

PRELIMINARY OFFICIAL STATEMENT DATED MAY 13, 2021

**NEW ISSUE
SERIAL BONDS**

See “RATING” herein

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, 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. In addition, in the opinion of Bond Counsel to the District, 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” herein).

The Bonds WILL NOT be designated by the District as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

**NORTH SHORE CENTRAL SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK**

**\$15,245,490*
SCHOOL DISTRICT SERIAL BONDS – 2021
(the “Bonds”)**

Date of Issue: Date of Delivery

Maturity Date: June 1, 2022 – 2036

The Bonds are general obligations of the North Shore Central School District, in Nassau County, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Bonds 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 District without limitation as to rate or amount.

The Bonds will be dated the date of delivery, will bear interest from such date payable semiannually on June 1 and December 1 in each year until maturity, commencing June 1, 2022. The Bonds will mature on June 1 in the years and amounts as set forth on the inside cover page hereof. The Bonds will be subject to optional redemption prior to maturity as described herein. (See “Optional Redemption” herein.)

The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as the securities depository for the Bonds. Individual purchases may be made in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof, except for one necessary odd denomination in the first maturity of the Bonds. Purchasers will not receive certificates representing their ownership interests in the Bonds. Payment of the principal of and interest on such Bonds will be made by the District to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of such Bonds as described herein. (See “Book-Entry-Only System” herein.)

Capital Markets Advisors, LLC has served as the Municipal Advisor to the District in connection with the issuance of the Bonds. The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the offices of DTC on or about June 8, 2021.

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

Dated: May __, 2021

* Preliminary, subject to change.

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

The Bonds will mature on June 1 in the years and amounts, subject to optional redemption, as set forth below:

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>
		%	%			%	%
2022	\$1,155,490			2030**	\$1,000,000		
2023	960,000			2031**	1,015,000		
2024	960,000			2032**	1,025,000		
2025	965,000			2033**	1,040,000		
2026	970,000			2034**	1,055,000		
2027	975,000			2035**	1,070,000		
2028	985,000			2036**	1,080,000		
2029	990,000						

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

** Subject to optional redemption prior to maturity. (See “*Optional Redemption*” herein).

**NORTH SHORE CENTRAL SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK**

2020-21 Board of Education

DAVE LUDMAR.....President
TIM MADDEN Vice President
RICHARD GALATI Trustee
SARA JONES Trustee
DR. ANDREA MACARI..... Trustee
MARIANNE M. RUSSO Trustee
LISA VIZZA Trustee

DR. PETER GIARRIZZO..... Superintendent of Schools
OLIVIA BUATSI..... Assistant Superintendent for Business
DR. CHRISTOPHER ZUBLIONIS Assistant Superintendent for Instruction
ELIZABETH CIAMPI District Clerk
HALEH B. BONVAN..... District Treasurer
INGERMAN SMITH LLP District Counsel

BOND COUNSEL

HAWKINS DELAFIELD & WOOD LLP
New York, New York

MUNICIPAL ADVISOR



CAPITAL MARKETS ADVISORS, LLC
*Long Island * Hudson Valley * Southern Tier * Western New York*
(516) 487-9818

No dealer, broker, salesman or other person has been authorized by the District 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 foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there 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 District 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 District since the date hereon.

TABLE OF CONTENTS

THE BONDS	1		
Description.....	1	Opinion of Bond Counsel.....	11
Authority for and Purpose of the Bonds	2	Certain Ongoing Federal Tax Requirements and	
Optional Redemption.....	2	Certifications	11
Nature of Obligation.....	2	Certain Collateral Federal Tax Consequences.....	11
REMEDIES UPON DEFAULT	3	Original Issue Discount	12
No Past Due Debt.....	4	Bond Premium.....	12
Bankruptcy	4	Information Reporting and Backup Withholding	13
SECTION 99-B OF THE STATE FINANCE LAW	4	Miscellaneous.....	13
DESCRIPTION OF BOOK-ENTRY SYSTEM	5	LEGAL MATTERS	13
RISK FACTORS	7	DISCLOSURE UNDERTAKING	13
CYBERSECURITY	8	RATING	13
LITIGATION	8	MUNICIPAL ADVISOR	14
TAX MATTERS	11	ADDITIONAL INFORMATION	14

APPENDIX A

THE DISTRICT	A-1		
General Information.....	A-1	The Tax Levy Limit Law.....	A-12
District Organization.....	A-1	Tax Collection Procedure	A-13
Financial Organization.....	A-1	STAR - School Tax Exemption.....	A-13
Financial Statements and Accounting Procedures	A-1	Ten of the Largest Taxpayers	A-14
Budgetary Procedure.....	A-1	LIPA's Glenwood Landing Power Plant - Ramp	
School Enrollment Trends	A-2	Down of Operations.....	A-14
District Facilities.....	A-2	DISTRICT INDEBTEDNESS	A-15
Employees	A-3	Constitutional and Statutory Requirements	A-15
Employee Pension Benefits	A-3	Statutory Procedure	A-15
Other Post Employment Benefits.....	A-4	Statutory Debt Limit and Net Indebtedness.....	A-16
Investment Policy Permitted Investments.....	A-5	Bond Anticipation Notes	A-16
FINANCIAL FACTORS	A-6	Tax Anticipation Notes.....	A-17
Real Property Taxes.....	A-6	Trend of Outstanding Indebtedness	A-17
State Aid	A-6	Direct and Overlapping Indebtedness.....	A-17
Events Affecting New York School Districts.....	A-9	Debt Ratios	A-18
General Fund Operations.....	A-10	Authorized but Unissued Debt.....	A-18
Other Revenues.....	A-10	Debt Service Schedule	A-18
Independent Audits	A-11	Energy Performance Contract.....	A-19
The State Comptroller's Fiscal Stress Monitoring		ECONOMIC AND DEMOGRAPHIC DATA	A-19
System and Compliance Reviews.....	A-11	Largest Employers.....	A-19
TAX INFORMATION	A-12	Population.....	A-20
Real Property Tax Assessments and Rates	A-12	Income	A-20
Tax Limit.....	A-12	Employment and Unemployment	A-20

APPENDIX B – FINANCIAL STATEMENT SUMMARIES

APPENDIX C – AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

APPENDIX D – FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

APPENDIX E – FORM OF DISCLOSURE UNDERTAKING

OFFICIAL STATEMENT

NORTH SHORE CENTRAL SCHOOL DISTRICT NASSAU COUNTY, NEW YORK

Relating To

\$15,245,490* SCHOOL DISTRICT SERIAL BONDS – 2021 (the “Bonds”)

This Official Statement, including the cover page, inside cover page and appendices hereto, presents certain information relating to the North Shore Central School District in the County of Nassau, State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$15,245,490* School District Serial Bonds – 2021 (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 District 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 District 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 District’s overall economic situation and outlook (and all of the specific District 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.

THE BONDS

Description

The Bonds will be dated their date of delivery, will bear interest from such date payable semiannually on June 1 and December 1 in each year until maturity, commencing June 1, 2022. The Bonds will mature on June 1st in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity as described herein. (See “*Optional Redemption*” herein).

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. 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, except for one necessary odd denomination in the first maturity of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds.

Principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal of and interest on to its Participants (defined herein), for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the District referred to therein.

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

* Preliminary, subject to change.

The District will act as Paying Agent for the Bonds. Paying agent fees, if any, will be paid by the purchaser. The District's contact information is Ms. Olivia Buatsi, Assistant Superintendent for Business, telephone number (516) 277-7815, email: buatsio@northshoreschools.org.

