

PRELIMINARY OFFICIAL STATEMENT DATED JULY 20, 2021

**NEW ISSUES
BOOK-ENTRY-ONLY BONDS**

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

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, (i) interest on the Bonds and the Series A Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds and the Series A Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. Interest on the Series B Notes is included in gross income for federal income tax purposes pursuant to the Code. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Bonds and the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters for the Bonds and the Series A Notes" and "Tax Matters for the Series B Notes" herein.

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

**TOWN OF RIVERHEAD
SUFFOLK COUNTY, NEW YORK**

\$7,948,000*

**PUBLIC IMPROVEMENT (SERIAL) BONDS, 2021 SERIES A
(the "Bonds")**

Dated: Date of Delivery

Due: August 1, 2022 – 2036

\$2,900,000

**BOND ANTICIPATION NOTES, 2021 SERIES A
(the "Series A Notes")**

Date of Issue: August 17, 2021

Maturity Date: August 17, 2022

\$2,100,000

**BOND ANTICIPATION NOTES, 2021 SERIES B (FEDERALLY TAXABLE)
(the "Series B Notes" and together with the Series A Notes, the "Notes")**

Date of Issue: August 17, 2021

Maturity Date: August 17, 2022

The Bonds and the Notes are general obligations of the Town of Riverhead, Suffolk County, New York (the "Town"), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds and the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to applicable statutory limitations. (See "Nature of Obligation" and "Tax Levy Limitation Law" herein).

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on August 1, 2022, and semiannually thereafter on February 1 and August 1 in each year until maturity. The Bonds shall mature on August 1 in each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to redemption prior to maturity. (See "Optional Redemption" herein).

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

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

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

DTC will act as Securities Depository for the Bonds and for those Notes issued as book-entry notes. Individual purchases of such Bonds and Notes may be made in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof, except for one necessary odd denomination in the first maturity of the Bonds which is or includes \$8,000. Purchasers will not receive certificates representing their ownership interests in the Bonds and said Notes issued as book-entry notes. Principal of and interest on the Bonds and said Notes will be paid in Federal Funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Bonds and said Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "Book-Entry-Only System" herein.)

The Bonds and the Notes are offered when, as and if issued and received by the purchaser subject to the receipt of the respective final approving opinions of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds and the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey or as otherwise agreed with the purchaser on or about August 17, 2021.

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

Dated: July __, 2021

*Preliminary, subject to change.

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

The Bonds will mature on August 1 in the years and amounts as set forth below and are subject to optional redemption prior to maturity:

<u>Date</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>	<u>Date</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>
2022	\$388,000	%	%		2030**	\$575,000	%	%	
2023	405,000				2031**	585,000			
2024	430,000				2032**	595,000			
2025	450,000				2033**	605,000			
2026	470,000				2034**	615,000			
2027	495,000				2035**	630,000			
2028	520,000				2036**	640,000			
2029	545,000								

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

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

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

**TOWN OF RIVERHEAD
SUFFOLK COUNTY, NEW YORK**

**HONORABLE YVETTE AGUIAR
Supervisor**

TOWN BOARD

Timothy Hubbard..... Councilman
Catherine Kent Councilwoman
Frank Beyrodt Councilman
Kenneth Rothwell Councilman

William J. Rothaar Financial Administrator
Caitlin Buthmann Deputy Financial Administrator
Diane Wilhelm Town Clerk
Laurie Zaneski Receiver of Taxes
Robert F. Kozakiewicz..... Town Attorney

BOND COUNSEL

**Orrick, Herrington & Sutcliffe LLP
New York, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(516) 487-9818**

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

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OFFICIAL STATEMENT
TOWN OF RIVERHEAD
SUFFOLK COUNTY, NEW YORK

relating to

\$7,948,000*
PUBLIC IMPROVEMENT (SERIAL) BONDS, 2021 SERIES A

\$2,900,000
BOND ANTICIPATION NOTES, 2021 SERIES A

and

\$2,100,000
BOND ANTICIPATION NOTES, 2021 SERIES B (FEDERALLY TAXABLE)

This Official Statement (the “Official Statement”), which includes the cover pages and appendices hereto, presents certain information relating to the Town of Riverhead in the County of Suffolk, in the State of New York (the “Town,” “County,” and “State,” respectively), in connection with the sale of \$7,948,000* Public Improvement (Serial) Bonds, 2021 Series A (the “Bonds”), \$2,900,000 Bond Anticipation Notes, 2021 Series A (the “Series A Notes”) and \$2,100,000 Bond Anticipation Notes, 2021 Series B (Federally Taxable) (the “Series B Notes” and, together with the Series A Notes, the “Notes”).

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

THE BONDS

Description of the Bonds

The Bonds will be dated their Date of Delivery, will bear interest from such date payable August 1, 2022, and semiannually thereafter on each February 1 and August 1 until maturity and will mature on August 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. (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”), Jersey City, New Jersey. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof, except for one necessary odd denomination in the first maturity, which is or includes \$8,000. Purchasers will not receive certificates representing their ownership interest in the Bonds.

*Preliminary, subject to change.

Principal of and interest on the Bonds will be made by the Town 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 Town referred to therein.

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

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the Town Law, the Local Finance Law, and various bond resolutions adopted by the Town Board on their respective dates for the objects or purposes listed below. Proceeds from the sale of the Bonds will be used to provide original financing for such purposes.

<u>Purpose</u>	<u>Adoption Date</u>	<u>Amount Authorized</u>	<u>Amount to Bonds</u>
Wellhead Treatment for Removal of Manganese at Plant 5 Site on Middle Road	03/19/2019	\$ 6,000,000	\$3,600,000
Test Well Program	05/07/2019	724,000	724,000
Rehabilitation of Plant No. 4	05/07/2019	1,100,000	1,100,000
Interior and Exterior Painting of Plant No. 10 Water Tank	12/01/2020	1,800,000	1,800,000
Improvements to the Various Parking Lots of the Riverhead Public Parking District	04/06/2021	<u>725,917</u>	<u>724,000</u>
	Totals:	<u>\$10,349,917</u>	<u>\$7,948,000</u>

THE NOTES

Description of the Notes

The Notes are general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein). The Notes will be dated and will mature, without option of prior redemption, as stated on the cover page hereof.

The Town will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The Town’s contact information is as follows: William J. Rothaar, CPA, Financial Administrator, 1295 Pulaski Street, Riverhead, NY 11901, Phone: (631) 727-3200 x620, Email: rothaar@townofriverheadny.gov.

Authority for and Purpose of the Series A Notes

The Series A Notes are issued pursuant to the Constitution and Laws of the State, including, among others, the Town Law, the Local Finance Law, and a bond resolution adopted by the Town Board on August 4, 2020 to pay the cost of the acquisition of parcels of land and demolition of existing structures at 117, 121 and 126 East Main Street. Proceeds from the sale of the Series A Notes will be used to provide original financing for this purpose.

Authority for and Purpose of the Series B Notes

The Series B Notes are issued pursuant to the Constitution and Laws of the State, including, among others, the Town Law, the Local Finance Law, and a bond resolution adopted by the Town Board on August 4, 2020 to pay the cost of the acquisition of parcels of land and demolition of existing structures at 117, 121 and 126 East Main Street. Proceeds from the sale of the Series B Notes will be used to provide original financing for this purpose.

THE BONDS AND THE NOTES

Optional Redemption

The Bonds maturing on or before August 1, 2029 will not be subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2030 will be subject to redemption prior to maturity at the option of the Town, 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) on any date on or after August 1, 2029 at par, plus accrued interest to the date of redemption.

If less than all of the Bonds of any maturity are to be redeemed, the particular bonds of such maturity redeemed shall be selected by lot in any customary manner of selection as determined by the Town. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date (See “Book-Entry-Only System” for additional information concerning redemptions).

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

Book-Entry-Only System

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

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC’s records. The ownership interest of each actual purchaser of each bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates

representing their ownership interests in the Bonds and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

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

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

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

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

Principal and interest payments on the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE TOWN TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT

WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS.

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

NATURE OF OBLIGATION

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

Holders of any series of bonds or notes of the Town may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds and the Notes will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Town has power and statutory authorization to levy ad valorem taxes on all real property within the Town, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Town’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “Tax Levy Limitation Law,” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the City’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean...So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted...While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

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

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977), the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., 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 New York 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 not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York 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.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (as amended, the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are affected indirectly by applicability to their respective

city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. As amended, the Tax Levy Limit Law was scheduled to expire on June 15, 2020 unless extended; it was made permanent by legislation in 2019. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of its fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Bond and Note, when duly issued and paid for, will constitute a contract between the Town and the holder thereof. Under current law, provision is made for contract creditors of the Town to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Town upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds and the Notes in the event of a default in the payment of the principal of and interest on the Bonds or the Notes.

Execution/Attachment of Municipal Property. 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, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the Town may not be enforced by levy and execution against property owned by the Town.

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as counties, cities, towns and villages, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for 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.

The State has consented that any municipality in the State may file a petition with the 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. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt, including judicial control over identifiable and unidentifiable creditors.

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

The rights of the owners of Bonds and the Notes to receive interest and principal from the Town could be adversely affected by the restructuring of the Town's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the Town (including the Bonds and the Notes) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the Town under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law, as described below, enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in the county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims against the municipality, including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which, upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such “additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder.” Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims, including debt service due or overdue, must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a “material change in circumstances” the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

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

assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

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

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

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

Several municipalities in the State are presently working with the FRB. The Town has not applied to the FRB and does not reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “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. See “General Municipal Law Contract Creditors’ Provision” herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of noteholders and bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State, 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. See “Nature of Obligation” and “State Debt Moratorium Law” herein.

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

MARKET FACTORS

The financial and economic condition of the Town as well as the market for the Bonds and the Notes could be affected by a variety of factors, some of which are beyond the Town’s control. There can be no assurance that adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property

owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds and the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or 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 Town to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds and the Notes, could be adversely affected.

There can be no assurance that the State appropriation for State aid to the Town will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefor. (See "State Aid" herein).

Should the Town fail to receive monies expected from the State in the amounts and at the times expected, the Town is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

If and when a holder of any of the Bonds and the Notes should elect to sell a Bond or Note 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 of the Bonds and the Notes. In addition, the price and principal value of the Bonds and the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to the U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and the Notes and other debt issued by the Town. Any such future legislation could have an adverse effect on the market value of the Bonds and the Notes (See "Tax Matters" herein).

The enactment of Chapter 97 of the Laws of 2011 on June 24, 2011, which imposes a tax levy limitation upon municipalities, including the Town, school districts and fire districts in the State could have an impact upon operations of the Town and as a result, the market price for the Bonds and the Notes. (See "Tax Levy Limit Law," herein.)

Effect of COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or to a limited extent, reduction by the State or federal government in the payment of State or federal aid. Sales tax receipts are also likely to be affected. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the Town'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 later in the year could have a material adverse effect on the State and municipalities and school districts located in the State, including the Town.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic has caused extreme volatility across all financial markets, including those markets in which the Retirement System funds are

invested. While State Comptroller DiNapoli has made recent comments that the Common Retirement Fund is well-positioned to withstand current market disruption, the impacts of such volatility on future contribution rates, if any, cannot be known at this time.

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

Cybersecurity

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

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, for 2019 data, of the State Comptroller designates the Town as "No Designation," with a fiscal score of 7.9% and an environmental score of 23.3%.

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. The last audit conducted by OSC was released on June 4, 2021. The purpose of the audit was to provide an independent evaluation of the Town's adopted budget for the 2021 fiscal year. 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. References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its municipal affairs. Except as noted below, the Town Attorney is of the opinion that adverse decisions in those suits, either individually or in the aggregate, will not have a material adverse effect on the financial condition of the Town.

Thomas Dunham, et al v. The Town of Riverhead: Mr. Thomas Dunham, his two sons, Andrew Dunham & Brendan Dunham as well as Corey Citarella, commenced a federal action for alleged state and federal claims that arise from their arrests that occurred after a brawl at the East Wind Catering Facility in Wading River. The plaintiff who are members of the Hagerman Fire Department were at that location for an event and at some point got into a dispute that escalated with a wedding party also at the venue. The plaintiffs were arrested based upon an identification by a member of that wedding party. The action was dismissed as against former Police Sergeant Brian Gleason and Police Office Guiseppe Rosini on grounds that improper service occurred. Discovery is ongoing. Discovery is ongoing with remaining parties.

Melissa Breitenbach Elco v. Yvette Aguiar: Ms. Breitenbach Elco, a public safety dispatcher employed by the Town of Riverhead, commenced an action in Suffolk Court, Suffolk County for alleged workplace violations. On January 15, 2021 all Town of Riverhead defendants except Police Officer Richard Freeborn made a motion for dismissal of the complaint. By Short Form Order dated April 26, 2021, Justice Ford granted the motion and dismissed all claims against the Town defendants with exception of the hostile workplace claim against Chief Hegermiller his individual capacity. On April 27, 2021, Officer Freeborn filed his motion for dismissal which is pending as of May 18, 2021.

Kar-McVeigh, LLC v. Zoning Board of Appeals of Town of Riverhead: The Plaintiff initiated a Supreme Court proceeding against the Town Council and the Zoning Board of Appeals seeking approval of the expansion of the restaurant-catering use on a particular property. The proceeding seeks an unspecified amount in damages. Since damages are typically unavailable in this type of proceeding, it is not anticipated that any damages will be awarded to the petitioner. The Court denied the Town's motion to dismiss the proceeding and the Town has filed a notice of appeal from the denial. The Court granted motion by the plaintiff for default judgment but denied any monetary judgment. The Town and the plaintiff have each filed a notice of appeal from this second decision. The plaintiff's motion to dismiss the second appeal was denied without prejudice. The appeals from each decision were perfected and decided on March 20, 2012. The Appellate Division determined that the court below correctly denied the motion to dismiss made by the Town but found that the court below acted improperly by granting the default judgment. Denial of plaintiff's appeal seeking monetary damages was affirmed. The Town has served an answer and appeared for oral argument regarding pending motions. By decision dated April 2, 2013 the court annulled the underlying determination by the Zoning Board of Appeals, ordered that the matter be remitted for further proceedings before the Zoning Board of Appeals and denied the motions of the parties for other relief as premature. In lieu of remitter, Kar-McVeigh, LLC has submitted applications to the Town of Riverhead to allow catering on a seasonal and limited basis under a tent; which applications have not been acted on by the Town. Instead, Kar McVeigh has submitted new applications for Special Permit and Site Plan review which are under review.

