

NEW ISSUE

See “RATING” herein.

TAX ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the 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 Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See “Tax Matters” herein).

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

**SOUTHAMPTON UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

\$10,000,000*

TAX ANTICIPATION NOTES FOR 2022-2023 TAXES

(the “Notes”)

Date of Issue: September 30, 2022

Maturity Date: February 15, 2023

The Notes are general obligations of the Southampton Union Free School District (the “District”) in the County of Suffolk, New York, and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes 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 District, subject to certain statutory limitations. (See “*The Tax Levy Limit Law*” herein.)

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

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

If the Notes are issued 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(s) at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder(s).

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District 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 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 District 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).

Capital Markets Advisors, LLC has served a Municipal Advisor to the District in connection with the issuance of the Notes.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the offices of DTC on the Date of Issue stated above.

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

Dated: September __, 2022

* Preliminary, subject to change.

**SOUTHAMPTON UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

2022-23 Board of Education

**SunHe Sherwood-Dudley
President**

James McKenna Vice President
Cara Conklin-Wingfield..... Trustee
Anastasia Gavalas..... Trustee
Donald J. King..... Trustee
Jacqueline Robinson..... Trustee
Germain L. Smith Trustee

Nicholas J. Dyno, Ed. D. Superintendent of Schools
Jean E. Mingot..... Assistant Superintendent for Business
Eileen Noonan District Treasurer
Amy Pierson District Clerk

BOND COUNSEL

**HAWKINS DELAFIELD & WOOD LLP
New York, New York**

MUNICIPAL ADVISOR



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

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

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OFFICIAL STATEMENT

SOUTHAMPTON UNION FREE SCHOOL DISTRICT SUFFOLK COUNTY, NEW YORK

Relating To

\$10,000,000* TAX ANTICIPATION NOTES FOR 2022-2023 TAXES

This Official Statement, including the cover page and appendices hereto, presents certain information relating to the Southampton Union Free School District in the County of Suffolk, State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$10,000,000* Tax Anticipation Notes for 2022-2023 Taxes (the "Notes").

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are rapidly changing and these conditions are expected to continue for an indefinite period of time. Accordingly, the District's overall economic situation and outlook (and all of the specific District related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event.

THE NOTES

Description

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

The District will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is Mr. Jean E. Mingot, Assistant Superintendent for Business, telephone number (631) 591-4527, jmingot@southamptonschools.org.

Authority for and Purpose of the Notes

The Notes are issued pursuant to the Constitution and laws of the State, including Sections 24.00 and 39.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a tax anticipation note resolution adopted by the Board of Education of the District to finance cash flow requirements in anticipation of the collection of 2022-2023 real property taxes levied for school purposes on all taxable real property in the District. The proceeds of the Notes may be used only for the purposes for which such taxes were or are to be levied, as specified in the 2022-2023 annual budget of the District, unless all of said purposes have been paid and satisfied, in which case the proceeds of the Notes may be used for any lawful school purpose. The proceeds of the Notes will not be used for the redemption or renewal of any outstanding tax or revenue anticipation notes.

* Preliminary, subject to change.

Pursuant to Section 24.00(e) of the Local Finance Law, generally, whenever the amount of the Notes and any additional tax anticipation notes issued by the District in anticipation of the receipt of 2022-2023 real property taxes equals the amount of such taxes remaining uncollected, the District is required to set aside in a special bank account all of such uncollected taxes as thereafter collected, and to use the amounts so set aside only for the purpose of paying such Notes. Interest on the Notes will be provided from budget appropriations.

Nature of Obligation

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

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

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefore. However, Chapter 97 of the New York Laws of 2011 as amended (the “Tax Levy Limit Law”), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy. The Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, such as the Notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See “*The Tax Levy Limit Law*” herein.)

REMEDIES UPON DEFAULT

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

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

bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

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

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

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

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

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

No Past Due Debt

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

Bankruptcy

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

SECTION 99-B OF THE STATE FINANCE LAW

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

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

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

DESCRIPTION OF BOOK-ENTRY SYSTEM

In the event the Notes are issued in book-entry form, the Depository Trust Company (“DTC”), Jersey City, New Jersey, will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note which bears the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for 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 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

Source: The Depository Trust Company

RISK FACTORS

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

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. Accordingly, a decline in the District's credit rating could adversely affect the market value of the Notes.

In addition, if and when a holder of any of the Notes should elect to sell a 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 Notes. The price or principal value of the Notes is dependent on the prevailing level of interest rates. If interest rates should increase, the price of a bond or note may decline causing the bond or noteholder to potentially incur a capital loss if such bond or note is sold prior to its maturity.

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

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form

whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, COVID-19, a respiratory disease caused by a new strain of coronavirus, 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 affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19 initially. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

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

CYBERSECURITY

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

LITIGATION

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

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 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 Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the District (the "Tax

Certificate”), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial

sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

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

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

Note Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. The opinion of Bond Counsel will be in substantially the form attached hereto in Appendix D.

DISCLOSURE UNDERTAKING

In order to assist the purchaser(s) in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”) with respect to the Notes, the District will execute an Undertaking to Provide Notices of Events, the form of which is attached hereto as Appendix E.

MUNICIPAL ADVISOR

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

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

RATING

The District has applied to Moody's Investors Service (“Moody’s”) for a rating on the Notes. Such application is pending at this time.

On December 5, 2017, Moody’s Investors Service, Inc. (“Moody’s”) affirmed the District’s underlying rating of “Aaa” with a stable outlook.

Such rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency, at the following address: Moody’s Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of

Moody's circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such bonds or the availability of a secondary market for those bonds.

ADDITIONAL INFORMATION

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

Additional information may be obtained from the District's Assistant Superintendent for Business, Mr. Jean E. Mingot, (631) 591-4527, or from the District's Financial Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York, 11021, (516) 487-9817.