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and laws of the State, and a bond resolution adopted by the Board of Education of the District on December 12, 2019, following approval of a proposition by a majority of the voters of the District voting thereon at a Special District Meeting held on December 10, 2019, authorizing the issuance of not to exceed \$39,899,786 of bonds or notes to fund the construction of improvements and alterations to District buildings and sites. The proceeds from the sale of the Bonds will be used to provide original financing for the project.

Optional Redemption

The Bonds maturing on or before June 1, 2029 are not subject to redemption prior to their stated maturity. The Bonds maturing on or after June 1, 2030 will be subject to redemption prior to maturity, at the option of the District, on any date on or after June 1, 2029, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

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

Nature of Obligation

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

The Bonds are general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount.

Under the Constitution of the State, the District 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 District 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 District's power to increase its annual tax levy. As a result, the power of the District to levy real estate taxes on all the taxable real property within the District is subject to statutory limitations set forth in Tax Levy Limit Law. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. As the Bonds are being issued to finance or refinance voter approved capital expenditures, the Bonds qualify for such exclusion to the annual tax levy limitation. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "*The 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 District 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 District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District'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 District. 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 District 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 District 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 District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District 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 Bondholders, 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 District.

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

Bankruptcy

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors’ rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future, could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District 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 above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to 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 or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

SECTION 99-B OF THE STATE FINANCE LAW

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section of the SFL.

DESCRIPTION OF BOOK-ENTRY SYSTEM

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 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 District, 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 District, 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 District. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District 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 District's credit rating could be affected by circumstances beyond the District'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 District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. Accordingly, a decline in the District's credit rating could adversely affect the market value of the Bonds.

In addition, if and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any Bonds. The price or principal value of the Bonds is dependent on the prevailing level of interest rates. If interest rates should increase, the price of a bond or note may decline causing the bond or noteholder to potentially incur a capital loss if such bond or note is sold prior to its maturity.

The financial condition of the District as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. 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. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein). Should the District 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 or by a reduction in State aid, the District 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 District'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. 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 took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been 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 District'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 could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District 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*” and “*Events Affecting New York School Districts*” herein).

Should the District 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 or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

CYBERSECURITY

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

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. Except as otherwise set forth herein and apart from matters provided for by applicable insurance coverage, the attorneys for the District are unaware of any claims or action pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

Matter of the Claim of M.C. against North Shore Central School District. On April 22, 2021, claimant, an infant, by his parents/natural guardians, served a notice of claim against the District for personal injuries, pain and suffering, medical expenses, loss of earnings, loss of services, and related damages incurred by and on behalf of claimants by reason of the alleged negligence, carelessness, recklessness and culpable conduct of the District, their agents, servants and/or employees in connection with an accident that occurred during contact-less football drills on the high school football field on or about March 5, 2021. The total amount of damages claimed is \$10 million for bodily injuries and \$1 million for loss of services. This claim has been assigned to defense counsel by the New York Schools Insurance Reciprocal for liability and claim evaluation. The District anticipates that, except in the event of an intentional tort, the defense of this claim and any potential liability will be provided for by applicable insurance.

National Grid Generation LLC, and Keyspan Gas East Corporation d/b/a National Grid v. Nassau County, et al., Index No.: 601498-2019. (Supreme Court, Nassau County). On May 30, 2019, Plaintiffs served the District with a Verified Complaint asserting the same claims raised in the matter captioned **National Grid Generation LLC, and Keyspan Gas East Corporation d/b/a National Grid v. Nassau County, et al.** (Index No.: 601451-2018) as described hereinbelow for the 2018-2019 tax year. In June 2019, the parties stipulated that the District’s time to answer or move with respect to the Verified Complaint will be held in abeyance and extended without date pending resolution of the case captioned **National Grid Generation LLC, et al. v. Nassau County, et al.,** Index No.: 601451-2018, and any and all appeals related thereto. A summary of the history and status of the foregoing matter is as follows:

National Grid Generation LLC, and Keyspan Gas East Corporation d/b/a National Grid v. Nassau County, et al., Index No.: 601451-2018 (Supreme Court, Nassau County). *National Grid Generation LLC, and Keyspan Gas East Corporation d/b/a National Grid (“Plaintiffs”) commenced an action against the Nassau County Department of Assessment, James Davis, Acting Assessor Nassau County, the Nassau County Legislature, the Town of North Hempstead, the Receiver of the Town of North Hempstead, the District, Storm Water Resources Zone, Glenwood Fire Protection District, Library Funding District – Go, and Glenwood Water District by Verified Complaint. By*

their Complaint, Plaintiffs seek monetary damages, declaratory and injunctive relief based on alleged errors in assessment by the Nassau County Defendants in connection with the assessed value of the Glenwood Power Plant, which was allegedly reduced after certain demolition occurred between 2012 and 2015. Plaintiffs allege that the Nassau County Defendants erroneously determined and applied base proportions, class tax shares and tax rates in each of the taxing jurisdictions where the Glenwood Power Plant is located for the 2014-2015 tax year and all subsequent tax years under the provisions of Article 18 of the Real Property Tax Law. Plaintiffs advance most of their claims against the Nassau County Defendants and a generic cause of action declaring that Chapter 191 of the Laws of 2001 unconstitutional. Of the seven causes of action asserted by Plaintiffs, only one is squarely alleged as and against the District. Plaintiffs seek a refund of their alleged overpayments of property taxes from all of the Defendants, including the District, which Plaintiffs contend were the direct result of the Nassau County Defendants' erroneous and illegal acts.

By notice of motion dated August 31, 2018, the District moved to dismiss the action asserted against the District as a matter of law on the following grounds: (1) Plaintiffs failed to state a cause of action for which relief can be granted, including its failure to comply with the statutory condition precedent to filing a claim against the District under Section 3813(1) of the Education Law; (2) the District is not lawfully responsible for the actions for which Plaintiffs complain and the assessment functions and alleged errors for which they complain are solely the responsibility of the Nassau County Defendants; (3) the District is not liable for any errors in assessment or refunds for such errors under the Nassau County Guaranty; (4) Plaintiffs' action is otherwise time-barred. On February 14, 2019, (entered on February 15, 2019) the Supreme Court of Nassau County granted the District's motion to dismiss the action asserted against the District as a matter of law. The Court found that refunds could not be sought from the District based on the fact that the Nassau County Guaranty requires the County to refund any ad valorem levies that are judicially determined to have been invalidly imposed upon a property owner. The Court did not address any of the District's other arguments as outlined above. The Nassau County Defendants filed a notice of appeal of the Court's decision and order, naming the District as a Respondent. Plaintiffs filed a notice of cross appeal, which also named the District as a Respondent. The appeal and cross-appeal were withdrawn by the Nassau County Defendants and Plaintiffs in December of 2019 and February of 2020, respectively. The matter between the Nassau County Defendants and Plaintiffs is pending before the Supreme Court of Nassau County.

National Grid Generation LLC, and Keyspan Gas East Corporation d/b/a National Grid v. Nassau County, et al., Index No.: 601519-2020. (Supreme Court, Nassau County). On June 3, 2020, Plaintiffs served the District with a Verified Complaint asserting the same claims raised in the matter captioned **National Grid Generation LLC, and Keyspan Gas East Corporation d/b/a National Grid v. Nassau County, et al.** (Index No.: 601451-2018) for the 2019-2020 tax year. In June 2020, the parties stipulated that the District's time to answer or move with respect to the Verified Complaint will be held in abeyance and extended without date pending resolution of the case captioned **National Grid Generation LLC, et al. v. Nassau County, et al.**, Index No.: 601451-2018, and any and all appeals related thereto. A summary of the history and status of the foregoing matter is set forth herein above.