Oak Hills Association, Inc., v. The Town of Riverhead, et al.: The plaintiff homeowners association commenced a state court action seeking to designate the roads with the association as "Highways by Use". Discovery has continued and settlement efforts so far have not been successful. During pendency of that case, the plaintiff homeowner's association commenced a second action in 2018 to compel the highway superintendent to snowplow and maintain association roads as if town dedicated highways. A third proceeding in the nature of an Article 78 Proceeding was

brought by Highway Superintendent George Woodson to set aside the Town Board's resolution which designated the Oak Hill Roads "Highway by Use" under section 189 of the New York State Highway Law. Settlement discussions failed and discovery is now underway. Should the plaintiffs succeed, the budget of the Town Highway Department will be impacted adversely as many of the association roads require paving and other improvements.

Luxury BeachfrontGetaway.Com, Inc, Virginia Grieco and Debbie Neihoff v. The Town of Riverhead, et al.: The plaintiffs commenced this federal action in August 2017 seeking an unspecified sum in damages, punitive damages and attorney fees, against the Town of Riverhead based on the enforcement of the Town's ban on short term or transient rentals. In addition to allegation that the ban is contrary to the Fair Housing Act, plaintiffs assert other acts of harassment and discriminatory behavior. The Town has made a motion seeking dismissal of claims. By Order dated July 27, 2018, Judge Sandra J. Feuerstein granted the motion by the Town and dismissed all of the plaintiff's claims.

Town of Riverhead, et al. v. The County of Suffolk: The Town commenced an action in 2019 to compel the County of Suffolk to pay sewer rent charges for the County correctional facility and other county buildings. The County has served an answer with counterclaims which include counterclaims for monetary and punitive damages under 42 U.S.C. §1983 and under the New York State Constitution. Justice John J. Leo, by decision and order dated May 15, 2020 dismissed all the Town of Riverhead claims and an appeal has been filed. The Town of Riverhead and County of Suffolk have filed their respective appellate briefs. Oral argument in the Appellate Division Second Department is not likely until 2023. .

County of Suffolk and Suffolk County Comptroller v. Town of Babylon, et al.: The County and County Comptroller commenced a third-party action against all ten Suffolk County Towns, their Assessors and Receiver of Taxes regarding an action brought by Long Island Power Authority against the County of Suffolk. LIPA sued the County to stop the sale of any of their facilities by Tax Sale of the County. The County sought to sell certain of LIPA's parcels due to alleged shortfall in payments by LIPA who asserts payments were properly made to the ten Suffolk County Towns under the LIPA Reform Act. The third-party action by Suffolk County and the County Comptroller, in part, seeks recovering against all the Towns based upon the misclassification of LIPA properties. On April 1, 2021, Acting Justice Rouse granted the motion by the County and dismissed the LIPA complaint in its entirety. Based upon that determination Acting Justice Rouse also dismissed the Third-Party Action.

In the opinion of the Town Attorney, the resolution of the claims presently pending against the Town will not have an adverse material effect on the Town's financial position. Pursuant to the Local Finance Law, the Town is authorized to issue debt to finance judgments and claims, if necessary.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the Town, threatened against or affecting the Town to restrain or enjoin the issuance, sale or delivery of the Bonds or the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or the Notes or any proceedings or authority of the Town with respect to the authorization, issuance or sale of the Bonds or the Notes or contesting the corporate existence or boundaries of the Town.

TAX MATTERS FOR THE BONDS AND THE SERIES A NOTES

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds and the Series A Notes (the "Tax-Exempt Obligations") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Tax-Exempt Obligations is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinions of Bond Counsel is set forth in Appendix E hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Obligations. The Town has covenanted

to comply with certain restrictions designed to insure that interest on the Tax-Exempt Obligations will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Tax-Exempt Obligations being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds and the Series A Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Tax-Exempt Obligations may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Obligations. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Tax-Exempt Obligations.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Tax-Exempt Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Obligations is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Tax-Exempt Obligations may otherwise affect a owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Obligations to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Tax-Exempt Obligations.

Prospective purchasers of the Tax-Exempt Obligations should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

TAX MATTERS FOR THE SERIES B NOTES

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series B Notes (the "Taxable Notes") is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the opinion that interest on the Taxable Notes is exempt from State of New York personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Notes. The proposed form of opinion of Bond Counsel is contained in Appendix E hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the Taxable Notes that acquire their Taxable Notes in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Notes as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore,

it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Notes under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Notes pursuant to this offering for the issue price that is applicable to such Taxable Notes (i.e., the price at which a substantial amount of the Taxable Notes are sold to the public) and who will hold their Taxable Notes as “capital assets” within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Taxable Notes other than investors that are U.S. Holders.

As used herein, “U.S. Holder” means a beneficial owner of a Taxable Note that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Taxable Notes, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Notes, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Notes (including their status as U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Notes at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Notes in light of their particular circumstances, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and the Notes are subject to the respective approving legal opinions of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel’s respective opinions will be in substantially the forms attached hereto as Appendix E.

DISCLOSURE UNDERTAKINGS

Disclosure Undertaking for the Bonds

This Official Statement is in a form “deemed final” by the Town for the purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Bonds, the Town will provide an executed copy of its undertaking to provide continuing disclosure certificate (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the Town for the benefit of holders of and owners of beneficial interests in the Bonds. In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”), the Town has agreed to provide, or cause to be provided,

(1) to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information

contained or cross-referenced in the final Official Statement anticipated to be dated July 29, 2021 of the Town relating to the Bonds under the headings “Litigation” and in Appendix A under the headings “The Town”, “Financial Factors”, “Tax Information”, “Town Indebtedness” and “Economic and Demographic Data” and Appendix C by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2021, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2021; such audit (prepared in accordance with the accounting principles the Town may be required to employ pursuant to State law or regulation), if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Town of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Town of whether such provision is compliant with the requirements of 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;

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

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

Event (iii) is included pursuant to a letter for the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (iii) is not applicable, since no “debt service reserves” will be established for the Bonds.

With respect to event (iv) the Town does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town 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 Town, 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 Town.

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

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

(3) in a timely manner, notice of a failure to provide the annual financial information and operating data and such audited financial statement by the date specified.

The Town’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”) which require the Undertaking, or such provision, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Town, and no person or entity, including a Holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Town to comply with the Undertaking will not constitute a default with respect to the Bonds.

The Town reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that any such amendment or modification will be done in consultation with nationally recognized bond counsel in a manner consistent with Rule 15c2-12, as amended.

Disclosure Undertaking for the Notes

This Official Statement is in a form “deemed final” by the Town for the purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Notes, the Town will provide an executed copy of its “Undertaking to Provide Notice of Certain Material Events” (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the Town for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

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

Event (iii) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (iii) is not applicable, since no “debt service reserves” will be established for the Notes.

With respect to event (iv) the Town does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town 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 Town, 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 Town.

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

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

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

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

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Hopewell Junction, 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 Town in connection with this transaction.

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

RATING

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

On September 20, 2019, Moody's affirmed a rating of "Aa3" for the Town's outstanding, long-term indebtedness.

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 and the Notes or the availability of a secondary market for the Bonds and the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from the Financial Administrator of the Town, William J. Rothaar, CPA, 200 Howell Avenue, Riverhead, New York 11901, (631) 727-3200 x620, e-mail: rothaar@townofriverheadny.gov or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 487-9818 and is also available at www.capmark.org.

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

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the Town management's beliefs as well as assumptions made by, and information currently available to the Town's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Town's files with the MSRB. When used in Town documents or oral presentations, the words "anticipate," "believe," "intend," "plan," "foresee," "likely," "estimate," "expect," "objective," "projection," "forecast," "goal," "will," or "should," or similar words or phrases are intended to identify forward-looking statements.

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

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Town, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds and the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds and the Notes, the Town will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which

they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the Town, as to which no representation can be made.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

TOWN OF RIVERHEAD
SUFFOLK COUNTY, NEW YORK

By: _____
Yvette Aguilar
Supervisor

Dated: July __, 2021

APPENDIX A

THE TOWN

THE TOWN

General Information

The Town of Riverhead is a rural municipality with a population of approximately 33,539, located on the east end of Long Island in Suffolk County. Riverhead is within a commutable distance of all of Suffolk and Nassau County, approximately 75 miles east of Manhattan. It is bounded on the west by the Town of Brookhaven; on the north by Long Island Sound; on the east by the Town of Southold and on the south by the Peconic River and Great Peconic Bay. The Town was established in 1792 and has a land area of 78 square miles. Riverhead is the Suffolk County Seat with the Suffolk County Center and the Suffolk County Courts located within walking distance from Historic Downtown Riverhead's Main Street.

The early settlers in the area were fisherman and farmers, and while farming remains as one of the major industries in the Town, other industries such as electronics plants, construction industry fabricators and manufacturers, food processing plants, professional and service industries and federal, state and local agencies have gained in importance. The farms supply potatoes, cauliflower, cabbage, and other produce, as well as ducks. New industries such as vineyards, nurseries and thoroughbred and quarter horse breeding farms are increasing in the Town.

The Town has two locally published newspapers in addition to the daily Long Island and New York City papers. There are two AM radio stations and one FM. The children of Riverhead are served by five school districts; Mattituck-Cutchogue, Riverhead, South Manor, Shoreham-Wading River and the Eastport-South Manor Central School Districts. A regional trauma center, Peconic Bay Medical Center, with over 1,200 employees, has expanded several times in the past few years and functions as a strategic anchor for the medical industry and supporting businesses in the region.

Motels and hotels accommodate the growing tourism industry with four nationally branded chains (Hilton, Holiday Inn, Residence Inn by Marriot and Hyatt) in the Town and well over 400 rooms. Excellent access to unmatched natural resources in the area are a draw as the Town is in close proximity to Atlantic Ocean and Long Island Sound beaches, Peconic River and Bay (a federally designated estuary of national significance) as well as an abundance of parks, trails and local beaches maintained by Town, County and State sponsorship. The largest, Wildwood State Park, covers 699 acres and offers extensive camping facilities and bathing in Long Island Sound. Police protection is provided by the Town and the State Police. Electric service is provided by PSEG; natural gas service is provided by National Grid. The Town is served by an excellent interior network of roads, and by New York State Route 25 and is the eastern terminus of the Long Island Expressway (Route 495). The extension to Riverhead of this latter highway has contributed to the growth of the area.

Governmental Organization

The chief executive of the Town is the Supervisor who is elected for a term of two years and is eligible for re-election. The Supervisor is also a member of the Town Board. In addition to the Supervisor, there are four members of the Town Board who are elected to four year terms. The Supervisor may not be re-elected after serving for 12 consecutive years, be it six two-year terms, three for-year terms, or any such combination thereof, as the case may be. Both the Supervisor and board members are elected at large.

The Board of Assessors, consisting of three positions, is elected with assessors serving four-year terms. The Town Clerk and Superintendent of Highways are elected to four year terms; the Receiver of Taxes is elected to a four year term; Town Justices are elected to four year terms.

Services

The Town is responsible for providing most governmental services to its residents. Water service is provided by the Riverhead Water District and sewerage is provided by the Riverhead and Calverton Sewer Districts to both residential and commercial property owners. The Town does accept sewage from private haulers for processing at its own treatment facility. Highway construction and maintenance is a Town function. In addition, recreation is provided via parks and beaches which are maintained through Town government. Other services performed at the

Town level include: property assessment, building inspection, zoning administration and the local justice court system. The Town furnishes police protection, while the State police provide intermittent patrols of highways and the County police supply special police services. Fire protection is contracted for through the Town's several fire protection districts. Education is the responsibility of the school districts located in whole or in part in the Town. The County provides various social and health services. Certain services are provided through Town-operated Special Districts. Town-operated Special Districts are managed and operated by the Town Board.

Employees

The Town provides services to its residents through approximately 292 full-time employees and 101 part-time employees. The Town has currently come to terms but not yet signed with one of the three unions, while recently settling contracts with the other two unions. Union representation for the Town’s employees is as follows:

<u>Employees</u>	<u>Union</u>	<u>Contract Expiration</u>
169	Civil Service Employees Association	12/31/22
68	Police Benevolent Association	12/31/22
12	Superior Officers Association	12/31/22

Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees’ Retirement System (the “Retirement System” or “ERS”). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the “Retirement System Law”). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, then Governor Paterson signed into law the creation of a new Tier 5, which is effective for new ERS employees hired after January 1, 2010. New ERS employees in Tier 5 now contribute 3% of their salaries and there is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after 10 years of employment and will continue to make employee contributions throughout employment.

On May 14, 2003, the Governor signed a pension reform bill into law as Chapter 49 of the Law of 2003 (“Chapter 49”). Chapter 49 changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with required payment until after the budget was implemented. Under the reforms implemented by Chapter 49, the employer contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. Chapter 49 also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

During its 2004 Session the New York State Legislature enacted further pension relief in the form of Chapter 260 of the Laws of 2004 (“Chapter 260”). Chapter 260 changed the pension payment date for all local governments from

December 15 to February 1 and permits the legislative body of a municipality to establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount. The Town has prepaid its employer contributions each December since the option was made available in 2004.

Due to significant capital market declines in the recent past, the State’s Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State’s Retirement System will be higher than the minimum contribution rate established by Chapter 49. To mitigate the expected increases in the employer contribution rate, legislation has been enacted that would permit local governments and schools districts to amortize a portion of their required ERS pension contribution payments with the State Retirement System. The new legislation also requires that those local governments and school districts choosing to amortize their ERS pension contribution payments with the State Retirement System to reserve funds for future payment increases that are a result of fluctuations in pension plan performance.

