, other than for debt service and certain other enumerated purposes, are limited by the State Constitution to two percent of the five-year average full valuation of taxable real property of the Village.

The following table sets forth the computation of the Village's real estate tax levying limitation and the determination of its tax margin for the fiscal year ending May 31, 2021.

<u>Assessment Year</u>	<u>Fiscal Year Ending May 31:</u>	<u>Assessed Valuation</u>	<u>State Equalization Ratio</u>	<u>Full Valuation</u>
2016	2017	\$75,120,042	2.55%	\$ 2,945,884,000
2017	2018	74,489,298	2.44	3,052,840,082
2018	2019	74,215,394	2.35	3,158,101,872
2019	2020	73,637,393	2.24	3,287,383,616
2020	2021	73,667,603	2.12	<u>3,474,886,934</u>
			Total:	<u>\$15,919,096,504</u>
Five-Year Average Valuation				<u>\$ 3,183,819,300</u>
Tax Levying Limitation: 2% of Average Five-Year Full Valuation:				63,676,386
Real Estate Tax Levy for 2019-2020				62,710,071
Less: Exclusions				8,809,270
Tax Levy Subject to Tax Limit				<u>53,900,801</u>
Constitutional Net Tax Margin				<u>\$9,775,585</u>
Percent of Tax Limitation Exhausted				<u>84.65%</u>

Source: Office of the New York State Comptroller and the Village.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011, as amended (the "Tax Levy Limit Law"), all the taxable real property within the Village had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Village and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Village for any fiscal year commencing after January 1, 2012, without providing an exclusion for debt service on obligations issued by the Village. As a result, the power of the Village to levy real estate taxes on all the taxable real property within the Village is subject to statutory limitations set forth in Tax Levy Limit Law.

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

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Village, subject to certain exceptions. The Tax Levy Limit Law permits the Village 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 Village 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 Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Village Board of Trustees may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Village Board of Trustees first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Village, 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 Village 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.

Ten Largest Taxpayers

The following table presents the total 2019-2020 assessed valuations of the Village’s largest property owners.

<u>Property Owner</u>	<u>Nature of Business</u>	<u>Assessed Valuations</u>	
		<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation⁽¹⁾</u>
Long Island Power Authority	Public Utility	\$ 1,766,765	2.40%
Keyspan	Public Utility	948,465	1.29
BRE DDR IVA HUB	Shopping Plaza	905,597	1.23
Clinton Washington LLC	Apartments	637,700	0.86
Greenwich Nursing Home	Apartments	565,000	0.77
New Greenwich Gardens	Apartments	470,000	0.64
Heritage Place LLC	Apartments	425,000	0.58
Wendell Terrace Owners	Apartments	417,500	0.57
Verizon	Public Utility	388,652	0.53
Cathedral Property	Real Estate	<u>321,000</u>	<u>0.43</u>
	Total:	<u>\$ 6,845,679</u>	<u>9.30%</u>

(1) The total assessed valuation of the Village used for the 2019-2020 year is \$73,637,393.

VILLAGE INDEBTEDNESS

Constitutional Requirements

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose (as determined by statute) or, in the alternative, the weighted average period of probable usefulness of the several 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 Village determines to issue debt amortizing on the basis of substantially level or declining annual debt service. The Village 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 Village is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers; however, as has been noted under "*Nature of Obligation*", the State Legislature is prohibited by a

specific constitutional provision from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the Village 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 Village Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Village 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 Board. Certain of such resolutions may be subject to permissive referendum, or may be submitted to the Village voters at the discretion of the Village Board.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Village has complied with such procedure with respect to the Bonds.

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 extend five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "Payment and Maturity" under "Constitutional Requirements").

In addition, under each bond resolution, the Village Board may delegate, and has delegated, power to issue and sell bonds and notes to the Village Treasurer, the chief fiscal officer of the Village.