New York American Water Company, Inc. v. Nassau County, et al., Index No.: 601499-2019 (Supreme Court, Nassau County). On May 30, 2019, New York American Water Company, Inc. ("NYAW") served the District with a Verified Complaint asserting the same arguments raised in the matter captioned **New York American Water Company, Inc. v. Nassau County, et al.** (Index No.: 601452-2018) as described hereinbelow for the 2018-2019 tax year. In June 2019, the parties stipulated that the District's time to answer or move with respect to the Verified Complaint will be held in abeyance and extended without date pending resolution of the case captioned **New York American Water Company, Inc. v. Nassau County, et al.**, Index No.: 601452-2018, and any and all appeals related thereto. A summary of the history and status of the foregoing matter is as follows:

New York American Water Company, Inc. v. Nassau County, et al., Index No.: 601452-2018 (Supreme Court, Nassau County). *New York American Water Company, Inc. ("NYAW") commenced an action against Nassau County, The Nassau County Department of Assessment, James Davis, Acting Assessor of Nassau County, the Nassau County Legislature, The Town of*

Oyster Bay, The Receiver of Taxes of Oyster Bay and The District by Verified Complaint. By its Complaint, NYAW seeks monetary damages, declaratory and injunctive relief based on alleged errors in assessment by the Nassau County Defendants in connection with the assessed value of the Glenwood Power Plant, which was allegedly reduced after certain demolition occurred between 2012 and 2015. NYAW alleges that the Nassau County Defendants erroneously determined and applied base proportions, class tax shares and tax rates in each of the taxing jurisdictions where the Glenwood Power Plant is located for the 2014-2015 tax year and all subsequent tax years under the provisions of Article 18 of the Real Property Tax Law. NYAW advances most of its claims against the Nassau County Defendants and a generic cause of action declaring that Chapter 191 of the Laws of 2001 unconstitutional. Of the seven causes of action asserted by NYAW, only one is squarely alleged as and against the District. NYAW seeks a refund of its alleged overpayments of property taxes from all of the Defendants, including the District, which NYAW contends were the direct result of the Nassau County Defendants' erroneous and illegal acts.

By notice of motion dated August 31, 2018, the District moved to dismiss the action asserted against the District as a matter of law on the following grounds: (1) NYAW failed to state a cause of action for which relief can be granted, including its failure to comply with the statutory condition precedent to filing a claim against the District under Section 3813(1) of the Education Law; (2) the District is not lawfully responsible for the actions for which NYAW complains and the assessment functions and alleged errors for which it complains are solely the responsibility of the Nassau County Defendants; (3) the District is not liable for any errors in assessment or refunds for such errors under the Nassau County Guaranty; (4) NYAW's action is otherwise time-barred. On February 14, 2019, (entered on February 15, 2019) the Supreme Court of Nassau County granted the District's motion to dismiss the action asserted against the District as a matter of law. The Court found that refunds could not be sought from the District based on the fact that the Nassau County Guaranty requires the County to refund any ad valorem levies that are judicially determined to have been invalidly imposed upon a property owner. The Court did not address any of the District's other arguments as outlined above. The Nassau County Defendants filed a notice of appeal of the Court's decision and order, naming the District as a Respondent. NYAW filed a notice of cross appeal, which also named the District as a Respondent. The appeal and cross-appeal were withdrawn by the Nassau County Defendants and Plaintiffs in December of 2019 and February of 2020, respectively. The matter between the Nassau County Defendants and Plaintiffs is pending before the Supreme Court of Nassau County.

New York American Water Company, Inc. v. Nassau County, et al., Index No.: 601518-2020 (Supreme Court, Nassau County). On June 3, 2020, New York American Water Company, Inc. ("NYAW") served the District with a Verified Complaint asserting the same arguments raised in the matter captioned **New York American Water Company, Inc. v. Nassau County, et al.** (Index No.: 601452-2018) for the 2019-2020 tax year. In June 2020, the parties stipulated that the District's time to answer or move with respect to the Verified Complaint will be held in abeyance and extended without date pending resolution of the case captioned **New York American Water Company, Inc. v. Nassau County, et al.**, Index No.: 601452-2018, and any and all appeals related thereto. A summary of the history and status of the foregoing matter is set forth herein above.

Long Island Power Authority/National Grid Tax Certiorari Proceedings

The Long Island Power Authority and National Grid initiated tax certiorari proceedings to challenge the property tax assessment of the Glenwood Landing Power Plant. The District is not a party to the tax certiorari proceedings. The Glenwood Landing Power Plant currently pays approximately \$17,294,103.00 in taxes to the District. Currently, approximately 19.57% of the District's tax levy emanates from the Power Plant generating site located within the District.

The District filed suit against Defendants, LIPA, National Grid and others in October 2013 alleging a breach of contract after LIPA and National Grid filed tax certiorari proceedings. **Board of Education of the North Shore Central School District v. Long Island Power Authority, et al., Supreme Court of Nassau County**, Index No.:012607-2013; later transferred to Suffolk County Supreme Court, Index No.: 605853-2018. In December of 2015, the Supreme Court of Nassau County denied a motion to dismiss the claims by National Grid and LIPA and sided with the District

in its case challenging LIPA's and National Grid's efforts to reduce the tax assessment of the Power Plant. A reduction in the school taxes paid by LIPA/National Grid would cause a shift in the tax burden to the classes of property owners within the District and could impact future budgets. The impact would be contingent upon the amount and structure of LIPA's/National Grid's property tax assessment reduction. Any award of back taxes payable to LIPA as a result of the tax certiorari proceedings would not be the responsibility of the District. The District and Defendants filed motions and cross motions for summary judgment in April of 2018. No decision has been issued by the Suffolk County Supreme Court on these motions in this matter as of this date.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, 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 Tax Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the 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 District and others in connection with the Bonds, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, 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.

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

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on such 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 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 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 District, in executing the Tax Certificate, will certify to the effect that the District 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 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 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective

investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

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

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

Owners of 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 Discount Bonds.

Bond Premium

In general, if an owner acquires an obligation for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the obligation after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that obligation (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a 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 Premium Bond). An owner of a 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 Premium Bond may realize a taxable gain upon disposition of the 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 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 Premium Bonds.

Information Reporting and Backup Withholding

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

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the 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) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the 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 approving legal opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto in Appendix D.

DISCLOSURE UNDERTAKING

In order to assist the purchaser 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 District will execute an Undertaking to Provide Continuing Disclosure for the Bonds, the form of which is attached hereto as Appendix E.

RATING

The District has applied to Moody's Investors Service, Inc. ("Moody's") for a rating on the Bonds. Such application is pending at this time.

On April 28, 2016, Moody's affirmed the District's credit rating of "Aa1".

Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from Moody's at the following address: Moody's Investors Service, 7 World Trade Center, 250

Greenwich Street, New York, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of the Bonds or the availability of a secondary market for the Bonds.

MUNICIPAL ADVISOR

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

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

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the District, its operations and the balances, receipts and disbursements of the various funds of the District are available for the public inspection at the business office of the District.

Additional information may be obtained from the Office of the Assistant Superintendent for Business, Ms. Olivia Buatsi, (516) 277-7815, or from the District's Financial Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 487-9817.

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

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 District nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the District 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 District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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 District assumes no obligation to update any such forward-looking statements. The

forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material.

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

NORTH SHORE CENTRAL SCHOOL DISTRICT

By: _____
Dave Ludmar
President of the Board of Education

DATED: May __, 2021

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APPENDIX A
THE DISTRICT

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THE DISTRICT

General Information

In 1953, the former Union Free School Districts of Glen Head, Glenwood Landing and Sea Cliff were centralized to form the North Shore Central School District. The District is located approximately 20 miles east of New York City on the north shore of Long Island, in the Towns of North Hempstead and Oyster Bay in Nassau County. As of 2019, the District had an estimated population of 16,648, living in an area of roughly 9 square miles.