As a result of significant capital market declines in the recent past, the State’s Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, it is anticipated that the employer contribution rate for the State’s Retirement System in future years may be significantly higher than the minimum contribution rate established by Chapter 49. However, at this time the Town is unable to predict the amount of any such increase.

Fiscal Year Ending <u>December 31:</u>	<u>Employees Retirement System</u>	<u>Police & Fire Retirement System</u>
2016	\$2,149,366	\$2,952,711
2017	2,026,090	2,966,487
2018	2,030,932	2,932,443
2019	2,092,225	3,014,675
2020	2,003,294	3,226,569

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten- year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The Town has not amortized the eligible portion of its annual required contributions to ERS and PFRS in the past, will not be amortizing any portion during the current fiscal year and does not reasonably expect to do so in the future.

As part of the 2013-14 State budget a pension smoothing option was introduced that would let municipalities amortize over seven years some of the upcoming pension cost spikes precipitated by the 2008 financial crash and high pension costs in general for state employees across the state. The plan, which was approved in Gov. Andrew Cuomo’s 2013-14 budget would let municipalities contribute 14 percent of employee costs toward pensions rather than the 16.25 percent currently required, which is up from the current 11.8 percent rate. The Town has not participated in the State’s pension smoothing option and does not reasonably expect to do so in the future.

Other Post-Employment Benefits

The Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. Accounting rules now require governmental entities, such as the Town, to recognize post-retirement health care benefits to the extent the liability is normally expected to be liquidated with expendable available financial resources. GASB Statement No. 75 ("GASB 75") described below requires such accounting.

OPEB refers to "other post-employment benefits," meaning benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 75, GASB Statement No. 45 required OPEB costs to be accounted for in the same manner as pension liabilities, requiring governmental entities to adopt the actuarial methodologies used for pensions, beginning with an annual required contribution ("ARC") for each municipality or school district. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation results which is recorded as a liability in the financial statements.

GASB 75 requires municipalities and school districts to account for OPEB liabilities to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. In addition, the OPEB expense recognized must incorporate deferred outflows of resources and deferred inflows of resources related to OPEB over a defined, closed period.

Under GASB 75, based on actuarial valuation, projected benefit payments are required to be discounted to their present value using the single rate that reflects (1) a long-term expected rate of return on OPEB plan investments to the extent that the OPEB plan's fiduciary net position is projects to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return and (2) a tax-exempt, high-quality municipal bond rate to the extent that the conditions for use of the long-term expected rate of return are not met. Total OPEB liability should be reported on the Schedule of Non-Current Governmental Liabilities and adjusted yearly based on the change in total OPEB liability. Expenditures should continue to be reported in governmental fund financial statements when benefit payments are due. OPEB liability, expense, deferred outflows of resources, and deferred inflows of resources should be allocated to the proprietary fund financial statements if applicable. In the first year of implementation, a prior period adjustment must be made to remove the net OPEB obligation from the prior year.

The Town has retained an independent firm to conduct the actuarial valuation and as of December 31, 2019 the actuarial accrued liability for the Town is \$137,051,920. The actuarial accrued liability (AAL), the portion of the actuarial present value of the total future benefits based on the employees' service rendered to the measurement date, is \$137,051,920. The actuarial value of the Town's retirement plan's assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$137,051,920. The Town's annual OPEB cost was \$9,296,992. The Town is on a pay-as-you-go funding basis and paid \$2,256,993 to its retirement plan for the fiscal year ending December 31, 2019 resulting in a year-end net OPEB obligation of \$59,499,455. There is no authority in current state law to establish a trust or reserve fund for their liability.

The Town's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the Town's finances and could force the Town to reduce services, raise taxes or both.

Actuarial Valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

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FINANCIAL FACTORS

Financial Operations

The Town Supervisor functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities, which are delegated to and carried out by the Financial Administrator. In addition, the Supervisor is also the Town's budget officer and must therefore prepare the annual tentative budget for submission to the Town Board. Budgetary control during the year is the responsibility of the Financial Administrator. Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and bonded debt.

Town finances are operated primarily through the General, Highway and Street Lighting Funds. All real property taxes and most of the other Town revenues are credited to these funds. Current operating expenditures are paid from these funds subject to available appropriations. The Town also has a water district and two sewer districts, which are accounted for within separate funds. The primary source of income for these districts is user fees based on water consumption. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

Budgetary Procedure

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer (Supervisor) on or before September 20th. After reviewing these estimates, the budget officer prepares a tentative budget which includes his recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than the 30th of September. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing which must be held on or before October 5th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board become the preliminary budget. A public hearing, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is generally required to be held on the Thursday immediately following the general election. At such hearing, any person may express his opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than November 20th, at which time, the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Budgetary control during the year is the responsibility of the Supervisor who is assisted in this area by the Financial Administrator. However, any changes or modifications to the annual budget including the transfer of appropriations among line items over \$10,000 must be approved by resolution of the Town Board. Any transfers above \$5,000 and less than \$10,001 must be signed off by the Town Supervisor.

Basis of Accounting

The Town's governmental funds and fiduciary trust funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when measurable and available. Available is defined as collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within sixty days of the close of the fiscal year. Material revenues that are accrued include state and federal aid and certain user charges.

Expenditures are recorded when incurred except that:

- a. Expenditure for prepaid expenses and inventory-type items are recognized at the time of the purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences such as vacation and sick leave which vest or accumulate, are charged as an expenditure when paid.

All proprietary funds are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. Fixed assets and long term liabilities related to these activities are recorded within the funds. Depreciation utilizes the straight-line method in both the Enterprise and Internal Service Funds. Inventories are valued by the first in - first out method with an actual physical inventory-taking place at year-end.

Independent Audits

The financial statements of the Town are audited each year by an independent public accountant. The last such audit covers the fiscal year ended December 31, 2019. The Town expects its audited financial statements for the fiscal year ended December 31, 2020 to be released in September 2021. The financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various state and federal statutes. (See "THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM AND COMPLIANCE REVIEWS" herein.)

Investment Policy

Pursuant to the statutes of the State of New York, the Town is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law; (2) obligations of the United States of America; (3) 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; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller in tax anticipation notes or revenue anticipation notes issued by any municipalities, school district, or district corporation, other than those notes issued by the Town; (6) certificates of participation issued by political subdivisions of the State, as those terms are defined in the law; (7) obligations of a New York public corporation which are made lawful investments for the Town pursuant to the enabling laws of such public corporation; or (8) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town. Any investments made by the Town pursuant to law are required to be payable or redeemable at the option of the Town 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 obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the Town, within two years of the date of purchase. These statutes also require that the Town's investments, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in the custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

Fund Structure and Accounts

The Town utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations. The Town presently maintains the following governmental funds: General Fund, Special Revenue Funds (including the Highway Fund, Special Grant Fund, Street Lighting District Fund, Community Preservation Fund, Business Improvement District Fund, Ambulance District Fund, Garbage & Refuse District Fund, and the Public Parking District Fund), Capital Projects Fund and Debt Service Fund. Proprietary funds consist of four enterprise funds, the Riverhead Sewer District the Calverton Sewer District, the Scavenger Waste District and Water District Fund. There are also three internal service funds consisting of the Workers' Compensation Fund, the Risk Retention Fund and the Unemployment Insurance Fund. Fiduciary funds consist of the agency funds.

Impacts of COVID-19

The Town has incurred certain expenses associated with the COVID-19 pandemic, including but not limited to, costs related to cleaning equipment, cleaning supplies and personal protective equipment. The Town has paid such costs from budgetary appropriations and/or available funds. The Town's State Aid for the 2020 fiscal year was not reduced, although the Town expects a 50% a reduction in State aid during the 2021 fiscal year. In the Town's 2021 Adopted Budget, State aid revenues are estimated to be approximately 50% less than the prior year. The Town has also experience revenue losses from interest earnings, permit fees, fines and various recreation revenues due to the COVID-19 pandemic. The Town does not believe that the increased costs or the potential reductions in State aid or other revenues described above will have a material adverse impact on the finances of the Town.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021. Included in this bill was \$350 billion in direct aid to state and local governments. Payments to local governments will be made in two tranches, the first half 60 days after enactment and the second half one year later. The funding is available through, and must be spent by, the end of calendar year 2024. The Town's allocation of the relief package amounts to \$3.67 million.

Specifically, eligible uses of the aid include: (i) revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency relative to revenues collected in the most recent fiscal year prior to the emergency; (ii) premium pay for essential workers; (iii) assistance to small businesses, households, and hard-hit industries, and economic recovery; and (iv) investments in water, sewer and broadband infrastructure. The bill also contains two restrictions on eligible uses: (i) funds cannot be used to directly or indirectly offset tax reductions or delay a tax increase; and (ii) funds cannot be deposited into any pension fund.

Currently, the Town is awaiting additional guidance from the Federal Government on how to utilize these funds. Once this guidance is received, the Town Board will be able to determine how these funds will be utilized.

Revenues

The Town receives most of its revenue from a real property tax on all non-exempt real property situated within the Town and State aid.

Real Property Taxes

The Town derives its power to levy an ad valorem real property tax from the State Constitution and the Suffolk County Tax Act; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the Town are prepared by the Town assessor. Assessment valuations are determined by the Town assessor and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and

are used by many localities in the calculation of debt contracting and real property taxing limitations. The Town is not subject to constitutional real property taxing limitations.

The following table sets forth the percentage of the Town’s General Fund revenue comprised of real property taxes for the past five audited fiscal years, the most recent unaudited fiscal year and the amount budgeted for the current fiscal year.

Real Property Taxes

Fiscal Year <u>Ended December 31:</u>	Total <u>Revenues</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues</u>
2015	\$41,645,371	\$33,044,893	79.3%
2016	44,145,840	34,966,788	79.2
2017	46,640,640	36,821,595	78.9
2018	48,021,317	38,034,761	79.2
2019	49,241,328	39,546,673	80.3
2020 (Unaudited)	49,811,525	40,889,757	82.1
2021 (Adopted Budget)	51,050,700	41,698,400	81.7

Source: Audited Financial Statements, Annual Update Document (“AUD”) and Adopted Budget of the Town.
Table itself is not audited. Unaudited figures subject to revision.

State Aid

The Town receives financial assistance from the State. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid. Additionally, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in this year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Based on the unaudited Annual Financial Report of the Town, the Town received approximately 2.7% of its total General Fund operating revenue from State aid in 2020, *based on preliminary, unaudited results subject to change*. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

Although the Town cannot predict at this time whether there will be any delays and/or reductions in State aid in the current year or in future fiscal years or whether there will be additional Federal Stimulus Act monies made available to pay State aid in future years, the Town may be able to mitigate the impact of any delays or reductions by reducing expenditures, increasing revenues appropriating other available funds on hand, and/or by any combination of the foregoing.

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The following table sets forth the percentage of the Town’s General Fund revenue comprised of State aid for the past five audited fiscal years, the most recent unaudited fiscal year and the amount budgeted for the current fiscal year.

State Aid

<u>Fiscal Year</u> <u>Ended December 31</u>	<u>Total</u> <u>Revenues⁽¹⁾</u>	<u>State Aid</u>	<u>Ratio of State Aid to</u> <u>Total Revenues</u>
2015	\$41,645,371	\$1,617,794	3.9%
2016	44,145,840	1,794,211	4.1
2017	46,640,640	1,777,707	3.8
2018	48,021,317	1,748,105	3.6
2019	49,241,328	1,901,280	3.9
2020 (Unaudited)	49,811,525	1,411,010	2.7
2021 (Adopted Budget)	51,050,700	1,220,400	2.4

(1) General Fund, Town-wide only.

Source: Audited Financial Statements, Annual Update Document (“AUD”) and Adopted Budget of the Town.
Table itself is not audited. Unaudited figures subject to revision.

Real Estate Transfer Tax

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

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

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

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

TAX INFORMATION

Tax Collection Procedures

Property taxes for the Town, together with County, Fire and School District taxes, are collected by the Town Tax Receiver. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and 10% after May 31.

The Town Tax Receiver distributes the collected tax money to the Town. The Town then distributes the taxes to the fire and school district prior to distributing the balance collected to the County. Uncollected amounts are not segregated by the Receiver and any deficiency in tax collection is the County's liability. The Town thereby is assured of full tax collection.

Tax Levy and Tax Collection Record

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Tax Levy	\$150,854,002	\$153,753,510	\$160,126,036	\$164,796,183	\$168,659,160
Collected Prior to Return	145,671,188	148,744,685	154,482,707	158,835,162	158,458,090
County Portion:	5,182,814	5,008,825	5,643,559	5,961,021	7,896,336
County Portion:	3.44%	3.26%	3.52%	3.62%	4.68%
Amount Due Town at End of Year	0	0	0	0	0

(1) Includes State, County, Town, School District, Fire District and Special District Taxes.

Real Property Taxes and Assessments

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Value	\$ 838,164,525	\$ 840,574,536	\$ 846,001,861	\$852,443,387	\$852,379,623
Equalization Rate	0.1466	0.1387	0.1352	0.1235	0.1230
Full Value	5,717,356,924	6,060,378,774	6,257,410,214	6,902,375,603	6,929,915,934
Tax Levy	36,254,400	37,322,301	38,848,800	40,070,000	41,698,400
Tax Rate ⁽¹⁾	43.156	44.273	45.821	46.510	48.920

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

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

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Ten of the Largest Taxpayers

The following table presents the taxable assessments of ten of the Town's largest taxpayers for the tax period ending December 31, 2021.