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

Debt Limit. The Village has the power to contract indebtedness for any Village purpose so long as the principal amount thereof shall not exceed seven centum of the most recent five-year average full valuation of taxable real estate of the Village 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 five completed assessment rolls and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

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

Constitutional Debt Limit

The following table sets forth the constitutional debt limit of the Village.

Constitutional Debt Limit

<u>Assessment Roll</u>	<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Equalization Rate</u>	<u>Full Valuation</u>
2016	2017	\$75,120,042	2.55%	\$ 2,945,884,000
2017	2018	74,489,298	2.44	3,052,840,082
2018	2019	74,215,394	2.35	3,158,101,872
2019	2020	73,637,393	2.24	3,287,383,616
2020	2021	73,667,603	2.12	<u>3,474,886,934</u>
Total Five-Year Full Valuations				<u>\$15,919,096,504</u>
Average Full Valuation				3,183,819,300
Debt Limit – Seven (7) per centum of Average Full Valuation				<u>\$ 222,867,351</u>

Source: Office of the State Comptroller, Real Property Services

Statement of Debt Contracting Power

Statutory Debt Limit and Net Indebtedness **(As of December 22, 2020)**

Debt-Contracting Limitation:	\$222,867,351
Gross Direct Indebtedness:	
Bonds:	
General Purpose	\$ 32,076,911
Water Purpose	5,083,089
Short Term Obligations:	
Bond Anticipation Notes	4,500,000
Total Gross Direct Indebtedness	\$ 41,660,000
Less Exclusions and Deductions:	
Water Debt	\$ 5,083,089
Appropriations for Non-Exempt Indebtedness During 2020/2021 Fiscal Year	450,000
Total Exclusions:	<u>\$5,533,089</u>
Total Net Direct Indebtedness	<u>\$ 36,126,911</u>
Debt-Contracting Margin	<u>\$186,740,440</u>
Percentage of Debt-Contracting Power Exhausted	<u>16.21%</u>

Source: Village Officials.

Bond Anticipation Notes

On July 23, 2020, the Village issued its \$4,500,000 Bond Anticipation Notes – 2020 which mature on July 23, 2021.

Tax and Revenue Anticipation Notes

The Village has not issued tax or revenue anticipation notes in the last five years and does not anticipate the issuance of tax or revenue anticipation notes in the current fiscal year.

Direct and Overlapping Indebtedness

The real property taxpayers of the Village are responsible for a proportionate share of outstanding debt obligations of the County and other governmental units. Such taxpayers' share of this overlapping debt is based upon the amount of the Village's equalized property values taken as a percentage of each separate units' total values. The table below sets forth both the total outstanding principal amount of debt issued by the Village and the approximate magnitude of the burden on taxable property in the Village of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

Statement of Direct and Overlapping Indebtedness

<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As of:</u>	<u>Village Share</u>	<u>Amount Applicable To Village</u>
Nassau County	\$3,030,135,000	06/30/20	1.40%	\$ 42,421,890
Town of Hempstead	340,884,053	11/24/20	3.11	10,601,508
Hempstead UFSD	26,590,000	06/30/19	100.00	26,590,000
Uniondale UFSD	0	11/12/20	18.70	0
Rockville Centre UFSD	28,710,500	11/05/20	0.40	114,842
West Hempstead UFSD	32,940,925	10/01/20	0.75	<u>247,057</u>
Total Net Overlapping Debt				<u>\$ 79,975,297</u>
Total Net Direct Debt				<u>36,126,911</u>
Net Direct and Overlapping Debt				<u>\$116,102,208</u>

Debt Ratios

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

Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita ⁽¹⁾</u>	<u>Debt to Full Value ⁽²⁾</u>
Net Direct Debt	\$ 36,126,911	\$ 655.51	1.04%
Net Direct and Overlapping Debt	116,102,208	2,106.62	3.34

(1) The estimated population of the Village is 55,113 according to the U.S. Census Bureau.

(2) The Village's full value of taxable real property used to levy taxes in 2020-2021 is \$3,474,886,934.

Trend of Outstanding Indebtedness

The following table provides information relating to the indebtedness outstanding at year-end for each of the five prior fiscal years.