The District is largely residential in character and contains some small shopping centers. The District's largest industrial taxpayer is the Long Island Power Authority, whose main generating plant is located in Glenwood Landing. LIPA's property accounts for a significant portion of the District's assessed valuation. (See "TAX INFORMATION – LIPA's Glenwood Landing Power Plant – Ramp Down of Operations" herein).

Public transportation in and around the District is provided by the Long Island Railroad and the Metropolitan Transportation Authority bus service. The District is also in close proximity to New York City's two major airports, JFK International and LaGuardia. Gas and electric services are furnished by LIPA, and water is supplied by the American Water. Hospital facilities available to residents include North Shore University Hospital, St. Francis Hospital and Long Island Jewish Hospital. Police protection is provided by the Nassau County Police Department, and fire protection is provided by two volunteer fire departments. In addition to these governmental services, District residents have access to various recreational facilities, including public libraries, parks, marinas, yacht clubs and country clubs.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education (the "Board"). Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board. Board members are generally elected for a term of three years.

In early July of each year, the Board meets for the purpose of reorganization. At that time, the Board elects a President and a Vice President, and appoints a District Clerk and District Treasurer.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, and the Assistant Superintendent for Business.

Financial Statements and Accounting Procedures

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. Such accounts are audited annually by independent auditors, and are available for public inspection upon request.

Budgetary Procedure

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. The District's budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property

taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See “*Tax Levy Limit Law*” herein.)

On June 9, 2020, a majority of the voters of the District approved the District’s budget for the 2020-2021 fiscal year. On May 18, 2021, the voters of the District will consider the District’s proposed budget for the 2021-2022 fiscal year. Summaries of the District’s Adopted and Proposed Budgets for the fiscal years 2020-21 and 2021-22 may be found in Appendix B, herein.

School Enrollment Trends

The following table presents the past and projected school enrollment for the District.

<u>School Enrollment Trends</u>			
<u>Fiscal Year</u>	<u>Actual Enrollment</u>	<u>Fiscal Year</u>	<u>Projected Enrollment</u>
2016-17	2,673	2021-22	2,561
2017-18	2,636	2022-23	2,558
2018-19	2,599	2023-24	2,565
2019-20	2,596	2024-25	2,572
2020-21	2,553	2025-26	2,593

Source: District records and estimates.

District Facilities

The District currently operates the following facilities:

<u>School Statistics</u>			
<u>Name</u>	<u>Capacity</u>	<u>Grades</u>	<u>Year Built/Rebuilt</u>
Glen Head School	454	K-5	1926, 1952, 1990, 2002
Glenwood Landing School	510	K-5	1929, 1952, 1990, 2001
Sea Cliff School	398	K-5	1911, 1928, 1990, 2001
North Shore Middle School	626	6-8	1956, 1962, 1990, 2000
North Shore High School	784	9-12	1955, 1990, 2001
Administration Building	N/A	N/A	1922, 1990
Bus Garage	N/A	N/A	1952
Transportation Facility	N/A	N/A	2008

Source: District Officials.

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Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expiration of various collective bargaining agreements are as follows.

Employees

<u>Number of Employees</u>	<u>Organization</u>	<u>Contract Expiration Date</u>
383	North Shore Schools Federated Employees	6/30/2020 ⁽¹⁾
43	North Shore Schools Federated Employees Secretarial Unit	6/30/2021 ⁽¹⁾
22	North Shore Schools Administrators Council	6/30/2020 ⁽¹⁾
33	United Public Service Employees Union	6/30/2020 ⁽¹⁾
32	North Shore Schools Cafeteria Workers Association	6/30/2020 ⁽¹⁾
34	North Shore Schools Part-Time Bus Drivers Association	6/30/2020 ⁽¹⁾
16	North Shore Schools Part-Time Cleaners	6/30/2020 ⁽¹⁾
149	North Shore Schools Paraprofessionals Association	6/30/2021 ⁽¹⁾
18	North Shore Schools Teaching Assistant Unit	6/30/2022

(1) In negotiations.

Employee Pension Benefits

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System (“TRS”). Employer pension payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System (“ERS”). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year’s full-time service contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, the Governor signed in to law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010 and before March 31, 2012. New ERS employees will now contribute 3% of their salaries and new TRS employees will contribute 3.5% of their salaries. There is no provision for these employee contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier 6 for employees hired after April 1, 2012. The new pension tier has progressive employee contribution rates between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee’s pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

Under current law, the employer pension payments for a given fiscal year are based on the value of the pension fund on the prior April 1 thus enabling the District to more accurately include the cost of the employer pension payment in its budget for the ensuing year. In addition, the District is required to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower payment possible. The annual employer pension payment is due on February 1 of each year.

Due to poor performance of the investment portfolio of TRS and ERS during the recent financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially. To help mitigate the impact of such increases, legislation was enacted that permitted school districts to amortize a portion of its annual employer pension payment to the ERS only. Under such legislation, school districts that choose to amortize were required to set aside and reserve funds with the ERS for certain future rate increases. The District has not amortized any of its employer pension payments pursuant to this legislation and expects to continue to pay all payments in full when due.

In addition, in Spring 2013, the State and TRS approved a Stable Contribution Option (“SCO”) that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). ERS followed suit and modified its existing ERS SCO. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts.

The TRS SCO deferral plan is available to school districts for up to 7 years. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five 21 years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%. The District has not amortized any of its employer pension payments as part of the SCO and expects to continue to pay all payments in full when due.

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan. The District is not participating in any SCO deferral plans.

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has created such a reserve fund for TRS contributions and as of June 30, 2020, it was funded at \$601,230.

Other Post Employment Benefits

The District 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 June 30, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

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

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

The District's total OPEB liability as of June 30, 2020 was \$173,458,137 using a discount rate of 2.21% and actuarial assumptions and other inputs as described in the District's June 30, 2020 audited financial statements.

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

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

Investment Policy Permitted Investments

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the District 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 District 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 District; (5) certificates of participation issued in connection with installments purchase contracts entered into 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 District pursuant to law, in obligations of the District.

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

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of revenues and expenditures for the five-year period ending June 30, 2020 is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

Real Property Taxes

The District derives the major portion of its revenues from a tax on real property (*See “Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund” in Appendix B, herein*). On June 24, 2011, Chapter 97 of the New York Laws of 2011 was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the District. (*See “The Tax Levy Limit Law,” herein*). Property taxes accounted for 93.2% of total general fund revenues for the fiscal year ended June 30, 2020, while State aid accounted for 5.0%.

The following table sets forth total general fund revenues and real property tax revenues during the last five audited fiscal years and the amount budgeted for the current and upcoming fiscal years.

Real Property Taxes

<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Total</u> <u>Revenues</u>	<u>Real Property</u> <u>Taxes⁽¹⁾</u>	<u>Real Property</u> <u>Taxes to</u> <u>Revenues</u>
2016	\$ 95,955,089	\$ 90,240,903	94.0%
2017	99,373,245	93,086,483	93.7
2018	100,154,993	93,218,318	93.1
2019	102,427,981	94,943,968	92.7
2020	104,369,794	97,277,819	93.2
2021 (Adopted Budget)	110,315,209	100,105,732	90.7
2022 (Proposed Budget)	111,641,018	101,475,038	90.9

- (1) Inclusive of PILOT payments and Other Real Property Tax Items, which represents STAR aid payments made to the District by the State. (*See “STAR – School Tax Exemption” herein*.)

Source: Audited Financial Statements and Adopted and Proposed Budgets. Summary itself is not audited.

State Aid

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the School Districts can be paid only if the State has such monies available for such payment.

The following table sets forth total general fund revenues and State aid revenues during the last five audited fiscal years, and State aid revenue budgeted for the current and upcoming fiscal years.