<u>Taxable Assessments</u>			
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation⁽¹⁾</u>
Long Island Power Authority	Utility	\$ 14,946,150	1.75%
Tanger Properties LP	Shopping Center	14,427,500	1.69
Long Island Lighting Co	Utility	14,050,100	1.65
Hogan-Riverhead LLC	Shopping Center	10,515,300	1.23
Riverhead Centre LLC	Shopping Center	8,598,000	1.01
The Glenwood #1 LLC	Mobile Homes	6,133,000	0.72
Keyspan Energy Corp	Utility	5,249,737	0.62
Foxwood Corp	Mobile Homes	4,520,950	0.53
Traditional Links LLC	Golf Course	4,476,300	0.53
UB Riverhead I LLC	Shopping Center	3,893,200	0.46
Totals		<u>\$86,810,237</u>	<u>10.18%</u>

(1) The Town's total assessed valuation for the 2021 fiscal year is \$852,379,623.

Source: Town Tax Assessor's Office

TOWN INDEBTEDNESS

Constitutional Requirements

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

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

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

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

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. As has been noted under "Nature of Obligation", the State Legislature is prohibited by a specific

constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town's power to increase its annual tax levy. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*" herein.)

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

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

Statutory Procedure

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

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

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

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

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

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

Constitutional Debt Contracting Limit

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

Constitutional Debt Contracting Limit

Assessment Roll Completed <u>December 31:</u>	For Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate</u>	<u>Full Valuation</u>
2016	2017	\$838,164,525	14.66%	\$ 5,717,356,924
2017	2018	840,574,536	13.87	6,060,378,774
2018	2019	846,001,861	13.52	6,257,410,214
2019	2020	846,890,126	12.35	6,857,409,927
2020	2021	852,379,623	12.30	<u>6,929,915,934</u>
Total Five-Year Full Valuation				\$31,822,471,773
Five-Year Average Full Valuation				6,364,494,355
Debt Contracting Limitation: 7% of Average Full Valuation				<u>\$445,514,605</u>

Source: New York State Office of Real Property Services.

Debt Statement Summary

The following table sets forth the computation of the debt limit of the Town and its debt contracting margin as of July 20, 2021.

Debt-Contracting Limitation:	\$445,514,605
Gross Direct Indebtedness:	
Bonds:	54,910,000
Bond Anticipation Notes	<u>0</u>
Total Gross Direct Indebtedness	\$54,910,000
Less Exclusions and Deductions:	
Appropriations for Non-Exempt Indebtedness During 2021 Fiscal Year	4,675,037
Water Debt	7,864,504
Sewer Debt	<u>11,197,076</u>
Total Less Exclusions and Deductions:	\$23,736,617
Total Net Direct Indebtedness	<u>\$ 31,173,383</u>
Debt-Contracting Margin	\$414,341,222
Percentage of Debt-Contracting Power Exhausted	7.00%

Source: Town Budget Office

Bond Anticipation Notes

The Town expects to receive grant funding for all or a portion of the Notes. The balance of the Notes will be renewed at maturity or converted to bonds.

Tax and Revenue Anticipation Notes

The Town has not issued any tax or revenue anticipation notes in recent years, nor has it issued budget or deficiency notes.

Trend of Capital Indebtedness

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

	<u>Capital Indebtedness Outstanding</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020⁽¹⁾</u>
Bonds	\$95,568,359	\$85,763,359	\$78,536,000	\$67,760,000	\$58,080,000
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$95,568,359</u>	<u>\$85,763,359</u>	<u>\$78,536,000</u>	<u>\$67,760,000</u>	<u>\$58,080,000</u>

(1) Unaudited.

Source: Audited Financial Statements and information provided by the Town Budget office. Table itself is not audited.

Authorized but Unissued Debt

Following the issuance of the Bonds and the Notes, the Town will have authorized but unissued debt in the amount of approximately \$11,929,188 for various capital projects. (See also “*Anticipated Future Borrowings*” herein.)

Estimated Overlapping and Underlying Debt

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

<u>Issuing Entity</u>	<u>Net Indebtedness</u>	<u>Town Share</u>	<u>Net Indebtedness as of:</u>	<u>Net Overlapping Indebtedness</u>
County of Suffolk	\$1,317,344,592	2.09%	06/07/21	\$27,532,502
Eastport-South Manor CSD	19,951,875	0.01	11/15/20	1,995
Mattituck-Cutchogue UFSD	10,101,600	0.85	11/15/20	85,864
Riverhead CSD	42,829,379	90.00	12/10/20	38,546,441
Shoreham-Wading River CSD	19,046,000	12.34	12/10/20	2,350,276
Fire Districts (Est.)	6,623,252	Var.	12/31/19	<u>6,623,252</u>
Total Overlapping Debt				\$ 75,140,330
Total Net Direct Debt				<u>31,173,383</u>
Total Net Direct and Overlapping Debt				<u>\$110,988,750</u>

Source: County, Village and District Officials, and the Special Report on Municipal Affairs, released by the New York State Office of the Comptroller

Debt Ratios

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

Debt Ratios

	<u>Amount</u>	Debt Per <u>Capita</u> ⁽¹⁾	Debt to <u>Full Value</u> ⁽²⁾
Net Direct Debt	\$ 31,173,383	\$ 927	0.45%
Net Direct and Overlapping Debt	110,988,750	3,301	1.60

(1) The Town has a population of 33,625 according to the U.S. Census Bureau.

(2) The full valuation of real property in the Town for the 2021 fiscal year is \$6,929,915,934.

Anticipated Future Borrowings

Landfill Closure and Postclosure Care Costs

State and Federal Laws and Regulations require the Town to place a final cover on its Youngs Avenue Landfill Site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill site stopped receiving waste on December 31, 1996. The Town reports a portion of these closure and postclosure care costs as a liability in each period based on landfill capacity used as of each balance sheet date. As the liability is based on 100% capacity there are no estimated costs for closure and postclosure remaining to be recognized. Postclosure care costs and monitoring activities for the site are estimated to be approximately \$60,000 each year for the remaining twenty-three years, with an inflation factor built in. Accordingly, as of December 31, 2019, the Town has recorded an estimated liability of \$1726,138 in the government-wide financial statements, which represents the provision to be made in future budgets for unfunded postclosure care costs and monitoring activities. Actual costs for postclosure monitoring and maintenance are recorded in the General fund and may be higher or lower due to inflation, changes in technology, or changes in regulations or conditions on the ground. The Town does not anticipate borrowing for this purpose in the near future.

Open Space/Farmland Preservation Program

The voters of the Town approved the implementation of a real estate transfer tax in the amount of 2% against the proceeds of the sale of real property in excess of \$150,000 for improved real property and in excess of \$75,000 for unimproved real property. The tax is to be collected on every transaction through the year 2050. The proceeds of such tax are to be set aside and used to pay the cost of the acquisition of real property, or development rights in farmland, for the preservation of open space in the Town. Such proceeds are deposited in the Community Preservation Fund; through December 31, 2020, the amount deposited in the fund is \$74.7 million.

The Town has authorized an aggregate amount of \$79,595,000 of bonds for the acquisition of real property and/or the acquisition of development rights in real property, pursuant to three separate bond resolutions. The bond resolutions require the Town to use the proceeds of the real estate transfer tax to offset the debt service on the portion of any bond issue being issued for this purpose; however, by law, such obligations must remain general obligations of the Town with the pledge of the faith and credit. Such revenues cannot be pledged to bonds issued for this purpose. As of the date of this Statement, the Town has issued bonds in the total amount of \$78,841,000 for such purposes.

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Debt Service Schedule

The following table shows the debt service requirements to maturity, on the Town's outstanding general obligation bonded indebtedness for future fiscal years, exclusive of the Bonds and economically defeased obligations of the Town.

Bond Principal and Interest Maturity Table

<u>Fiscal Year</u> <u>Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2021 ⁽¹⁾	\$9,205,000	\$2,319,974	\$11,524,974
2022	9,055,000	1,925,080	10,980,080
2023	4,960,000	1,590,236	6,550,236
2024	5,145,000	1,370,520	6,515,520
2025	5,035,000	1,141,217	6,176,217
2026	5,085,000	917,074	6,002,074
2027	4,955,000	690,167	5,645,167
2028	2,915,000	494,734	3,409,734
2029	2,930,000	390,963	3,320,963
2030	2,945,000	285,205	3,230,205
2031	1,395,000	182,715	1,577,715
2032	1,145,000	140,871	1,285,871
2033	1,175,000	103,427	1,278,427
2034	700,000	64,273	764,273
2035	710,000	43,679	753,679
2036	<u>725,000</u>	<u>22,279</u>	<u>747,279</u>
Totals	<u>\$58,080,000</u>	<u>\$11,682,415</u>	<u>\$69,762,415</u>

(1) For the full fiscal year.

Source: Town of Riverhead.

ECONOMIC AND DEMOGRAPHIC DATA

Population

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

	<u>Population Trends</u>				
	<u>2000</u>	<u>2010</u>	<u>2019</u>	Percentage Change <u>2000-2010</u>	Percentage Change <u>2010-2019</u>
Town	27,680	33,506	33,549	21.0%	0.1%
County	1,419,369	1,482,548	1,483,832	5.2	0.1
State	18,976,457	19,378,102	19,572,319	2.1	1.0

Source: U.S. Census Bureau.

Income

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

	<u>Median Household Income</u>				
	<u>2000</u>	<u>2010</u>	<u>2019</u>	Percentage Change <u>2000-2010</u>	Percentage Change <u>2010-2019</u>
Town	\$46,195	\$66,000	\$73,161	42.9%	10.9%
County	65,288	84,235	101,031	29.0	19.9
State	43,393	55,217	68,486	27.2	24.0

Source: U.S. Census Bureau.

Employment and Unemployment

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

Major Employers in the Town

<u>Name of Employer</u>	<u>Number of Employees⁽¹⁾</u>	<u>Nature of Business</u>
Tanger Factory Outlet	1,600	Retail
Peconic Bay Medical Center	1,500	Hospital
Riverhead Central School District	1,100	Public Schools
Splish Splash Water Park	700	Amusement Park
Island International	427	Manufacturing
Atlantis Marine World and Hyatt Place East End	425	Aquarium
Town of Riverhead	384	Government
East Wind Caterers & Inn	300	Catering Restaurant
Riverhead Building Supply	278	Manufacturing
Home Depot	230	Retail
Reilly Woodwork	190	Custom Woodworking
Eastern Wholesale Fence	166	Manufacturing
Lowes	150	Retail
Ivy Acres	150	Farming
Berry Global	105	Engineering / Manufacturing
Hampton Jitney	85	Transportation
Trutech, Inc.	75	Manufacturing
Miller Environmental Group	61	Environmental Cleanup
Marriot	40	Hotel
Suffolk County National Bank	38	Bank

(1) Includes seasonal or part-time employees.

Source: Town of Riverhead Community Development Department (June 2019). Table does not factor potential impacts due to COVID-19.

Civilian Labor Force

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Town	16,000	16,200	16,200	16,200	15,800
County	777,600	782,700	777,800	778,200	764,600
State	9,584,500	9,704,700	9,574,700	9,514,400	9,289,200

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

Yearly Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2016	4.8%	4.4%	4.9%
2017	4.8	4.5	4.6
2018	4.5	3.8	4.1
2019	4.0	3.5	3.8
2020	8.5	8.5	10.0

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

Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
June 2020	12.2%	12.9%	14.8%
July	11.3	12.4	15.8
August	8.7	9.5	11.6
September	6.0	6.4	9.9
October	5.5	5.8	8.3
November	5.8	5.7	8.3
December	6.3	5.8	8.5
January 2021	8.1	6.4	9.4
February	8.5	6.9	9.7
March	7.6	6.1	8.4
April	5.1	5.3	7.7
May	4.6	4.6	6.9

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

END OF APPENDIX A

APPENDIX B

CDA ANNUAL REPORT FOR FY 2019

CDA ANNUAL REPORT for FY 2019

As required by the bylaws of the Town of Riverhead Community Development Agency (CDA), the following information is provided for consideration and review by the Members of the CDA.

MEMBERSHIP- The Members of the Corporation shall be the members of the Riverhead Town Board, comprised of the following persons during FY 2019: Laura Jens-Smith, James Wooten, Jodi Giglio, Tim Hubbard and Catherine Kent. During 2019 the CDA was served by: Executive Director Dawn Thomas, Chief Finance Officer/Contracting Officer for personal property was Bill Rothaar; and Robert Kozakiewicz as Contracting Officer for Real Property. Neither members nor staff receives any compensation for their duties and responsibilities to the CDA.

The CDA established a Governance and Audit Committee as required by the Public Authorities Act of 2005 as amended (the "PAAA"). Laura Jens-Smith and Catherine Kent were appointed to the Governance Committee. Laura Jens-Smith, Catherine Kent and William Rothaar, CFO were appointed to the Audit Committee. All other CDA policies and procedures required by the PAAA relating to investment, salary/compensation, whistleblowing, acquisition and disposition of real property and personal property, procurement, defense and indemnification for Directors, ethics, travel, were ratified and adopted by CDA Resolution # 1, adopted in January 2019.

BACKGROUND

The Town of Riverhead is a rural municipality with a population of approximately 34,000, located on the east end of Long Island in Suffolk County. Riverhead is within a commutable distance of all of Suffolk and Nassau counties. The total Town budget for FY 2019 was just above \$51,000,000.00. The five member Riverhead Town Board is the governing legislative body and consists of a supervisor and four council members, all of whom are elected at large.

The Town Board acts separately in its capacity as the CDA Board, which is empowered under New York State General Municipal Law to foster economic development. The CDA consists of the Chairman (the Town Supervisor) and the four Town board members. In the capacity as the economic development agency of the Town of Riverhead, the CDA administers and secures financing for numerous downtown revitalization projects and public improvement projects.

The CDA, established in 1982, has been proactive in fostering economic revitalization in the downtown business district and was a major impetus in the establishment of a 3.2 acre waterfront aquarium. In addition, the CDA took title to the former Naval Weapons Industrial Reserve Plant at Calverton in 1998 as the result of special federal legislation, and as such is charged with the task of overseeing economic development at the 2,900 acre site. Using powers granted under New York State Urban Renewal Law, pursuant to Section 505 of Article 15, the Community Development Agency has played a critical role in economic development at Calverton Enterprise Park, as well as downtown. Since 1998, the Calverton Enterprise Park real property, improved with buildings and infrastructure, has been leased and sold pursuant to the disposition of property procedures of Section 507 of the Urban Renewal Law.