	<u>Outstanding Indebtedness</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020⁽¹⁾</u>
Bonds:	\$50,435,000	\$46,290,000	\$42,225,000	\$45,055,000	\$40,765,000
Bond Anticipation Notes:	<u>0</u>	<u>2,875,000</u>	<u>2,875,000</u>	<u>0</u>	<u>0</u>
Total:	<u>\$50,435,000</u>	<u>\$49,165,000</u>	<u>\$45,100,000</u>	<u>\$45,055,000</u>	<u>\$40,765,000</u>

(1) Unaudited.

Source: Audited Financial Statements of the Village. Table itself is not audited.

Debt Service Schedule

The following table sets forth all principal and interest payments required on the Village's outstanding bonded indebtedness, exclusive economically defeased obligations, for the fiscal years ending as follows.

	<u>Bond Principal and Interest Maturity</u>		
<u>Fiscal Year</u> <u>Ending May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2021 ⁽¹⁾	\$ 4,390,000	\$1,237,720	\$ 5,627,720
2022	4,565,000	1,079,370	5,644,370
2023	4,725,000	920,961	5,645,961
2024	4,630,000	772,329	5,402,329
2025	4,780,000	625,169	5,405,169
2026	3,080,000	496,575	3,576,575
2027	2,765,000	403,407	3,168,407
2028	2,785,000	323,723	3,108,723
2029	2,075,000	242,388	2,317,388
2030	2,135,000	177,075	2,312,075
2031	2,205,000	111,975	2,316,975
2032	1,015,000	63,675	1,078,675
2033	1,045,000	32,775	1,077,775
2034	<u>570,000</u>	<u>8,550</u>	<u>578,550</u>
Total:	<u>\$40,765,000</u>	<u>\$6,495,692</u>	<u>\$41,632,972</u>

(1) For the entire fiscal year.

Source: Village Officials.

Prospective Capital Financing

The Village expects to continue the practice of issuing serial bonds to address its capital needs.

On August 21, 2018, the Village Board adopted two bond resolutions for water system improvement projects totaling \$4,403,808. The projects were submitted to the New York State Environmental Facilities Corporation (“EFC”) for grant consideration under the NYS Water Infrastructure Improvement Act (“WIIA”) and each received grant funding at 50%, collectively \$2,201,904. As such, the net amount expected to be financed through EFC will be \$2,201,494. The drawdown of \$1,130,199 for the first half of the project has been converted to long-term EFC debt in the amount of \$1,130,199 which closed in December 2020.

On January 2, 2019, the Village Board adopted two bond resolutions for Water System Purification Improvements totaling \$12,103,000. Both projects were submitted to EFC on January 11, 2019 for grant consideration under WIIA and are still in the planning phase.

The Village maintains a five-year capital improvement plan that is expected to be funded largely by general obligation bonds or notes. Every effort will be made by the Village to secure Federal funds to supplement the issuance of bonds or notes. The Village assesses its capital needs on an annual basis and adjusts the capital improvement plan as circumstances and needs change.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends based upon 2019 U.S. census data.

	<u>Population Trend</u>				
	<u>2000</u>	<u>2010</u>	<u>2019</u>	<u>% Change 2000/2010</u>	<u>% Change 2010/2019</u>
Village	56,554	53,891	55,113	-4.71%	2.27
Town	755,924	759,757	766,980	0.51	0.95
County	1,334,544	1,339,532	1,356,924	0.37	1.30
State	18,976,457	19,378,102	19,453,561	2.12	0.39

Income

The following table presents median household income for the Town, County and State. The figures provided for the Town, County, and State are not necessarily representative of the Village.

	<u>Median Household Income</u>				
	<u>2000</u>	<u>2010</u>	<u>2018</u>	<u>% Change 2000/2010</u>	<u>% Change 2010/2018</u>
Town	\$77,533	\$87,382	\$107,095	12.7%	22.6
County	79,926	91,104	111,240	14.0	22.1
State	52,280	54,148	65,323	3.6	20.6

Source: U.S. Census Bureau.