State Aid			
Fiscal Year <u>Ended June 30:</u>	Total <u>Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2016	\$ 95,955,089	\$ 4,738,517	4.9%
2017	99,373,245	5,056,797	5.1
2018	100,154,993	5,251,539	5.2
2019	102,427,981	5,194,162	5.1
2020	104,369,794	5,220,379	5.0
2021 (Adopted Budget)	110,315,209	5,322,877	4.8
2022 (Proposed Budget)	111,641,018	5,879,774	5.3

Source: Audited Financial Statements and Adopted and Proposed Budgets. Summary itself is not audited.

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will be required to take certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

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

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

In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the

State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2019-2020 Enacted Budget continued 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 allowed the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduced federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduced 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.

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

Litigation regarding apportionment of State aid. In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity ("CFE") v. State of New York* mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools - as initially proposed by the Governor and presented to the State Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislative reforms enacted in the wake of the decision in *Campaign for Fiscal Equity ("CFE") v. State of New York*, included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

Litigation is continuing however as a statewide lawsuit entitled *NYSER v. State of New York* has been filed recently on behalf of the State's public school students. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in *CFE v. State of New York*. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. On

June 27, 2017, the Court of Appeals ruled that NYSER's claims that students in New York City and Syracuse are being denied the opportunity for a sound basic education could go to trial and that NYSER could rely upon the CFE decision in its arguments. It is not possible to predict the outcome of this litigation.

Events Affecting New York School Districts

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years. However, as discussed below the COVID-19 outbreak has affected and is expected to continue to affect State aid to school district.

School district fiscal year (2015-2016): The State Legislature adopted the State budget on March 31, 2015. The budget included an increase of \$1.4 billion in State aid for school districts that was tied to changes in the teacher evaluation and tenure process.

School district fiscal year (2016-2017): The State Legislature adopted the State budget on March 31, 2016. The budget included an increase of \$991 million in State aid for school districts over the State's 2015-16 Enacted Budget, \$863 million of which consisted of traditional operating aid. In addition to the \$408 million of expense based aid, the State's 2016-17 Enacted Budget included a \$266 million increase in Foundation Aid and a \$189 million restoration to the Gap Elimination Adjustment. The majority of the remaining increase related to (\$100 million) Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

School district fiscal year (2017-2018): The State's 2017-18 Enacted Budget provided for school aid of approximately \$25.8 billion, an increase of \$1.1 billion in school aid spending from the State's 2016-17 Enacted Budget. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as was the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2018-2019): The State's 2018-2019 Enacted Budget provided for school aid of approximately \$26.7 billion, an increase of approximately \$1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as has the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State 2018-2019 Enacted Budget continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2019-2020): For the 2019-20 school year, the State's Enacted Budget included a total of \$27.9 billion for School Aid, a year-to-year funding increase of approximately \$1.2 billion. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education continued in full, as is the State's usual practice. Transportation aid increased by approximately 4.5% and building aid increased by approximately 3.7%. The State 2019-2020 Enacted Budget continued to link school aid increases for 2019-2020 and 2020-2021 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget is 3.7 percent lower than in the State's 2019-2020 Enacted Budget but is offset in part with increased Federal support. This reduction in State Operating Funds support will be offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 is expected to total \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted

Budget continues prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provides over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid is continued under existing aid formulas. Out-year growth in School Aid reflects current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorizes the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "*State Aid*" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget and recent releases by the State regarding the projected revenue shortfalls in such budget.

School district fiscal year (2021-2022): For the 2021-2022 school year, the State's Enacted budget provides \$29.5 billion in State funding to school districts for the 2021-2022 school year through School Aid, the highest level of State aid ever, supporting the operational costs of school districts that educate 2.5 million students statewide. This investment represents an increase of 11.3% (\$3.0 billion) compared to the 2020-2021 school year, including a \$1.4 billion (7.6%) Foundation Aid increase. The Enacted budget would allocate \$13 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, will help schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The Budget allocates \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the Budget uses \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-2022 school year.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the remainder of the current fiscal year or in future fiscal years. However, the District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Market Factors Affecting Financing of the State and School Districts of the State*" herein).

Gap Elimination Aid: The State provides annual State aid to school districts in the State, including the District, on the basis of various formulas. Due to the State's own budgetary crisis in 2009 and to assist the State in mitigating the impacts of its own revenue shortfall, the State reduced the allocation of State aid to school districts as part of a program known as the Gap Elimination Adjustment ("GEA"). The GEA was a negative number (funds that were deducted from the State aid originally due to the District under existing State aid formulas). The District's State aid was reduced as a result of the GEA program starting in 2009. Subsequent State budgets decreased the amount of the GEA deduction and the Adopted Budget for the State's 2016-2017 fiscal year included the elimination of the remaining balance of the GEA.

The Smart Schools Bond Act (the "SSBA") was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to financed improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The SSBA requires that a Review Board review and approve districts' Smart Schools Investment Plan before any funds may be made available for the program.

General Fund Operations

Appendix B sets forth the General Fund operations for the last five fiscal years which are derived from the District's General Purpose Financial Statements on file in the Superintendent's office.

Other Revenues

In addition to property taxes and State aid, the District receives other revenues from miscellaneous sources as shown in Appendix B.

Independent Audits

The District retains the firm of R. S. Abrams & Company, LLP to audit its financial statements. Appendix B to the Official Statement presents excerpts from the District's most recent audited reports covering the last five fiscal years. In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. The link to the District's General Purpose Financial Statements for the fiscal year ended June 30, 2020 are available upon request to the District's Financial Advisor.

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

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

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

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

The financial affairs of the District are subject to periodic compliance reviews by OSC to ascertain whether the District has complied with the requirements of various State and federal statutes. The last audit conducted by OSC was released on July 21, 2017. The purpose of the audit was to review the District's fuel inventory procedures for the period July 1, 2015 through December 31, 2016. The complete report can be obtained from OSC's website.

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

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TAX INFORMATION

Real Property Tax Assessments and Rates

The following table sets forth the assessed and full valuation of taxable real property, the District’s real property tax levy and rates of tax per \$1,000 assessed valuation.

Real Property Tax Assessment and Rates

Town of North Hempstead

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Value	\$1,391,487	\$1,384,104	\$1,397,652	\$1,393,699	\$1,179,097
Equalization Rate	0.25%	0.23%	0.21%	0.17%	N/A
Full Value	556,594,800	601,784,348	665,548,571	819,822,941	N/A
Tax Levy	15,017,319	14,868,281	15,630,950	15,450,542	15,642,243
Tax Rate ⁽¹⁾	10,792.28	10,742.17	11,183.72	11,086.00	13,266.29

Town of Oyster Bay

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Value	\$10,132,407	\$9,884,700	\$9,862,729	\$9,456,793	\$5,656,805
Equalization Rate	0.24%	0.22%	0.21%	0.17%	N/A
Full Value	4,221,836,250	4,493,045,455	4,696,537,619	5,562,819,412	N/A
Tax Levy	69,480,772	69,620,294	70,455,596	72,900,188	75,389,461
Tax Rate ⁽¹⁾	6,857.28	7,043.24	7,143.62	7,708.76	13,327.22

Total Assessed Value	\$11,523,894	\$11,268,804	\$11,260,381	\$10,850,492	\$6,835,902
Total Levy	84,498,091	84,488,575	86,086,546	88,350,730	91,031,704
Total Full Value	4,778,431,050	5,094,829,803	5,362,086,190	6,382,642,353	N/A

(1) Per \$1,000 Assessed Value.

Source: New York State Department of Real Property Services and District Officials.

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. (See, however, “*Tax Levy Limit Law*” herein).