Urban Renewal Areas. The CDA has designated several Urban Renewal Areas for the purpose of encouraging neighborhood revitalization and economic development. *The designated Urban Renewal Areas include: 1) Calverton Enterprise Park (EPCAL), 2) Millbrook Gables residential community, 3) East Main Street Downtown Business District and 4) Railroad Avenue Corridor.* Within the designated boundaries of the urban renewal areas, available incentives are provided where feasible to attract investment and assist owners and businesses in improving their properties.

Portions of the Calverton Enterprise Park and East Main Street Urban Renewal Areas were designated Empire Zones, a program that was sunsetted by New York State on June 30, 2010. This designation was initiated and administered by the CDA for its economic development benefits. Low interest loans and grants have also been made available to increase investment in these targeted areas. For instance, within the East Main Street Urban Renewal Area, the CDA has successfully developed an aquarium as a major tourist attraction, sold the 1930s art deco Suffolk Theatre for reuse, has completed restoration of an 1881 historic opera house, invested over \$600,000 in historic restoration of properties occupied by the East End Arts Council, as well as assisting in the development of a 100 room hotel expansion at Long Island (formerly Atlantis) Aquarium and Exhibition Center and three new mixed use housing/retail developments on Peconic Avenue, one that incorporated a deteriorated structure and the other that revitalized a vacant building located at the gateway to downtown that now is an active revitalized historic anchor building with retail, office and housing completed in 2010. In 2015, redevelopment of the formerly vacant

Woolworth department store into a thriving mixed use building was completed and 19 workforce housing units were completed with 24,000 square feet of commercial on the first floor. In 2016 permits were issued for another 48 mixed unit workforce housing project and three blighted, deteriorated and vacant buildings along Main Street were demolished by the private owner. The CDA often works with federal, state and county incentive programs to encourage private investment into the Urban Renewal Areas.

CDA MISSION STATEMENT

The CDA's mission is to foster economic revitalization in the Town of Riverhead Urban Renewal Areas to implement projects that improve the environment, economy and quality of life of the Riverhead Town residents, businesses and visitors through creation of jobs, development of infrastructure, generation of additional tax revenue, and leveraging investment of capital in the Town of Riverhead.

Measurements by which the CDA and the achievement of its goals may be evaluated by the following:

- Investment dollars and leveraging (public and private funding);
- Renovation of blighted and vacant areas, buildings and infrastructure;
- Infrastructure development;
- Tax base expansion;
- Jobs created; and
- Quality of life enhancements (preservation and open space, recreation, enhancement of environment, transportation and housing choices)

Below is a list of projects that have advanced these goals during 2019.

DOWNTOWN ACTIVITY IN 2019

The Community Development Agency actively pursues grant funding to incentivize private developments in Downtown Riverhead. In the past 10 years the CDA through the Town has secured tens of millions dollars in funding towards private and public projects. Downtown Riverhead has an active BID Management Association (BIDMA) that provides extensive programming to attract visitors <http://riverheadbid.com/>. In 2016 the Riverhead BID Management Association established a free music festival on 4 summer evenings in July and August called *Alive on 25* that attracted thousands of visitors to the East Main Street Urban Renewal Area and its businesses. That event has since been running for three summers in a row with a fourth series already planned for 2019.

In 2018 and in 2019, the Town of Riverhead in conjunction with the BIDMA received a grant which enable the BIDMA to launch a new downtown festival in historic Grangebel Park called *Art in the Park – Reflections*. That event is based in a temporary reflective public art installation within the park that may be enjoyed by visitors during the warmer months and then, during 5 evenings in the late summer and fall, those reflective sculpture are lit with various forms of light including fire, LED, Neon, day glow and black light for a completely different downtown experience. This event drew thousands of visitors to the downtown during 2018 and 2019 and allowed the public to enjoy free public art in an underutilized public park at no cost.

Additionally the Downtown area has a shared municipal parking district to provide parking, an historic district triggering historic rehabilitation tax credits¹, and an urban renewal area triggering New Market Tax Credit availability for projects over \$5 million. In 2016 the entire East Main Street Urban Renewal Area was designated in

¹ In March 2012, a section of downtown Riverhead was approved for New York State's Register of Historic Places. The same area was approved for inclusion on the National Register of Historic Places on August on Aug. 14, 2012, opening the door for huge tax benefits for those looking to renovate and improve old buildings. The boundaries of the district run along Main Street, from Griffing Avenue in the west to Maple Avenue in the east, and include parts of Peconic, Roanoke, East and Maple avenues in between. Currently, the Town of Riverhead has submitted an application to expand the Downtown Riverhead Historic District using funds from the NYS DOS BOA grant.

the overlaying Brownfield Opportunity Area under New York State Department of State. See <http://www.townofriverheadny.gov/pView.aspx?id=38896&catid=118> Extensive information regarding the downtown infrastructure and special districts is available online in the East Main Street Urban Renewal Area Plan and accompanying GEIS located at <http://www.townofriverheadny.gov/pView.aspx?id=35106&catid=118>. The CDA East Main Street Urban Renewal Plan (<http://riverhead.municipalcms.com/docview.aspx?docid=27952>), final Generic Environmental Impact Statement (located at <http://riverhead.municipalcms.com/docview.aspx?docid=27953>), and Findings Statement for the GEIS (located at <http://riverhead.municipalcms.com/docview.aspx?docid=27954>) issued and adopted in October 2008.

In 2019, multiple significant private investment initiatives were initiated in the East Main Street Urban Renewal Area and immediately adjacent areas of Downtown Riverhead's vibrant walkable Main Street. The redevelopment will create active space along the Peconic River allowing waterfront views and active outdoor space for tourists, visitors, residents and businesses to enjoy. These downtown redevelopment initiative will invest collectively over \$60 million to create attractive vibrant spaces that will support the growing number of businesses and mixed use housing developments along Downtown Riverhead's Main Street and accentuate the Peconic River Walk.

- Private developer Georgica Green will demolish several blighted, deteriorating vacant structures to create a mixed use, mixed income workforce housing development that will include 117 housing units and over 15,000 square feet of retail space. Construction commenced in early 2018 and is expected to be completed in mid 2020.
- Restoration of the former dilapidated and vacant historic Preston House to accommodate a new restaurant and 20 additional hotel units to be operated by Atlantis Holdings, LLC. The Hotel Restaurant was opened in early 2018.
- Atlantis Holdings, LLC also undertook the renovation of the historic Howell House, located directly adjacent to the Preston House. This restoration received the approval of the Town's Landmarks Committee and a grant for National Grid's Cinderella program.
- Sale of the formerly town owned/vacant historic "Eastlawn Building" to a private developer for renovation and use as office space for the Town Historian, the Long Island Wine Council, and the Riverhead BID. Private owners demolished 2 blighted vacant buildings to prepare the site for a private developer to construct 130 unit mixed use workforce housing initiative with parking and retail space. The project was completed and occupied in early 2018.
- Completion of the NYS Department of State Brownfield Opportunity Area designation with the assistance of a \$567,000 grant contract awarded to Nelson, Pope, Voorhis, LLC for revitalization plan for NYS Route 25/Peconic River corridor from Tanger Outlets to Riverhead Town Hall.
- Work on the Peconic Crossing workforce housing project of 48 residential units and associated parking was completed on location of the former Long Island Science Center. The project was completed and occupied in early 2018 after over 900 applicants entered the lottery for one of project's the 45 available apartments.
- The Town received a grant in the sum of \$800,000.00 for the construction of a Town Square that will connect East Main Street to the Peconic Riverfront. The Town is in the process of acquiring the necessary properties and planning for the redevelopment of the subject area for the Town Square.
- The Long Island Science Center purchased a 24,000 sf vacant building located at 111 East Main Street for redevelopment for the Long Island Science Center, a children's science and technology center with related retail.
- The property owner of 203-213 East Main Street has a pending site plan proposing the construct a 191,854 sq. ft. mixed use building with 170 residential units with a mostly underground parking garage on a vacant 61,987 sq. ft. site composed of four parcels.

Additionally Downtown Riverhead benefitted from prior year's investments:

- Woolworth Revitalization, LLC, (130 East Main Street), a multimillion dollar mixed use residential redevelopment of 36,000 square feet of formerly vacant and blighted space supported in part with \$75,000 in NYS DHCR Main Street funds and a \$250,000 infrastructure development subsidy approved by the Suffolk County Legislature, funded through the county's affordable housing opportunities. The 19 second floor apartments, built in 15,000 square feet on the second floor, meet the county's affordable housing requirements for tenant income and rent subsidies. The units will be marketed by the L.I. Housing

Partnership, which screens and qualifies tenants for the site. The project received a special permit after a Town Board public hearings to allow a new gym use as part of the redevelopment. Additionally, commercial tenants include Robert James Salon, Riverhead Flower Shop and Goldberg's Bagels.

- Continued redevelopment of the "Second Street Firehouse" a formerly municipally owned and deteriorating vacant building that was sold to a private developer and converted to two local craft brewery locations as well as second floor office space.
- Continued operation of the Riverhead Winter Farmer's market in a formerly vacant storefront on Main Street.
- Suffolk Theatre Revitalization (former CDA property transferred to private developer to be renovated from vacant building to active theater through private funding and New York State Department of Housing and Community Renewal Main Street grant funds).
- Infrastructure improvements including NYS DOT design for \$1.2 million rehabilitation of the Main Street sidewalks from Ostrander to Tanger Outlet Mall.
- Renovation and leasing of 30 West Main Street www.thirtywestmain.com (commercial office in formerly vacant building).
- Renovation of 20 West Main Street (commercial building with 2 formerly vacant floors).
- Various other façade and building improvements in the downtown area funded by New York State Department of Housing and Community Renewal Main Street grant funds.
- Approximately 770 municipally owned parking spaces walkable to downtown.
- Coordination of Taste North Fork with East End Tourism Alliance.

Qualified Opportunity Zone

The Town's Downtown and EPCAL census tracts received designation as Federal Opportunity Zones which is hoped will further catalyze development in these areas by bringing needed private investment to them.

CALVERTON ENTERPRISE PARK (EPCAL) ACTIVITY IN 2019

EPCAL. New York State (NYS) has identified EPCAL, the largest commercial industrial subdivision in the northeast, as a uniquely important development priority by adopting Special Act S3643A/A4678A for organized and expeditious redevelopment of this urban renewal area. EPCAL provides a shovel ready site with 90 day permit approval pursuant to special NYS legislation that incentivizes private investment into an Urban Renewal Area by streamlining the approval process and in turn, lowering the cost of doing business. Given the large size of undeveloped acreage and the existing infrastructure, the EPCAL site is well suited to attract "game changer" industries for an enhanced development rather than just a conventional industrial park.

The current goal for redevelopment of EPCAL at the federal, state, county and local level is to create higher paying manufacturing and construction industries jobs. EPCAL provides proximity to a highly skilled and technically trained workforce, educational and training system, and supply chain partners. Long Island has played a prominent role in engineering, aerospace, energy and other scientific research. Brookhaven Department of Energy research is located 10 miles from the EPCAL site <http://www.bnl.gov>. Stony Brook University operates the he Calverton Business Incubator on 50 acres of the EPCAL site along NYS Route 25. <http://www.stonybrook.edu/calverton/>.

The Reuse & Revitalization of EPCAL is one of the largest economic development projects in the Northeast. The goals and objectives of the EPCAL Reuse & Revitalization Plan are consistent with the local and regional goals and promise to promote and encourage uses that promote environmental quality and reduce reliance on imported fuels, i.e. solar; high-tech energy and/or green technology businesses; compliment and support the local agricultural economy, i.e. food processing; food distribution; appropriate industrial and commercial development to accommodate regional growth influences; use of the rail spur to support investment and development and reduce and/or mitigate traffic; and strengthen relations and coordinate with Stony Brook University (SBU), which operates the Calverton Business Incubator on 50 acres of the EPCAL site along NYS Route 25, and the Brookhaven National Laboratory for creation of and promotion of the site i.e., high-tech business/research park.

EPCAL History. The Enterprise Park at Calverton (EPCAL) located in the Town of Riverhead is a planned redevelopment of a 2,900-acre property formerly owned by the federal government and leased to the Grumman Corporation for final assembly and flight-testing of military aircraft. In 1996, defense downsizing resulted in closure of the Grumman facility and the U.S. Government transferred the site to the Town of Riverhead Community Development Agency (CDA) in September 1998 for economic development with the goals to: 1) attract private investment; 2) increase the tax base; 3) maximize job creation; and 4) enhance the regional quality of life. A 1998 comprehensive reuse planning study of the EPCAL site identified a mix of industrial and regional recreational uses as the best means to achieve these goals.

The Town of Riverhead sold the industrial core at EPCAL in 2001 to M-GBC, LLC, which subdivided the parcel into approximately 40 lots and sold to industrial users – with many interested in additional expansion at EPCAL. Approximately 36 businesses with 600 employees exist in the industrial core.

Luminati Aerospace LLC <http://www.luminati.aero/> is an aerospace technology company focusing on research, development, testing, and manufacturing of next generation solar-electric unmanned aerial vehicles, or UAVs, at its facility located at the historic Calverton Enterprise Park in Riverhead, New York. Luminati Aerospace LLC has assembled a "dream team" of engineers and university professors to work on its initial project and after the initial project is concluded, Luminati Aerospace LLC plans to establish itself as a major force in the global aerospace industry, focusing on cutting-edge, high-technology aerospace manufacturing.

In 2015, Luminati Aerospace LLC purchased property in the industrial core to house a new aerospace technology company focused on research, development, testing and manufacturing of next generation unmanned aerial vehicles or UAVs. Luminati Aerospace was initially drawn to Calverton because of its runway facilities as well as the historic role of Calverton and Long Island in the history of aviation. To further this rollout of a completely new manufacturing industry, Luminati Aerospace entered into a runway use and management agreement for the Easterly Runway at Calverton Enterprise Park for testing of the UAVs and accommodation of supporting aircraft.