Employment and Unemployment

	<u>Civilian Labor Force</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Village	27,500	27,500	27,800	27,700	27,700
Town	391,400	397,800	398,600	402,400	402,900
County	697,600	699,800	706,400	706,600	708,100
State	9,558,800	9,551,900	9,549,100	9,521,900	9,514,400

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

Yearly Average Unemployment Rates

<u>Year</u>	<u>Village</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2015	5.6%	4.4%	4.2%	5.3%
2016	5.2	4.1	3.9	4.9
2017	5.4	4.3	4.1	4.7
2018	4.7	3.7	3.5	4.1
2019	4.5	3.6	3.4	4.0

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

Monthly Unemployment Rates

<u>Month</u>	<u>Village</u>	<u>Town</u>	<u>County</u>	<u>State</u>
December 2019	4.2%	3.6%	3.4%	3.7%
January 2020	5.3	3.8	3.6	4.1
February	5.0	3.6	3.5	3.9
March	5.0	3.7	3.5	4.2
April	16.6	16.0	15.6	15.1
May	14.4	12.6	12.1	14.2
June	15.9	13.5	12.9	15.5
July	17.7	14.7	14.0	16.0
August	14.1	11.1	10.6	12.5
September	9.2	6.9	6.5	9.3
October	10.3	7.0	6.5	9.0
November	8.8	5.9	5.5	8.1

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

End of Appendix A

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APPENDIX B

SUMMARY FINANCIAL STATEMENTS

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**INCORPORATED VILLAGE OF HEMPSTEAD
NASSAU COUNTY, NEW YORK**

Adopted Budgets - General Fund

Fiscal Year ending May 31:

	<u>2020</u>	<u>2021</u>
Revenues:		
Real Property Tax	\$62,710,071	\$62,710,071
Other Property Tax Items	3,282,786	3,387,278
Non-Property Taxes	1,615,000	1,624,738
Departmental Income	5,900,417	6,322,338
Use of Money and Property	606,151	602,223
Licenses and Permits	717,400	779,800
Fines and Forfeitures	2,300,000	3,005,000
Sale of Property and Comp. for Loss	172,000	174,000
Miscellaneous	300,000	311,100
State and Local Aid	1,225,042	1,477,842
Federal Aid	0	144,959
Use of Fund Equity	5,095,675	5,857,271
	<hr/>	<hr/>
Total Revenues	<u>\$83,924,542</u>	<u>\$86,396,620</u>
Expenditures:		
General Government Support	\$10,896,544	\$10,751,120
Public Safety	30,040,633	30,449,750
Transportation	2,091,657	1,966,888
Culture and Recreation	3,484,925	3,786,171
Home & Community Services	4,134,606	4,270,853
Employee Benefits	21,741,468	23,194,041
Interfund Transfers ⁽¹⁾	11,534,709	11,977,797
	<hr/>	<hr/>
Total Expenditures	<u>\$83,924,542</u>	<u>\$86,396,620</u>

(1) Interfund transfers included transfers made to the Debt Service Fund for payment of principal and interest on the Village's debt obligations.

Source: Adopted Budgets of the Village.

**INCORPORATED VILLAGE OF HEMPSTEAD
NASSAU COUNTY, NEW YORK**

Balance Sheet

General Fund

Fiscal Year Ended May 31:

	<u>2018</u>	<u>2019</u>
Assets and Other Debits		
Assets:		
Unrestricted Cash	\$20,754,124	\$20,324,332
Restricted Cash	3,481,880	3,443,323
Service award program asset investments	2,937,226	3,063,730
Taxes Receivable	6,472,343	5,627,954
Accounts Receivable	2,468,973	3,445,160
Other Receivables	69,960	77,085
Due From Other Funds	355,647	744,340
Due From Fiduciary Funds	5,475	9,377
Due From Component Units	1,469,644	1,387,651
Inventory	92,877	103,163
	<u>\$38,108,149</u>	<u>\$38,226,115</u>
Total Assets	<u>\$38,108,149</u>	<u>\$38,226,115</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts Payable and Accrued Expenses	\$4,865,907	\$2,765,305
Other Accrued Liabilities	2,087,437	508,490
Due To Other Funds	0	11,918
Due To Proprietary Funds	1,286	1,286
Due To Fiduciary Funds	200	2,482
Due To Component Unit	84,022	84,022
	<u>\$7,038,852</u>	<u>\$3,373,503</u>
Total Liabilities	<u>\$7,038,852</u>	<u>\$3,373,503</u>
Deferred Inflows of Resources:		
Miscellaneous Revenue Received in Advance	\$0	\$17,175
Property Tax Liens	6,472,343	5,627,954
	<u>6,472,343</u>	<u>5,645,129</u>
Total Deferred Inflows of Resources:	<u>6,472,343</u>	<u>5,645,129</u>
Total Liabilities and Deferred Inflows of Resources:	<u>13,511,195</u>	<u>9,018,632</u>
Fund Equity and Other Credits:		
Nonspendable	\$92,877	\$103,163
Restricted	6,419,106	6,507,053
Assigned	5,978,908	6,586,905
Unassigned	12,106,063	16,010,362
	<u>24,596,954</u>	<u>29,207,483</u>
Total Fund Balance	<u>24,596,954</u>	<u>29,207,483</u>
Total Liabilities, Deferred Inflows and Fund Balance:	<u>\$38,108,149</u>	<u>\$38,226,115</u>
	<u>\$38,108,149</u>	<u>\$38,226,115</u>

Source: Audited Financial Statements of the Village.

INCORPORATED VILLAGE OF HEMPSTEAD
NASSAU COUNTY, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Fiscal Year Ended May 31:

REVENUES	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Taxes	\$62,578,328	\$66,709,609	\$67,424,569	\$67,217,262	\$67,386,685
Licenses and Permits	930,234	767,127	735,957	908,594	774,394
Intergovernmental Charges	5,000	0	0	0	0
Departmental Income	5,718,971	5,737,496	5,490,849	5,693,024	5,846,352
Fines and Forfeitures	1,898,808	2,368,523	2,243,880	2,265,005	2,361,361
Use of Money and Property	496,721	458,765	435,008	811,712	820,842
Sale of Property and Compensation for loss	396,332	177,043	141,194	149,542	167,351
Miscellaneous Revenues	39,095	1,000,970	502,285	505,000	519,208
State and Local Aid	1,958,186	1,552,960	1,596,808	1,575,996	1,672,643
Federal Aid	59,188	240,599	54,150	11,811	12,768
Total Revenues	<u>\$74,080,863</u>	<u>\$79,013,092</u>	<u>\$78,624,700</u>	<u>\$79,137,946</u>	<u>\$79,561,604</u>
EXPENDITURES					
General Government Support	\$6,850,313	\$8,007,765	\$8,279,100	\$10,480,174	\$7,827,251
Public Safety	25,639,868	27,616,333	26,681,874	28,517,884	28,707,609
Transportation	1,879,119	1,576,072	1,793,804	1,880,099	1,695,103
Culture and Recreation	2,607,443	2,825,754	2,766,818	3,116,510	3,275,862
Home and Community Services	3,470,867	3,494,397	3,425,101	3,780,261	3,732,755
Employee Benefits	19,713,502	18,640,816	19,057,856	20,550,595	21,216,021
Total Expenditures	<u>\$60,161,112</u>	<u>\$62,161,137</u>	<u>\$62,004,553</u>	<u>\$68,325,523</u>	<u>\$66,454,601</u>
Excess of Revenues over (under) Expenditures	<u>\$13,919,751</u>	<u>\$16,851,955</u>	<u>\$16,620,147</u>	<u>\$10,812,423</u>	<u>\$13,107,003</u>
Other Financing Sources (Uses):					
Proceeds of Obligations	\$5,990,000	\$0	\$135,000	\$7,830,000	\$0
Payment to Bond Refunding Escrow Agent	0	0	0	(8,578,530)	0
Premium on Serial Bond	18,643	0	0	748,530	0
Issuance Cost for Refunding Bonds	0	0	0	0	0
Operating Transfers In (Out)	(12,018,062)	(5,965,650)	(5,680,253)	(6,909,792)	(2,296,745)
Transfers to Proprietary Fund	(3,245,391)	(4,411,691)	(3,761,083)	(3,800,190)	(3,332,664)
Transfers to/from Component Unit	(2,786,304)	(2,700,991)	(2,658,520)	(2,900,108)	(2,867,065)
Total Other Financing Sources (Uses)	<u>(\$12,041,114)</u>	<u>(\$13,078,332)</u>	<u>(\$11,964,856)</u>	<u>(\$13,610,090)</u>	<u>(\$8,496,474)</u>
Excess (Def) of Revenues and Other Sources Over Expenditures and Other Uses	<u>1,878,637</u>	<u>3,773,623</u>	<u>4,655,291</u>	<u>(2,797,667)</u>	<u>4,610,529</u>
Fund Balance Beginning of Year	\$14,039,111	\$15,917,748	\$20,404,479	\$27,394,621	\$24,596,954
Prior Period Adjustment	0	713,108	2,334,851	0	0
Fund Balance End of Year	<u>\$15,917,748</u>	<u>\$20,404,479</u>	<u>\$27,394,621</u>	<u>\$24,596,954</u>	<u>\$29,207,483</u>