The Tax Levy Limit Law

Chapter 97 of the New York Laws of 2011, as amended, (herein referred to as the “*Tax Levy Limit Law*” or “*Law*”) modified previous law by imposing a limit on the amount of real property taxes that a school district may levy.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district could either have presented a revised budget for voter approval or adopted a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year’s budget or one hundred twenty percent (120%) of the consumer price index (“CPI”).

Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be

required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures (such as the Bonds) and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

Tax Collection Procedure

In Nassau County, property taxes for the school districts are levied by the County, and are collected by the town tax receivers. Such taxes are due and payable in equal installments on October 1 and April 1, but may be paid without penalty by November 10 and May 10, respectively. The town tax receiver pays to each school district the amounts collected therefore on the first day of each month from October 1 to June 1. Penalties on unpaid taxes are 1% per month from the date such taxes are due and payable. A 1% discount for prepayment of second half taxes is given if received by November 10. Any such discount is a town charge.

On or before June 1, the town tax receiver files a report of any uncollected school district taxes with the County. Pursuant to the Nassau County Administrative Code, the County thereafter on or before June 15 is required to pay to each school district the amount of its uncollected taxes. Thus, each school district should receive its full levy prior to the end of its fiscal year. However, in recent years, this has not always been the case as some of these payments have been delayed.

As a result of the COVID-19 outbreak, the Governor issued an Executive Order that extended the deadline to pay the second installment of school district property taxes until June 1, 2020, without interest or penalty. The Governor issued a second Executive Order that extended the deadline to pay the first installment of school district property taxes until December 1, 2020, without interest or penalty. Such extension did not result in a delay in the receipt of taxes collected and paid to school districts by the town tax receiver and by the County in accordance with the procedures set forth above. These extensions have not resulted in any delays in receipt of taxes for the District.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of \$86,000 or less, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first \$65,300 for the 2016-17 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$500,000 are eligible for a \$30,000 "full value" exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year,

and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The State 2017-18 Enacted Budget includes changes to Chapter 60. STAR checks are now expected to be mailed out prior to the date that school taxes are payable. The amount of the check will be based on the previous year's amount adjusted by the levy growth factor used for the property tax cap. Any changes that must be made based on the final STAR credit compared to the estimate used will be factored into the subsequent year's STAR credit check or taxpayers also may account for those changes in their State income taxes.

The 2019-2020 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage home owners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount of the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

Approximately 3.52% of the District's 2019-2020 school tax levy was exempted by the STAR program and the District received full reimbursement of such exempt taxes from the State. Approximately 3.42% of the District's 2020-2021 school tax levy (after adjustment for the Long Island Power Authority PILOT payments) will be exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2020. (See "State Aid" herein).

Ten of the Largest Taxpayers

The following table presents the taxable assessments of ten of the District's largest taxpayers for the 2020-2021 fiscal year.

<u>Taxable Assessments</u>			
<u>Taxpayer Name</u>	<u>Nature of Business</u>	<u>Total Assessed Valuation</u>	<u>% of Assessed Valuation⁽¹⁾</u>
Keyspan Gas East Corp	Utility	\$1,095,657	10.10%
Long Island Power Authority	Utility	216,002	1.99
Sea Cliff Water Company	Utility	209,817	1.93
Knolls Glen Head Owner Corp	Cooperative Apts	204,469	1.88
Aumont Holdings LLC	Commercial	86,301	0.79
Global Companies LLC	Commercial	51,695	0.48
Engineer's Country Club	Country Club	47,666	0.44
Cedarbrook Holdings LLC	Country Club	42,138	0.39
Villadco Inc	Commercial	39,010	0.36
Verizon New York Inc	Utility	<u>32,343</u>	<u>0.30</u>
	Totals	<u>\$2,025,098</u>	<u>18.66%</u>

(1) The District's total assessed value for the 2019-2020 fiscal year is \$10,850,492.

LIPA's Glenwood Landing Power Plant – Ramp Down of Operations

In June 2012, one of the District's largest taxpayers, the Long Island Power Authority ("LIPA"), began ramping down operations at its North Shore steam generating power plant located in Glenwood Landing in the District (the "Glenwood Plant"). The closure of the Glenwood Plant resulted in a reduction of approximately 30% in the assessed value of Class 3 properties (utilities) located in the District. According to District officials, class three

properties currently pay approximately \$18.3 million in taxes and \$7 million in PILOTs to the District. Other Class 3 properties (utilities), mostly consisting of other properties owned by LIPA and its subsidiaries, will be mainly responsible for the increased tax burden due to the decrease in the District's total assessed valuation. Other classes of property, including residential and commercial properties, will be minimally impacted by the reduction in the District's total assessed valuation.

DISTRICT INDEBTEDNESS

Constitutional and Statutory Requirements

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

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

Payment and Maturity Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted; indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the period of probable usefulness of the object or purpose determined by statute or the weighted average maturity of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District 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, bond anticipation notes and capital notes.

General. The District 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 power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in such law. (See "*The Tax Levy Limit Law*" herein).

Statutory Procedure

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

The Board of Education, as the finance board of the District, has the power to enact tax anticipation note resolutions. Such resolutions may authorize the issuance of tax anticipation notes in an aggregate principal amount necessary to fund anticipated cash flow deficits but in no event exceeding the amount of real property taxes levied or to be levied by the District, less any tax anticipation notes previously issued and less the amount of such taxes, previously received by the District.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 for construction costs until the plans and specification for such project have been approved by the Commissioner of Education of the State.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, stops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. It is a procedure that is generally recommended by Bond Counsel, but it is not an absolute legal requirement.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Bonds. However, such finance board may delegate the power to sell the Bonds to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate amount thereof shall not exceed ten per centum of the full valuation of taxable real estate of the District and subject to certain enumerated exclusions and deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation consists of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ration is 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 by such authority.

Statutory Debt Limit and Net Indebtedness

The debt limit of the District is \$638,264,235 as of May 13, 2021. This is calculated by taking 10% of the current full value of the District.

Statutory Debt Limit and Net Indebtedness

Full Valuation of Taxable Real Property		\$6,382,642,353
Debt Limit (10% of Full Valuation)		638,264,235
Outstanding Indebtedness ⁽¹⁾ (Principal Only):		
Bonds	\$17,300,000	
Bond Anticipation Notes	0	
Gross Indebtedness		17,300,000
Less Exclusion for Estimated Building Aid ⁽²⁾		0
Total Net Indebtedness		17,300,000
Net Debt-Contracting Margin		\$ 620,964,235
Percentage of Debt-Contracting Margin Exhausted		2.71%

- (1) Tax and revenue anticipation notes and operating leases are not included in the computation of gross indebtedness.
- (2) The District anticipates that it will receive State Aid on a portion of existing indebtedness contracted for school building purposes pursuant to Section 121.20 of the Local Finance Law. However, since the District has not applied for a building aid exclusion certificate from the Commissioner of Education, the District may not exclude such portion from the gross indebtedness. State aid for building purposes is currently estimated by District officials at 10% of the District's applicable outstanding indebtedness.

Bond Anticipation Notes

The District currently has no outstanding bond anticipation notes.

Tax Anticipation Notes

In common with other school districts in the State, the District finds it necessary to borrow in anticipation of the receipt of its tax levy. In the past, the District has paid all notes on their due date. The following is a history of the District's tax anticipation note borrowing during the last five fiscal years.

Borrowing History

<u>Fiscal Year Ended June 30:</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Maturity Date</u>
2017	10/05/2016	\$5,000,000	06/22/2017
2018	10/05/2017	5,000,000	06/21/2018
2019	09/27/2018	5,000,000	06/26/2019
2020	09/10/2019	5,000,000	06/25/2020
	04/02/2020	3,000,000	05/01/2020
2021	09/25/2020	9,000,000	06/24/2021
	11/09/2020	1,500,000	12/11/2020

Source: Audited Financial Statements of the District. Summary itself is not audited.