In 2016 Luminati Aerospace leased another 53,000 square feet of industrial space at Calverton Enterprise Park to support the scale up for manufacturing. In 2016 New York State has awarded Luminati Aerospace \$2,000,000 in cash grants and over \$5,000,000 in tax incentives toward Luminati Aerospace's planned expansion at Calverton to create 210 direct jobs and 128 construction jobs with a total project cost of \$80,000,000.

Luminati Aerospace has expressed an intent to acquire the remaining developable property owned by the Town of Riverhead. Additionally in 2016, the Town received another multi-million dollar offer to purchase the remaining developable property as well as a backup offer to purchase the property from another investor. Ultimately Luminati Aerospace executed a letter of intent with the Town of Riverhead for the purchase of approximately 1600 acres at the site for the purpose of creating an aerospace/technology industrial park with approximately 1,000,000 sf of new industrial space.

In late 2017 Luminati Aerospace partnered with 555 to form CAT, LLC (Calverton Aviation and Technology) to develop the EPCAL site. In early 2018 CAT, LLC submitted the necessary documentation and presented testimony at several public hearings after which the CDA Board declared it Qualified and Eligible Sponsor for an Urban Renewal project. Upon receiving this designation and pursuant to the letter of intent originally executed by Luminati Aerospace, LLC, CAT, LLC executed a contract of sale for the purchase of the property. CAT, LLC has completed its due diligence waived its right to cancel the contract and as such the contract is firm. The Town is in the process of obtaining the subdivision approval from the NYS DEC and Suffolk County Department of Health. A closing is still anticipated in late 2020.

EPCAL Subdivision Progression. In 2011, the CDA executed an agreement with VHB Engineering, Surveying and Landscape Architecture, P.C. (VHB) to update the Comprehensive Reuse Plan for the 2,900 acre Calverton site formerly known as the Naval Weapons Industrial Reserve Plant at Calverton including but not limited to development of a revised land use plan and associated zoning, updated market assessment, preparation of subdivision plan, and assistance in the administration of the SEQRA process.

In 2013, the CDA adopted a development plan for EPCAL including proposed subdivision map, full environmental assessment form, draft scope of issues for the anticipated supplemental generic environmental impact statement, as well as authorized commencement and preparation of the supplemental generic impact statement for purposes of study of potential environmental impacts. The CDA accepted and adopted findings and recommendations of a market study prepared by RKG Associates and authorize VHB to proceed with environmental review of Development Plan "A" and alternate development plan as presented on December 8, 2011. The RKG market study and absorption analysis for EPCAL to support the VHB plan projections indicate total non-residential square footage build out at EPCAL to be approximately 2 million square feet on 150 acres by 2025 based on a rate of absorption of 132,000 square feet on ten acres per year.

By Town of Riverhead CDA Resolution #10 dated June 18, 2013, the Town of Riverhead Board, upon completion of coordinated review pursuant to 6 NYCRR Sect. 617.6 declared itself Lead Agency; classified the proposed action as a Type I action pursuant to 6 NYCRR Sect. 617.4; adopted a Positive Declaration requiring a Draft Supplemental Generic Environmental Impact Statement be prepared and conducted a formal public scoping.

By Town of Riverhead CDA Resolution #14 dated October 1, 2013, the Town of Riverhead Board, upon review of all comments made at the public scoping hearing adopted a Final Scope for the Draft Supplemental Generic Environmental Impact Statement ("DSGEIS") supporting the subdivision available for public review online and in hard copy at the Office of the Town Clerk.

Town of Riverhead CDA Resolution #11 dated August 7, 2014, authorized acceptance, filing and publishing notice of completion of the Draft Supplemental Generic Environmental Impact Statement ("DSGEIS") for a comprehensive development plan for EPCAL (EPCAL Reuse & Revitalization Plan), Amendment to the Town of Riverhead Comprehensive Master Plan, Amendment to the Zoning Code and Map to rezone the property to the PD Zoning District, and Subdivision of the EPCAL property. Town of Riverhead CDA Resolution #12 authorized the publish and post of notice of the Public Hearing on the DSGEIS; Amendments to the Town of Riverhead Comprehensive Master Plan, Zoning Code and Map; and the Subdivision that was held September 3, 2014. VHB prepared a Final Supplemental Generic Environmental Impact Statement (FSGEIS) in accordance with Section 617.10 of 6 NYCRR (SEQR) that provided responses to substantive comments in response to the public hearing and review. The Town Board via Town of Riverhead Resolution #190 dated March 15, 2016 accepted and filed notice of completion of the FSGEIS.

Town of Riverhead CDA Resolution #13 dated August 7, 2014, authorized submission of the EPCAL Reuse & Revitalization Plan (an updated and amended Urban Renewal Plan for the redevelopment of a portion of property identified and designated as an Urban Renewal Area under the Original Urban Renewal Plan "Calverton Enterprise Park Urban Renewal Plan") to the Riverhead Planning Board and CDA Resolution #16 dated August 19, 2014 authorized the Supervisor to execute the application for the Subdivision and referred the application for the Subdivision to the Planning Board for the Town of Riverhead. Town of Riverhead CDA Resolution #14 dated August 7, 2014, authorized the publish and post of notice of the Public Hearing on the EPCAL Reuse & Revitalization Plan that was held September 3, 2014.

The CDA Board via CDA Resolution #11 dated July 19, 2016 adopted the findings statement in connection with the FSGEIS. The CDA Board via CDA Resolution #12 dated August 2, 2016 approved the Reuse & Revitalization Plan for EPCAL (Phase II) as an updated and amended urban renewal plan for a portion of the property identified in the original Calverton Enterprise Park Urban Renewal Plan adopted in 1998.

These documents are available at <http://www.townofriverheadny.gov/pview.aspx?id=32339>.

The Calverton Rail Spur continues to operate freight rail access to the industrial park. In 2008, the CDA board authorized and issued an RFP for rail design engineers for the Calverton Rail Access and Development Project and selected HDR, Inc., as the consultant for the project. In December 2008, the CDA authorized HDR to proceed with initial preliminary planning for the Calverton Rail Access Rehabilitation Project. In March 2009, the CDA board authorized HDR to proceed with the \$75,000 NYSEDA grant funded design portion of the project and in December 2009, the CDA board authorized HDR, Inc. to continue planning for the project with \$650,000 New York State Empire State Development grant funding secured in October 2009. In December 2009, the CDA board authorized the Calverton Rail Access Project to receive American Reinvestment and Recovery Act funding from the

New York State Department of Transportation for the construction of the Calverton Rail Access Rehabilitation Project in an amount up to \$4.8 million. In April 2010, the project received a Gold GREENLites Transportation Sustainability Award from New York State Department of Transportation. The project broke ground in May 2010 and made significant progress toward completion by the time weather shut down construction in December 2010. Construction was completed and the rail ready for operation by close of 2012.

The Town of Riverhead Calverton Sewer District is finalizing plans for a \$7.5 million upgrade to the Calverton Sewage Treatment Plant (STP) from secondary to tertiary treatment that will also relocate the outflow pipe from McKay Lake, that is hydrologically connected to the Peconic Estuary to north of the groundwater divide. Senator LaValle successfully included a \$5 million dollar grant towards the upgrade in the 2014 NYS budget. Also in 2014, New York State Long Island Economic Development Regional Council awarded a grant of \$1.34 million towards the upgrade, the NYS DEC awarded a \$476,000 towards the upgrade through the Water Quality Improvement Program. Suffolk County awarded \$125,000 under the 1/4% Clean Water grant program in 2015.

RAILROAD AVENUE CORRIDOR ACTIVITY IN 2019

On behalf of New York State Courts, Suffolk County is charged with providing adequate facilities for court functions in Suffolk County. Suffolk County over a 15 year period has renovated and expanded existing buildings located adjacent to the Railroad Avenue Corridor to introduce 8 new courtrooms for a total of 18 courtrooms and larger jury space. In late 2013 Suffolk County completed construction on 5 additional vacated courtrooms thus bringing the facility to full occupancy. This expansion has generated significant activity in the Railroad Avenue Corridor and the Town anticipates renewed interest in private investment for redevelopment of the area. To encourage investment in the Railroad Avenue Corridor the CDA and Town have made affirmative efforts to remove blighted, vacant and dilapidated buildings. In 2015, The Town of Riverhead initiated legal action to compel demolition of a dilapidated building known as the former Courthouse Restaurant, 307 Griffing Avenue, Riverhead. The demolition of the building was completed in 2016. The property was demolished and the lot remains vacant. In 2018, the Town of Riverhead applied for a grant from Empire State Development for the purpose of creating a strategic plan for a transit oriented development at the Town's Court Street parking lot (which is adjacent to the Railroad Station). The \$25,000 grant was awarded in late 2018. This study is nearly complete and will result in the adoption of a new overlay zoning district which allows greater density. The Town also expects to produce and RFP for the Town Owned Railroad Avenue parking lot

ADDITIONAL CDA ACTIVITIES

The CDA submitted funding applications to the New York State Long Island Economic Development Regional Council to support development of the Vietnam Veterans Memorial Trail at Calverton Enterprise Park and was awarded \$500,000. Additional grants to support the Trail development were secured by New York State Senator LaValle (\$150,000) and Suffolk County Legislator Al Krupski (\$200,000). A grant application to New York State under the RESTORE NY program was submitted on behalf of private developers for downtown revitalization projects that was subsequently awarded a grant of \$500,000 in 2018. In 2015 the CDA received funding to enhance water infrastructure to support expansion of the subdivision at Calverton Enterprise Park and was awarded \$125,000 towards the \$625,000.

The Main Street grant awarded in 2012 by NYS DHCR to support commercial and residential development in the East Main Street Urban Renewal Area continued to move forward with renovation of 15 buildings. The Town maintained and completed a contract with Nelson Pope Voorhis awarded in 2012 through NYS DOS BOA grant to redevelop the Main Street corridor from the back entrance of Tanger Outlets through Hubbard Avenue in Downtown Riverhead that includes the East Main Street Urban Renewal Area. Under the contract the existing Historic District will be expanded.

AGREEMENTS ENTERED INTO BY THE CDA IN 2018

Agreements entered into by the CDA in 2018 include:

- 1) Contract of Sale for 1600 acres +/- of real property locate at the EPCAL site.
- 2) Transfer of title for the Vietnam Veterans Memorial Trail at EPCAL from the CDA to the Town of Riverhead.
- 3) Board authorization to lease the building known as the “Henry Pfeifer Community Center” and the existing improvements adjacent to and related to use of the building to East End Disabilities Associates, Inc. for the purpose of a day center for disabled individuals.

Existing agreements the CDA continued during 2018 entered into in previous years:

- 1) Retainer agreement with the law firm Smith, Finkelstein, Lundberg, Isler and Yakaboski as Special Counsel in Connection with the Redevelopment of EPCAL;
- 2) Agreement with New York & Atlantic Railway Company to use railroad track and rail infrastructure at EPCAL to conduct freight rail operations;
- 3) Authorized Right of Entry on CDA premises and use of credits for freight rail track to CAPS Realty Holdings LLC and Eastern Wholesale Fence;
- 4) Agreement with VHB Engineering, Surveying and Landscape Architecture, P.C. (VHB) to update the Comprehensive Reuse Plan for the 2,900 acre Calverton site formerly known as the Naval Weapons Industrial Reserve Plant at Calverton, including but not limited to development of a revised land use plan and associated zoning, updated market assessment, preparation of subdivision plan, and assistance in the administration of the SEQRA process;
- 5) Retainer Agreement with Cushman & Wakefield of Long Island, Inc., for real estate brokerage services (marketing, sales and leasing) related to property owned by the CDA and to represent the CDA Board in negotiations with Designated Developers/Investors in reference to redevelopment at EPCAL;
- 6) Runway Use Agreement with Luminati Aerospace LLC and 400 David Court LLC (designated as a Qualified and Eligible Sponsor via a public hearing process and public hearing held on October 20, 2015) for use of portions of Calverton Enterprise Park at Calverton Easterly Runway/Taxiway and Tie-Down Area for a rental price of \$31,810 per annum, subject to an annual cost of living increase, with an initial term of ten years beginning November 4, 2015 and an option to extend the agreement for up to two additional ten year terms. During the term of the Agreement, Luminati Aerospace shall be responsible for maintaining the runway, taxiway and tie-down areas.
- 7) Contract of Sale for 1600 acres +/- of real property locate at the EPCAL site.
- 8) Transfer of title for the Vietnam Veterans Memorial Trail at EPCAL from the CDA to the Town of Riverhead.
- 9) Board authorization to lease the building known as the “Henry Pfeifer Community Center” and the existing improvements adjacent to and related to use of the building to East End Disabilities Associates, Inc. for the purpose of a day center for disabled individuals.

DESCRIPTION OF MATERIAL PENDING LITIGATION

The Town of Riverhead Community Development is not a defendant in any pending lawsuits and as such, there is no pending litigation known that will have a material adverse effect on the financial condition of the Town.

GRANT FUNDING

Enhancement of EPCAL Sewer Infrastructure. Senator LaValle successfully included a \$5 million dollar grant towards the Calverton STP upgrade in the 2014 NYS budget. Also in 2014, New York State Long Island Economic Development Regional Council awarded a grant of \$1.34 million towards the upgrade, the NYS DEC awarded a \$476,000 towards the upgrade through the Water Quality Improvement Program. Suffolk County awarded \$125,000 under the 1/4% Clean Water grant program in 2015 towards the \$7.5 million upgrade from secondary to tertiary treatment that will also relocate the outflow pipe from McKay Lake, that is hydrologically connected to the Peconic Estuary to north of the groundwater divide.

Enhancement of EPCAL Water Infrastructure. In 2015 the CDA applied for and received a \$125,000 grant from NYS ESD towards construction of an interconnection between the Riverhead Water District and the Suffolk County Water Authority to develop water infrastructure at EPCAL to service businesses in the Town of Riverhead and Eastern Long Island.