Source: Audited Financial Statements of the Village.

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APPENDIX C

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

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

<https://emma.msrb.org/SS1485733.pdf>

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

*** Such Financial Statements and opinion are intended to be representative only as of the date thereof. Nawrocki Smith LLP has not been requested by the Village to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

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APPENDIX D

FORM OF APPROVING LEGAL OPINION FOR THE SERIES A BONDS

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

January 27, 2021

The Board of Trustees of the
Village of Hempstead, in the
County of Nassau, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Village of Hempstead (the “Village”), in the County of Nassau, 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 Village’s \$4,200,000 Refunding Serial Bonds-2021 Series A (the “Bonds”), 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 Bonds are valid and legally binding general obligations of the Village for which the Village has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Village 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 Village 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 Village 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 Village'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 Village 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 Village, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Bonds.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

APPENDIX E

FORM OF APPROVING LEGAL OPINION FOR THE SERIES B BONDS

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

January 27, 2021

The Board of Trustees of the
Village of Hempstead, in the
County of Nassau, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Village of Hempstead (the “Village”), in the County of Nassau, 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 Village’s \$3,595,000 Refunding Serial Bonds-2021 Series B (Federally Taxable) (the “Bonds”) of the Village, 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 Bonds are valid and legally binding general obligation of the Village for which the Village has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Village 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 such Bonds may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Interest on the Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

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 relating to the Bonds.

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

Very truly yours,

Hawkins Delafield & Wood LLP

APPENDIX F

FORM OF UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

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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.

“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 Village of Hempstead, in the County of Nassau, a municipal corporation of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Village Treasurer as of January 6, 2021.

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

“Securities” shall mean the Issuer’s [\$4,200,000 Refunding Serial Bonds-2021 Series A][\$3,595,000 Refunding Serial Bonds-2021 Series B (Federally Taxable)], dated January 27, 2021, maturing in various principal amounts on [August 15th in each of the years 2021 through 2032, inclusive][April 1st in each of the years 2021 through 2028, 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 nine (9) months after the end of each fiscal year, commencing with the fiscal year ending May 31, 2020, the Annual Information relating to such fiscal year, and (B) no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending May 31, 2020, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer

and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one year (1) 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 material 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 VILLAGE", "FINANCIAL FACTORS", "REAL PROPERTY TAXES", "VILLAGE 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 **January 27, 2021**.

VILLAGE OF HEMPSTEAD

By _____
Village Treasurer and Chief Fiscal Officer