Trend of Outstanding Indebtedness

Direct Capital Indebtedness Outstanding

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds:	\$31,076,259	\$28,235,000	\$25,185,000	\$22,105,000	\$19,745,000
Bond Anticipation Notes:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>\$31,076,259</u>	<u>\$28,235,000</u>	<u>\$25,185,000</u>	<u>\$18,410,000</u>	<u>\$19,745,000</u>

Source: Audited Financial Statements of the District. Summary itself is not audited.

Direct and Overlapping Indebtedness

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total values. The following table presents the amount of overlapping and underlying debt and the District's share of this debt. 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>District Share</u>	<u>Amount Applicable To District</u>
Nassau County	\$3,029,044,000	02/17/21	2.41%	\$ 72,999,960
North Hempstead Town	282,936,109	03/04/21	2.78	7,865,624
Oyster Bay Town	526,358,009	02/16/21	6.63	34,897,536
Old Brookville Village	3,135,649	05/31/20	20.00	627,130
Sea Cliff Village	2,217,800	05/31/20	100.00	<u>2,217,800</u>
Total Net Overlapping Debt				118,608,050
Total Net Direct Debt				<u>17,300,000</u>
Net Direct and Overlapping Debt				<u>\$135,908,050</u>

Source: Data provided by County, Town and Village officials and the Comptroller's Special Report on Municipal Affairs.

Debt Ratios

The following table sets forth certain debt ratios relating to the District's direct and overlapping indebtedness:

	<u>Debt Ratios</u>		
	<u>Amount</u>	<u>Per Capita⁽¹⁾</u>	<u>Percentage of Full Value⁽²⁾</u>
Net Direct Debt	\$ 17,330,000	\$ 1,041	0.27%
Net Direct and Overlapping Debt	135,908,050	8,164	2.13

(1) The population of the District is estimated to be approximately 16,648 by District officials.

(2) The District's full value of taxable real property for fiscal year 2019-2020 is \$6,382,642,353.

Authorized but Unissued Debt

On December 12, 2019, the District adopted a bond resolution authorizing the issuance of \$39,899,786 bonds for the construction of improvements and alterations to District buildings and sites. The Bonds are being issued pursuant to this resolution.

Debt Service Schedule

The following table sets forth the debt service requirements to maturity on the District's outstanding bonded indebtedness, exclusive of the Bonds and refunded bonds.

<u>Bond Principal and Interest Maturity</u>			
Fiscal Year			
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021 ⁽¹⁾	\$ 2,445,000	\$ 506,150	\$ 2,951,150
2022	2,520,000	424,360	2,944,360
2023	2,595,000	349,361	2,944,361
2024	1,925,000	296,472	2,221,472
2025	1,965,000	256,625	2,221,625
2026	1,370,000	222,025	1,592,025
2027	1,410,000	186,600	1,596,600
2028	1,445,000	143,775	1,588,775
2029	1,490,000	99,750	1,589,750
2030	1,530,000	54,450	1,584,450
2031	<u>1,050,000</u>	<u>15,750</u>	<u>1,065,750</u>
Total	<u>\$19,745,000</u>	<u>\$2,555,318</u>	<u>\$22,300,318</u>

(1) For the entire fiscal year.

Source: Audited Financial Statements of the District. Summary itself is not audited.

Energy Performance Contract

The following table shows the debt service requirements to maturity on the District's outstanding energy performance contract.

Energy Performance Contract
Principal and Interest Maturity Table

Fiscal Year	Principal	Interest	Total
<u>Ending June 30</u>			
2021 ⁽¹⁾	\$ 322,139	\$ 61,371	\$ 383,510
2022	334,188	49,322	383,510
2023	346,688	36,822	383,510
2024	359,655	23,855	383,510
2025	<u>373,109</u>	<u>10,402</u>	<u>383,511</u>
Total	<u>\$1,735,779</u>	<u>\$ 181,772</u>	<u>\$1,917,551</u>

(1) For the entire fiscal year.

Source: Audited Financial Statements of the District. Summary itself is not audited.

ECONOMIC AND DEMOGRAPHIC DATA

Largest Employers

Major Employers in District

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
AHRC	School	28
Brookville Country Club	Country Club	53
First National Bank of Long Island	Bank	103
Glen Head Country Club	Country Club	50-60
Halm Industries Co. Inc	Printing	75
Incorporated Village of Sea Cliff	Municipality	67
North Shore CSD	School	687
North Shore Country Club	Country Club	50
Swan Club	Catering Hall	70
Waldbaums	Food Market	77

Source: Metro New York Directory of Manufacturers.

Population

In past years, population of the Towns, County and State, in which the District is situated, has shown the following trends.

Population Trend

	<u>2010</u>	<u>2018</u>	<u>% Change</u> <u>2010/2018</u>
North Hempstead Town	226,322	230,241	1.7%
Oyster Bay Town	293,214	297,531	1.5
County	1,339,532	1,356,564	1.3
State	19,378,102	19,542,209	0.8

Source: U.S. Census Bureau.

Income

The following table presents per capita and median household money income for the Towns, County and State. Data provided for the Towns, County and State is not necessarily representative of the District.

Median Household Income

	<u>2010</u>	<u>2018</u>	<u>% Change</u> <u>2010/2018</u>
North Hempstead Town	\$104,264	\$117,750	12.9%
Oyster Bay Town	104,917	124,828	19.0
County	90,294	111,240	23.2
State	49,781	65,323	31.2

Source: U.S. Census Bureau.

Employment and Unemployment

The following tables provide information concerning employment and unemployment in the Towns, County, and State. Data provided for the Towns, County and State is not necessarily representative of the District.

Civilian Labor Force

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Town of North Hempstead	113,100	114,200	114,300	114,800	112,700
Town of Oyster Bay	154,600	155,600	155,900	156,700	153,900
County	700,100	705,700	705,600	708,300	698,900
State	9,527,000	9,549,000	9,511,200	9,507,100	9,289,200

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

Unemployment rates are not compiled for the District, but are available for the Towns, County and State. The following Table is not necessarily representative of the District.

Yearly Average Unemployment Rates

<u>Year</u>	<u>Town of North Hempstead</u>	<u>Town of Oyster Bay</u>	<u>County</u>	<u>State</u>
2016	3.7%	3.7%	4.0%	4.9%
2017	3.7	3.8	4.1	4.6
2018	3.3	3.3	3.5	4.1
2019	3.1	3.1	3.3	3.8
2020	7.8	7.8	8.4	10.0

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

Monthly Unemployment Rates

<u>Month</u>	<u>Town of North Hempstead</u>	<u>Town of Oyster Bay</u>	<u>County</u>	<u>State</u>
April 2020	15.8%	16.8%	17.1%	16.2%
May	12.0	12.6	13.2	15.7
June	12.1	12.2	13.0	14.8
July	12.0	11.9	12.8	14.8
August	9.1	9.0	9.8	11.6
September	6.3	6.1	6.8	9.9
October	5.7	5.3	6.1	8.3
November	5.4	5.2	5.9	8.3
December	5.3	5.2	5.8	8.5
January 2021	5.9	5.6	6.3	9.4
February	6.4	6.1	6.7	9.7
March	5.5	5.4	5.9	8.5

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

FINANCIAL STATEMENT SUMMARIES

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North Shore Central School District, New York
Statement of Budgeted Revenues and Expenses
General Fund
Fiscal Year Ending June 30:

	<u>ADOPTED</u> <u>2020-2021⁽²⁾</u>	<u>PROPOSED</u> <u>2021-2022⁽²⁾</u>
Revenues		
Real Property Taxes	\$ 91,031,704	\$ 92,337,256
PILOTs	9,074,028	9,137,782
State Sources	5,322,877	5,879,774
Miscellaneous	1,544,184	1,756,044
Tuition and Fees	500,000	550,000
Appropriated Fund Balance	<u>2,842,416</u>	<u>1,980,162</u>
 Total Revenues	 <u><u>\$ 110,315,209</u></u>	 <u><u>\$ 111,641,018</u></u>
 Expenditures		
General Support	\$10,344,401	\$10,343,681
Instruction	65,467,206	66,011,102
Transportation	2,786,441	2,701,054
Community Services	33,500	33,500
Employee Benefits	26,988,112	27,574,454
Debt Service	<u>4,695,549</u>	<u>4,977,228</u>
 Total Expenditures	 <u><u>\$110,315,209</u></u>	 <u><u>\$111,641,018</u></u>

(1) Approved by voters of the District on May 21, 2019.