CDA Parks Projects. The CDA applied for and received notification of a \$100,000 grant from the New York State Office of Parks, Recreation and Historic Preservation in 2006 for funding under the Recreational Trails Program towards the development of an 8.9 mile multisport athletic trail. The project was bid, awarded and substantially constructed in 2010 and a significant amount of the grant funds were received for reimbursement by year-end 2010. The project augments a town park project initiated by the CDA in 2001 involving \$600,000 in grant funds from the New York State Office of Parks Recreation and Historic Preservation for public recreational improvements. Phase I was designed and engineered in 2006 and under construction in 2007/8. The majority of funds were expended in 2007 and a majority of the grant funds were received for reimbursement by year-end 2008. Close out and final audit of the Phase I grant funds were completed in 2011. Additional work on Phase II of the ballfield development continued in 2011 with entrance improvements to the ballfields and was completed in 2014. In 2015, Suffolk County committed an additional \$200,000 to support completion of the Vietnam Veteran's Memorial Trail. In 2016 Senator LaValle secured an additional \$150,000 Dormitory Authority of the State of New York grant and New York State under the Office of Parks Recreation and Historic Preservation awarded another \$500,000 towards completion of the Vietnam Veteran's Memorial Trail. Work was completed in 2019.

Calverton Rail Access Rehabilitation Project. The CDA applied for and received notification of a \$75,000 grant from the New York State Energy Research and Development Authority (NYSERDA) in 2008 for funding under the Sustainable Transportation Systems Program towards design and logistics associated with rehabilitation of 2.65 miles of an existing rail spur that links Long Island Rail Road mile post 69.1 to the Calverton Enterprise Park. The infrastructure project is expected to remove vehicles from the roads, mitigate traffic congestion and allow area businesses to compete more effectively through reduced shipping costs and lower the prices of goods. In 2009, the CDA accepted the grant award from NYSERDA and entered into a professional services agreement with HDR, Inc. to proceed with design of the Calverton Rail Access Rehabilitation Project funded by NYSERDA. In December 2009 the CDA board authorized HDR, Inc. to continue planning for the project with additional Town and CDA funds augmented with \$650,000 funding secured in October 2009 from New York State Empire State Development. In 2010 the CDA board authorized the Calverton Rail Access Project to receive American Reinvestment and Recovery Act funding from the New York State Department of Transportation for the construction of the Calverton Rail Access Rehabilitation Project in an amount up to \$4.8 million. In April 2010 the project received a Gold GREENLites Sustainability Award from New York State Department of Transportation. The project broke ground in May 2010 and made significant progress toward completion by the time weather shut down construction in December 2010. Construction restarted in 2011 and was completed in 2013 with the rail ready for operation. In 2015 the CDA Board authorized drawdown of funds by Eastern Wholesale Fence and C.A.P.S Realty, in the sum not to exceed \$244,868.64 for construction of rail and sidings on the Eastern Wholesale Fence property.

APPENDIX C

FINANCIAL STATEMENT SUMMARIES

Town of Riverhead
 Adopted Budgets - General Fund
 Fiscal Year Ended December 31:

	<u>2020</u>	<u>2021</u>
Revenues:		
Real Property Taxes	\$ 40,070,000	\$ 41,698,400
Other Tax Items	815,900	831,300
Non-Property Tax	1,715,300	857,600
Departmental Income	3,473,100	2,918,700
Intergovernmental Charges	1,560,200	1,553,300
Use Of Money And Property	139,200	118,700
Licenses and Permits	85,100	49,100
Sale of Property and Compensation for Loss	14,000	4,000
Miscellaneous	475,000	241,000
State Aid	1,471,000	1,220,400
Federal Aid	8,100	8,100
Interfund Transfers	1,532,500	1,550,100
	<u>51,359,400</u>	<u>51,050,700</u>
Total Revenue	<u>\$ 51,359,400</u>	<u>\$ 51,050,700</u>
Expenditures:		
General Government Support	\$ 11,142,300	\$ 11,186,700
Public Safety	18,662,200	18,200,500
Public Health	24,000	24,000
Transportation	339,400	316,600
Economic Assistance And Opportunity	884,800	843,900
Culture And Recreation	1,003,500	790,200
Home And Community Services	1,171,500	1,095,500
Employee Benefits	13,842,900	14,551,700
Transfers to Other Funds	4,288,800	4,041,600
	<u>51,359,400</u>	<u>51,050,700</u>
Total Expenditures	<u>\$ 51,359,400</u>	<u>\$ 51,050,700</u>

Source: Adopted Budgets of the Town.

**TOWN OF RIVERHEAD
BALANCE SHEETS
Fiscal Years Ended December 31:**

	<u>2018</u>	<u>2019</u>	<u>2020⁽¹⁾</u>
Assets:			
Cash and Cash Equivalents	\$ 11,566,130	\$ 12,298,418	\$ 17,222,359
Accounts Receivable	762,704	344,041	435,928
Due from Other Funds	1,638,857	1,411,360	236,073
Due From Other Governments	1,959,109	266,293	141,605
Prepaid Expenses	1,171,102	1,138,724	1,294,169
Inventory	70,923	80,433	140,355
Restricted Assets	-	-	4,226
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 17,168,825</u>	<u>\$ 15,539,269</u>	<u>\$ 19,474,715</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 2,899,623	\$ 2,343,021	\$ 1,733,770
Due to Other Funds	-	-	889,231
Due to Fiduciary Funds	-	231	-
Due to Other Governments	71,112	23,049	9,584
Payroll Liabilities	-	-	11,002
Collections in Advance	136,473	-	-
Unearned Revenues	9,692,310	126,851	-
Deferred Revenues	5,780	6,165,506	6,821,914
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 12,805,298</u>	<u>\$ 8,658,658</u>	<u>\$ 9,465,501</u>
Fund Balance:			
Nonspendable	\$ 1,242,025	\$ 1,219,157	\$ 1,434,524
Restricted	-	-	367,101
Assigned	112,462	233,934	366,515
Unassigned	3,009,040	5,427,520	7,841,074
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance (Deficits)	<u>\$ 4,363,527</u>	<u>\$ 6,880,611</u>	<u>\$ 10,009,214</u>
Total Liabilities and Fund Equity	<u>\$ 17,168,825</u>	<u>\$ 15,539,269</u>	<u>\$ 19,474,715</u>

(1) Unaudited.

Source: Audited Financial Statements and Annual Update Document ("AUD") of the Town.

Note: This Schedule NOT audited.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020⁽¹⁾</u>
Revenues:						
Real Property Taxes	\$32,696,116	\$34,591,990	\$36,328,049	\$37,323,155	\$38,848,800	\$40,071,427
Real Property Tax Items	348,777	374,798	493,546	711,606	697,873	818,330
Non-Property Tax Items	2,218,057	2,424,713	2,637,489	2,630,838	2,606,504	2,574,638
Departmental Income	2,539,651	2,512,633	3,031,659	3,182,317	2,712,575	2,069,609
Intergovernmental Charges	101,888	111,562	73,312	-	-	7,802
Use of Money and Property	167,237	177,542	123,368	243,515	423,477	249,591
Licenses and permits	89,002	86,698	85,874	75,191	251,635	38,589
Fines and Forfeitures	498,811	496,518	552,423	374,205	443,741	457,669
Sale of Property and Compensation for Loss	15,371	49,075	80,632	24,309	41,109	17,155
Miscellaneous Local Sources	184,890	326,098	154,747	255,778	48,607	1,125,016
Interfund Revenues	1,025,626	1,027,060	1,099,666	1,169,566	1,109,017	960,689
State Aid	1,617,794	1,794,211	1,777,707	1,748,105	1,901,280	1,411,010
Federal Aid	142,151	172,942	202,168	282,732	156,710	10,000
Total Revenues	<u>\$41,645,371</u>	<u>\$44,145,840</u>	<u>\$46,640,640</u>	<u>\$48,021,317</u>	<u>\$49,241,328</u>	<u>\$49,811,525</u>
Expenditures:						
General Government Support	\$ 8,637,774	\$ 8,711,828	\$ 9,590,130	\$ 9,427,035	\$ 9,047,862	\$ 9,176,938
Public Safety	16,155,535	16,315,052	17,121,296	17,481,329	18,122,721	18,001,474
Health	8,814	8,813	9,546	8,800	20,297	25,286
Transportation	374,162	395,519	278,407	276,290	277,859	286,705
Economic Assistance and Opportunity	883,511	1,021,780	867,388	875,429	759,714	864,686
Culture and Recreation	1,393,848	1,383,478	1,405,896	1,386,110	1,516,977	952,901
Home & Community Services	1,159,276	1,045,624	1,198,223	1,076,743	1,099,660	1,131,373
Employee Benefits	11,142,348	11,862,310	12,437,713	12,548,594	12,395,269	12,582,675
Debt Service	-	-	-	-	22,000	43,551
Total Expenditures	<u>\$39,755,268</u>	<u>\$40,744,404</u>	<u>\$42,908,599</u>	<u>\$43,080,330</u>	<u>\$43,262,359</u>	<u>\$43,065,589</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,890,103</u>	<u>3,401,436</u>	<u>3,732,041</u>	<u>4,940,987</u>	<u>5,978,969</u>	<u>6,745,936</u>
Other Financing Sources (Uses)						
Sale of Capital Asset	\$ 500,000	\$ 154,554	\$ -	\$ -	\$ -	\$ -
Operating Transfers In	2,244,995	1,767,838	1,289,364	1,377,310	1,335,070	1,333,265
Operating Transfers Out	<u>(5,124,196)</u>	<u>(5,114,747)</u>	<u>(4,550,525)</u>	<u>(4,859,925)</u>	<u>(4,796,955)</u>	<u>(4,950,595)</u>
Total Other Financing Sources	<u>\$ (2,379,201)</u>	<u>\$ (3,192,355)</u>	<u>\$ (3,261,161)</u>	<u>\$ (3,482,615)</u>	<u>\$ (3,461,885)</u>	<u>\$ (3,617,330)</u>
Excess (Deficiency) of Revenues and other Sources over Expenditures and Other Uses	<u>(489,098)</u>	<u>209,081</u>	<u>470,880</u>	<u>1,458,372</u>	<u>2,517,084</u>	<u>3,128,606</u>
Fund Balance - Beginning of Year	<u>2,714,292</u>	<u>2,225,194</u>	<u>2,434,275</u>	<u>2,905,155</u>	<u>4,363,527</u>	<u>6,880,611</u>
Fund Balance - End of Year	<u>\$ 2,225,194</u>	<u>\$ 2,434,275</u>	<u>\$ 2,905,155</u>	<u>\$ 4,363,527</u>	<u>\$ 6,880,611</u>	<u>\$10,009,217</u>

(1) Unaudited.

Source: Audited Financial Statements and Annual Update Document ("AUD") of the Town.

Note: This Schedule NOT audited.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020⁽¹⁾</u>
Revenues:						
Real Property Taxes and Tax Items	\$ 6,986,000	\$ 7,027,277	\$ 7,126,677	\$ 7,126,647	\$ 7,126,627	\$ 7,140,868
Departmental Income	-	-	-	-	5,157	625
Intergovernmental Charges	-	-	-	-	-	-
Use of Money and Property	6,482	8,255	7,311	40,802	100,448	35,506
Licenses and permits	30,900	25,400	32,400	25,650	22,850	25,071
Sale of Property and Compensation for Loss	13,216	44,136	3,317	5,883	661	1,179
Miscellaneous Local Sources	-	3,546	-	31,030	20,608	-
Interfund Revenues	3,120	1,835	2,853	-	-	-
State Aid	40,782	22,899	-	-	-	-
Federal Aid	-	-	-	-	-	-
Total Revenues	<u>\$ 7,080,500</u>	<u>\$ 7,133,348</u>	<u>\$ 7,172,558</u>	<u>\$ 7,230,012</u>	<u>\$ 7,276,351</u>	<u>\$ 7,203,249</u>
Expenditures:						
General Government Support	\$ 53,615	\$ 88,481	\$ 127,563	\$ 66,973	\$ 57,502	\$ 59,213
Transportation	4,993,127	3,939,557	4,417,752	4,547,821	4,896,840	3,723,175
Employee Benefits	1,311,455	1,616,833	1,578,159	1,421,972	1,736,405	1,828,365
Debt Service	-	-	-	-	-	-
Total Expenditures	<u>\$ 6,358,197</u>	<u>\$ 5,644,871</u>	<u>\$ 6,123,474</u>	<u>\$ 6,036,766</u>	<u>\$ 6,690,747</u>	<u>\$ 5,610,753</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>722,303</u>	<u>1,488,477</u>	<u>1,049,084</u>	<u>1,193,246</u>	<u>585,604</u>	<u>1,592,496</u>
Other Financing Sources (Uses)						
Operating Transfers In	\$ 14,304	\$ -	\$ -	\$ -	\$ -	\$ 35,716
Operating Transfers Out	<u>(1,011,231)</u>	<u>(941,792)</u>	<u>(1,712,848)</u>	<u>(761,733)</u>	<u>(622,856)</u>	<u>(575,128)</u>
Total Other Financing Sources	<u>\$ (996,927)</u>	<u>\$ (941,792)</u>	<u>\$ (1,712,848)</u>	<u>\$ (761,733)</u>	<u>\$ (622,856)</u>	<u>\$ (539,412)</u>
Excess (Deficiency) of Revenues and other Sources over Expenditures and Other Uses	(274,624)	546,685	(663,764)	431,513	(37,252)	1,053,084
Fund Balance - Beginning of Year	<u>3,072,908</u>	<u>2,798,284</u>	<u>3,344,969</u>	<u>2,681,205</u>	<u>3,112,718</u>	<u>3,075,466</u>
Fund Balance - End of Year	<u>\$ 2,798,284</u>	<u>\$ 3,344,969</u>	<u>\$ 2,681,205</u>	<u>\$ 3,112,718</u>	<u>\$ 3,075,466</u>	<u>\$ 4,128,550</u>

(1) Unaudited.

Source: Audited Financial Statements and Annual Update Document ("AUD") of the Town.