(2) To be considered by voters of the District on May 18, 2021.

Sources: Adopted and Proposed Budgets of the District.

**North Shore Central School District, New York
Consolidated Balance Sheet
General Fund
Fiscal Year Ending June 30:**

	<u>2019</u>	<u>2020</u>
Assets		
Unrestricted Cash	\$17,775,136	\$20,873,044
Restricted Cash	16,329,387	12,361,965
State and Federal Aid Receivable	602,955	606,791
Due from Other Funds	910,256	1,758,892
Due from Other Governments	1,102,371	1,163,235
Accounts Receivable	31,102	5,735
Taxes Receivable	2,106,666	3,483,369
	<u> </u>	<u> </u>
Total Assets	<u><u>\$38,857,873</u></u>	<u><u>\$40,253,031</u></u>
Liabilities and Fund Equity		
Liabilities		
Accounts Payable	\$1,022,104	\$655,187
Accrued Liabilities	798,753	1,330,871
Due to Other Funds	30,607	3,265,039
Due to Other Governments	939,371	1,163,217
Due Teachers' Retirement System	5,438,683	4,661,419
Due Employees' Retirement System	506,106	564,878
Collections in Advance	500	500
	<u> </u>	<u> </u>
Total Liabilities	<u><u>\$8,736,124</u></u>	<u><u>\$11,641,111</u></u>
Deferred Inflows of Resources		
Deferred revenues	2,348,922	2,373,338
Unavailable revenue	286,731	286,731
	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u><u>2,635,653</u></u>	<u><u>2,660,069</u></u>
Fund Balance		
Nonspendable	0	0
Restricted	16,328,323	12,361,965
Assigned	6,845,774	9,342,401
Unassigned	4,311,999	4,247,485
	<u> </u>	<u> </u>
Total Fund Balance	<u><u>\$27,486,096</u></u>	<u><u>\$25,951,851</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$38,857,873</u></u>	<u><u>\$40,253,031</u></u>

Source: Audited Financial Statements of the District. Summary itself is not audited.

North Shore Central School District, New York
Consolidated Statement of Revenues, Expenses and Fund Balances
General Fund
Fiscal Year Ending June 30:

	2016	2017	2018	2019	2020
Revenues					
Real Property Taxes	\$77,971,864	\$80,620,530	\$80,683,496	\$82,368,546	\$85,342,578
STAR Reimbursement	0	0	0	0	0
Other Tax Items	12,269,039	12,465,953	12,534,822	12,575,422	11,935,241
Charges for Services	315,836	461,494	611,657	872,508	717,214
Use of Money and Property	117,595	131,421	318,075	737,513	612,611
Sales of Property and Comp. for Loss	53,706	32,181	94,094	30,840	29,890
Federal Sources	11,135	0	0	2,125	0
Miscellaneous	477,397	595,260	653,940	639,062	488,615
Medicaid Reimbursement	0	9,609	7,370	7,803	23,266
State Aid	4,738,517	5,056,797	5,251,539	5,194,162	5,220,379
Total Revenues	95,955,089	99,373,245	100,154,993	102,427,981	104,369,794
Other Sources					
Operating Transfer In	0	49,253	0	0	0
Total Revenues and Other Sources	\$95,955,089	\$99,422,498	\$100,154,993	\$102,427,981	\$104,369,794
Expenditures					
General Support	\$8,992,036	\$8,913,227	\$9,191,801	\$9,936,847	\$10,443,744
Instruction	55,199,567	57,726,020	59,551,145	60,286,376	60,354,150
Pupil Transportation	2,595,445	2,634,882	2,461,827	2,332,367	2,237,345
Community Services	25,196	18,205	41,188	46,194	36,813
Employee Benefits	22,002,965	22,743,713	23,494,070	24,767,523	24,535,901
Debt Service	33,439	38,413	41,008	79,533	49,392
Total Expenditures	88,848,648	92,074,460	94,781,039	97,448,840	97,657,345
Other Uses					
Operating Transfers Out	5,786,223	5,357,101	8,673,531	4,895,465	8,246,694
Total Expenditures and Other Uses	\$94,634,871	\$97,431,561	\$103,454,570	\$102,344,305	\$105,904,039
Excess (Deficit) Revenues & Other Sources					
Over Expenditures and Other Uses	\$1,320,218	\$1,990,937	(\$3,299,577)	\$83,676	(\$1,534,245)
Other Changes in Fund Balance					
Inc (Dec) Prior Period Adjustment	0	0	0	0	0
Net Increase (Decrease)	\$1,320,218	\$1,990,937	(\$3,299,577)	\$83,676	(\$1,534,245)
Fund Balance - Beginning of Year	\$27,390,842	\$28,711,060	\$30,701,997	\$27,402,420	\$27,486,096
Balance End of Fiscal Year	\$28,711,060	\$30,701,997	\$27,402,420	\$27,486,096	\$25,951,851

Source: Audited Financial Statements District. Summary itself is not audited.

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APPENDIX C
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

**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/P11532154.pdf>

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

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

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APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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

June 8, 2021

The Board of Education of
the North Shore Central School District, in the
County of Nassau, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the North Shore Central School District (the “School District”), in the County of Nassau, New York, a school district of the State of New York, in connection with the authorization, sale, and issuance of the \$15,245,490 School District Serial Bonds-2021 (the “Bonds”), dated and delivered on the date hereof.

We have examined a record of proceedings relating to the Bonds for purposes of this opinion. 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 upon 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 School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon without limitation as to rate or amount. 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. Bond Counsel further is of the opinion that, for any Bonds having original issue discount (a “Discount Bond”), original issue discount that has accrued and is properly allocable to the owners of the 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 Bonds.

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

requirements relating to the use and expenditure of proceeds of the 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 School District 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 School District 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 School District'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 School District 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 District, 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 DISCLOSURE UNDERTAKING

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UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

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

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

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

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

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

“Issuer” shall mean the North Shore Central School District, in the County of Nassau, a school district 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 respective Certificates of Award, executed by the President of the Board of Education as of May 25, 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 **\$15,245,490 School District Serial Bonds-2021**, dated June 8, 2021, maturing in various principal amounts on June 1 in each of the years 2022 to 2036, inclusive, and delivered on the date hereof.

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

- (i) no later than six (6) months following the end of each fiscal year, commencing with the fiscal year ending June 30, 2021, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information no later than six (6) months following the end of

each fiscal year, and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided, 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 material 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 DISTRICT,” “FINANCIAL FACTORS,” “TAX INFORMATION,” “DISTRICT 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 New York State regulatory requirements or GAAP as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm.

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 (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 **June 8, 2021**.

NORTH SHORE CENTRAL SCHOOL DISTRICT

By _____
President of the Board of Education
and Chief Fiscal Officer