Note: This Schedule NOT audited.

TOWN OF RIVERHEAD
Statement of Revenues,
Expenditures and Changes in Fund Balance
Debt Service Fund
Fiscal Years Ended December 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020⁽¹⁾</u>
Revenues:						
Use of Money and Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of Property and Compensation for Loss	-	-	-	-	-	-
Intergovernmental Transfers	-	-	-	-	-	-
Miscellaneous Local Sources	-	-	-	-	-	-
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:						
General Government Support	\$ -	\$ -	\$ -	\$ 203,293	\$ -	\$ -
Debt Service (Principal & Interest)	11,978,699	11,841,262	11,019,259	10,937,516	10,268,526	10,212,577
Bond Issuance Costs	-	-	-	-	80,284	-
Total Expenditures	<u>\$ 11,978,699</u>	<u>\$ 11,841,262</u>	<u>\$ 11,019,259</u>	<u>\$ 11,140,809</u>	<u>\$ 10,348,810</u>	<u>\$ 10,212,577</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,978,699)</u>	<u>(11,841,262)</u>	<u>(11,019,259)</u>	<u>(11,140,809)</u>	<u>(10,348,810)</u>	<u>(10,212,577)</u>
Other Financing Sources (Uses)						
Operating Transfers In & Other Sources	\$ 11,978,699	\$ 11,841,262	\$ 11,019,259	\$ 10,937,516	\$ 10,268,526	\$ 10,212,577
Repayments to Escrow Agent Adv Ref Bonds	-	-	-	(36,245,524)	(10,561,803)	-
Refunding Bonds Issued	-	-	-	33,275,000	9,296,190	-
Premium on Debt Issuance	-	-	-	3,173,817	1,345,897	-
Total Other Financing Sources	<u>\$ 11,978,699</u>	<u>\$ 11,841,262</u>	<u>\$ 11,019,259</u>	<u>\$ 11,140,809</u>	<u>\$ 10,348,810</u>	<u>\$ 10,212,577</u>
Excess (Deficiency) of Revenues and other Sources over Expenditures and Other Uses	-	-	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Unaudited.

Source: Audited Financial Statements and Annual Update Document ("AUD") of the Town.

Note: This Schedule NOT audited.

TOWN OF RIVERHEAD
Statement of Revenues,
Expenditures and Changes in Net Assets
Enterprise Sewer
Fiscal Years Ended December 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020⁽¹⁾</u>
Operating Revenues:						
Charges for Sales and Services:						
Sewer Rents	\$ 2,749,139	\$ 2,840,687	\$ 3,045,180	\$ 3,070,661	\$ 3,055,492	\$ 3,323,889
Sewer Charges	1,359,958	1,384,859	1,332,412	1,806,862	2,224,901	1,821,619
Other Services	2,053	-	-	-	-	4,784,337
State Aid	-	-	-	-	-	77,375
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenues	<u>\$ 4,111,150</u>	<u>\$ 4,225,546</u>	<u>\$ 4,377,592</u>	<u>\$ 4,877,523</u>	<u>\$ 5,280,393</u>	<u>\$ 10,007,220</u>
Operating Expenses:						
Cost of Sales and Services:						
Administration	\$ 1,205,661	\$ 1,217,134	\$ 812,856	\$ 786,386	\$ 798,279	\$ 750,018
Sewerage Treatment Disposal	1,771,718	1,953,188	2,983,488	2,428,980	2,124,580	3,332,879
Unallocated Insurance-Contractual	-	-	-	-	-	-
Depreciation	650,860	668,700	643,702	2,323,124	2,327,282	1,420,507
Employee Benefits	830,336	1,083,128	1,132,591	946,776	1,007,436	(456,203)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	<u>\$ 4,458,575</u>	<u>\$ 4,922,150</u>	<u>\$ 5,572,637</u>	<u>\$ 6,485,266</u>	<u>\$ 6,257,577</u>	<u>\$ 5,047,201</u>
Operating Income (Loss)	<u>(347,425)</u>	<u>(696,604)</u>	<u>(1,195,045)</u>	<u>(1,607,743)</u>	<u>(977,184)</u>	<u>4,960,019</u>
Non-Operating Revenue (Expense)						
Investment Earnings - Unrestricted	\$ 1,351	\$ 1,811	\$ 2,464	\$ 20,098	\$ 46,797	\$ -
Interest Expense	(69,892)	(111,207)	(166,306)	(191,493)	(225,856)	(167,420)
Tower Rentals and Miscellaneous	-	39	4,165	129,564	-	-
Developer Fees	54,188	460,073	1,168,133	455,948	533,678	-
Gain on Sale of Property	2,222	-	-	-	-	-
Bond Issuance Costs	-	(95,609)	-	-	-	-
Real Property Taxes and Tax Items	437,200	446,100	452,400	465,800	479,500	509,000
Other Real Property Tax Items	305,883	454,272	165,868	-	-	-
Non-property Tax Distribution by County	146,688	146,688	1,949,453	846,243	842,762	830,859
State and Local Aid	7,633,812	577,261	-	-	2,330,946	-
Federal Aid	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenue (Expense)	<u>\$ 8,511,452</u>	<u>\$ 1,879,428</u>	<u>\$ 3,576,177</u>	<u>\$ 1,726,160</u>	<u>\$ 4,007,827</u>	<u>\$ 1,172,439</u>
Income (Loss) Before Transfers	8,164,027	1,182,824	2,381,132	118,417	3,030,643	6,132,458
Transfers Out	<u>(851,546)</u>	<u>(909,700)</u>	<u>(872,200)</u>	<u>(907,350)</u>	<u>(904,031)</u>	<u>(894,800)</u>
Change in Net Position	7,312,481	273,124	1,508,932	(788,933)	2,126,612	5,237,658
Total Net Position - Beginning of Year	<u>21,759,231</u> ⁽²⁾	<u>29,071,712</u>	<u>29,344,836</u>	<u>27,834,184</u>	<u>25,263,242</u>	<u>27,389,854</u>
Total Net Position - End of Year	<u>\$ 29,071,712</u>	<u>\$ 29,344,836</u>	<u>\$ 30,853,768</u>	<u>\$ 27,045,251</u>	<u>\$ 27,389,854</u>	<u>\$ 32,627,512</u>

(1) Unaudited.

(2) Restated.

Source: Audited Financial Statements and Annual Update Document ("AUD") of the Town.

Note: This Schedule NOT audited.

TOWN OF RIVERHEAD
Statement of Revenues,
Expenditures and Changes in Net Assets
Enterprise Water
Fiscal Years Ended December 31:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020⁽¹⁾</u>
Operating Revenues:						
Charges for Sales and Services:						
Water Sales	\$ 4,261,100	\$ 4,789,486	\$ 4,330,722	\$ 4,254,515	\$ 4,503,866	\$ 5,154,861
Departmental Income	7,945	-	-	-	-	-
Water Service Charges	64,080	69,567	84,177	120,922	49,670	75,888
Other Services	-	4,756	11,916	5,333	519	4,547
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Operating Revenues	<u>\$ 4,333,125</u>	<u>\$ 4,863,809</u>	<u>\$ 4,426,815</u>	<u>\$ 4,380,770</u>	<u>\$ 4,554,055</u>	<u>\$ 5,235,296</u>
Operating Expenses:						
Cost of Sales and Services:						
Administration	\$ 1,220,785	\$ 1,394,377	\$ 1,504,909	\$ 1,357,698	\$ 1,418,374	\$ 1,416,638
Unallocated Insurance-Contractual	-	-	-	-	-	-
Payment of MTA Payroll Tax	-	-	-	-	-	-
Source of Supply, Power and Pump	1,648,595	1,828,311	-	-	2,219,804	2,106,853
Plant, Transmission and Distribution	-	-	1,711,159	2,183,842	-	-
Depreciation	1,449,260	1,474,402	1,484,421	1,562,348	1,599,782	1,603,980
Employee Benefits	970,355	1,211,457	1,292,707	1,135,142	1,206,791	944,057
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Operating Expenses	<u>\$ 5,288,995</u>	<u>\$ 5,908,547</u>	<u>\$ 5,993,196</u>	<u>\$ 6,239,030</u>	<u>\$ 6,444,751</u>	<u>\$ 6,071,528</u>
Operating Income (Loss)	<u>(955,870)</u>	<u>(1,044,738)</u>	<u>(1,566,381)</u>	<u>(1,858,260)</u>	<u>(1,890,696)</u>	<u>(836,232)</u>
Non-Operating Revenue (Expense)						
Investment Earnings - Unrestricted	\$ 749	\$ 132	\$ 1,313	\$ 4,030	\$ 55,406	\$ 27,323
Interest Expense	(249,527)	(214,317)	(177,760)	(204,723)	(256,717)	(257,266)
Miscellaneous Sources	12,567	363	-	-	-	-
Tower Rentals	639,893	566,074	523,039	604,008	625,039	730,240
Developer Fees	907,723	546,551	1,148,232	1,859,728	1,725,075	324,632
Gain (Loss) on Sale of Property	-	-	-	-	-	-
Real Property Taxes and Tax Items	1,203,900	1,228,600	1,245,900	1,279,600	1,349,000	1,383,900
State Aid	608	2,335	-	-	-	-
Federal Aid	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Non-Operating Revenue (Expense)	<u>\$ 2,515,913</u>	<u>\$ 2,129,738</u>	<u>\$ 2,740,724</u>	<u>\$ 3,542,643</u>	<u>\$ 3,497,803</u>	<u>\$ 2,208,829</u>
Income (Loss) Before Transfers	1,560,043	1,085,000	1,174,343	1,684,383	1,607,107	1,372,597
Transfers Out	<u>(395,418)</u>	<u>(416,900)</u>	<u>(391,000)</u>	<u>(408,105)</u>	<u>(416,200)</u>	<u>(438,465)</u>
Change in Net Position	1,164,625	668,100	783,343	1,276,278	1,190,907	934,132
Total Net Position - Beginning of Year	<u>28,119,964⁽²⁾</u>	<u>29,284,589</u>	<u>29,952,689</u>	<u>27,798,420⁽²⁾</u>	<u>29,074,698</u>	<u>30,265,605</u>
Total Net Position - End of Year	<u>\$ 29,284,589</u>	<u>\$ 29,952,689</u>	<u>\$ 30,736,032</u>	<u>\$ 29,074,698</u>	<u>\$ 30,265,605</u>	<u>\$ 31,199,737</u>

(1) Unaudited.

(2) Restated

Source: Audited Financial Statements and Annual Update Document ("AUD") of the Town.

Note: This Schedule NOT audited.

APPENDIX D

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

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

<https://emma.msrb.org/P21536513.pdf>

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

*** Albrecht, Viggiano, Zureck & Company, P.C. 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.**

APPENDIX E

FORMS OF BOND COUNSEL'S OPINIONS

FORM OF BOND COUNSEL'S OPINION – BONDS

Town of Riverhead,
County of Suffolk,
State of New York

August 12, 2021

Re: Town of Riverhead, Suffolk County, New York,
\$7,948,000 Public Improvement (Serial) Bonds, 2021 Series A

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$7,948,000 Public Improvement (Serial) Bonds, 2021 Series A (the "Obligations"), of the Town of Islip, Suffolk County, New York (the "Obligor"), dated August 12, 2021, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of _____ hundredths per centum (_____%) per annum as to bonds maturing in each of the years 20____ to 20____, both inclusive, payable on August 1, 2022 and semi-annually thereafter on February 1 and August 1, and maturing in the amount of \$_____ on August 1, 2022, \$_____ on August 1, 2023, \$_____ on August 1, 2024, \$_____ on August 1, 2025, \$_____ on August 1, 2026, \$_____ on August 1, 2027, \$_____ on August 1, 2028, \$_____ on August 1, 2029, \$_____ on August 1, 2030, \$_____ on August 1, 2031, \$_____ on August 1, 2032, \$_____ on August 1, 2033, \$_____ on August 1, 2034, \$_____ on August 1, 2035 and \$_____ on August 1, 2036.

Obligations maturing on or before August 1, 2029 are not subject to redemption prior to maturity. Obligations maturing on or after August 1, 2030 are subject to redemption prior to maturity, at the option of the Obligor on August 1, 2029 and thereafter on any date, 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 a price equal to the par principal amount, plus accrued interest to the date of redemption.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate,

including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ORRICK, HERRINGTON & SUTCLIFFE LLP

FORM OF BOND COUNSEL'S OPINION – SERIES A NOTES

August 12, 2021

Town of Riverhead
County of Suffolk
State of New York

Re: Town of Riverhead, County of Suffolk, State of New York
\$2,900,000 Bond Anticipation Notes, 2021 Series A

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$2,900,000 Bond Anticipation Notes, 2021 Series A (the "Obligation"), of the Town of Riverhead, Suffolk County, New York (the "Obligor"), dated August 12, 2021, numbered _____, of the denomination of \$[_____], bearing interest at the rate of [_____] % per annum, payable at maturity, and maturing August 12, 2022.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor for which the obligor has validly pledged its faith and credit for the payment thereof. All the taxable real property within the obligor is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations. The enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including the City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions

are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ Orrick, Herrington & Sutcliffe LLP

FORM OF BOND COUNSEL'S OPINION – SERIES B NOTES

Town of Riverhead,
County of Suffolk,
State of New York

August 12, 2021

Re: Town of Riverhead, Suffolk County, New York,
\$2,100,000 Bond Anticipation Notes, 2021 Series B (Federally Taxable)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$2,100,000 Bond Anticipation Notes, 2021 Series B (Federally Taxable) (the "Obligation"), of the Town of Riverhead, Suffolk County, New York (the "Obligor"), dated August 12, 2021, numbered _____, of the denomination of \$[_____], bearing interest at the rate of [_____] % per annum, payable at maturity, and maturing August 12, 2022.

We have examined the Constitution and statutes of the State of New York. We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) Interest on the Obligations is includable in gross income for federal income tax purposes, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we

have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ORRICK, HERRINGTON & SUTCLIFFE LLP