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

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

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

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

SOUTHAMPTON UNION FREE SCHOOL DISTRICT

By: _____
SunHe Sherwood-Dudley
President of the Board of Education

DATED: September __, 2021

APPENDIX A

THE DISTRICT

THE DISTRICT

General Information

The Southampton Union Free School District (the “District”) was established by Board resolution on September 25, 1890. The District is located on the east end of Long Island in the Town of Southampton (the “Town”) in Suffolk County, New York, approximately 90 miles east of New York City. The District has a population currently estimated at 9,975 and a land area of approximately 52 square miles. The District includes the Incorporated Village of Southampton and the unincorporated hamlet of Water Mill.

Southampton is an old, established village whose residents work primarily throughout Suffolk County. The main commercial activity in the District is summer tourism. The Atlantic Ocean, the bays and the harbors remain the Town's prime attractions, providing swimming, boating and fishing for summer visitors and year-round residents alike. Due to its proximity to the New York City Metropolitan area as well as its fine beaches on the Atlantic Ocean, the District is a vacation destination for residents of New York City, Westchester, New Jersey and Connecticut. Recreational facilities include Town parks as well as other municipal parks, golf courses, and recreational facilities located throughout Suffolk County.

Culture and Recreation

With its numerous ocean and bay beaches, the Town is a major recreational area for residents of New York, New Jersey and Connecticut. Chartered and party fishing fleets sail daily from nearby Montauk affording both in-shore and deep-sea fishing for both food and sport. Sightseers may visit the Parrish Art Museum, the Southampton Historical Society Museum and the Shinnecock Nation Museum. There is also a wide variety of inns, motels, and housekeeping apartments and wide selection of restaurants located within the Town.

Educational, Cultural and Medical Institutions

Colleges and universities in the area include St. Joseph’s College, St. John’s University, Oakdale Campus and Suffolk Community College.

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

Hospital services are provided by numerous area hospitals including Southampton Hospital and Peconic Bay Medical Center.

Financial Institutions

Financial institutions located in the Town include Peoples United Bank, Bank of America, Dime Community Bank, Capital One Bank, N.A., Gold Coast Bank and J.P.Morgan Chase Bank, N.A..

Transportation

Public transportation in the District is available via the Long Island Railroad which has several stops in the Town and two bus lines, the Hampton Jitney and the Montauk Express. There is an excellent interior network of roads, including the Montauk Highway, Sunrise Highway and the Long Island Expressway. In addition, the East Hampton Airport, located just east of the Town in East Hampton provides air service to area residents. A wide range of aircraft types ranging from small single engine trainers to corporate jets use the airport. Out of town corporate aircraft frequent the airport with passengers for the convention and seminar facilities in the area, as well as, business and recreational uses. No major commercial service is available at the East Hampton facility; however, such service is available at MacArthur Airport approximately 40 miles west of the District in the Town of Islip.

Utilities and Services

Water is made available to District residents from the Suffolk County Water Authority, while electric and gas services are available to District residents from Public Service Enterprise Group – Long Island (PSEG – LI). The Southampton Fire Department provides District residents with fire protection, while the Suffolk County Police Department, the Town of Southampton Police and the Village of Southampton Police provide police protection.

District Organization

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

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

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

Financial Organization

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

Budgetary Procedure

The District’s fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District’s financial plan and enrollment projection are reviewed and updated and the first draft of the next year’s proposed budget is developed by the central office staff. During the winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. The District’s budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See “*The Tax Levy Limit Law*” herein).

On May 17, 2022, a majority of the voters of the District approved the District’s budget for the 2022-2023 fiscal year. Summaries of the District’s Adopted Budgets for the fiscal years 2021-2022 and 2022-2023 may be found in Appendix B, herein.

Financial Statements and Accounting Procedures

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

School Enrollment Trends

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

Enrollment Trends

<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Actual</u> <u>Enrollment</u>
2018	1,637
2019	1,579
2020	1,531
2021	1,406
2022	1,338
2023 ⁽¹⁾	1,352

(1) Projected.

Source: Southampton Union Free School District, Office of the Assistant Superintendent for Business.

District Facilities

The District operates three schools; statistics relating to each are shown below.

District Facilities

<u>Name of School</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year of</u> <u>Construction</u>
Southampton High School	9-12	750	1973
Southampton Intermediate School	5-8	450	1958
Southampton Elementary School	Pre-K-4	525	1930

Source: Southampton Union Free School District, Office of the Assistant Superintendent for Business.

Employees

The District provides services through approximately 450 full-time and part-time employees. The following table shows those employees represented by organized units of labor.

Employees

<u>No. of</u> <u>Employees</u>	<u>Organization</u>	<u>Contract</u> <u>Expiration Date</u>
245	Southampton Teachers Association	6/30/24
28	Southampton Clerical	6/30/23
38	Southampton Custodial	6/30/25
39	Southampton Bus Drivers	6/30/22*
9	Southampton Administrators	6/30/26
1	Southampton Monitors	6/30/22*
12	Southampton Cafeteria Workers	6/30/24
28	Southampton School Teacher Aide	6/30/23
18	Security Unit	6/30/22*
7	Unaffiliated Non-administrators	varied
2	Neighborhood Aides	6/30/24
8	Technology Staff	6/30/21*

*In negotiations

Source: Southampton Union Free School District, Office of the Assistant Superintendent for Business.

Employee Pension Benefits

New York State Certified (teachers and administrators) are members of the New York State Teachers Retirement System (“TRS”). Payments to the TRS are generally deducted from State aid payments. All non-certified employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System (“ERS”). Both the TRS and ERS (the “State Retirement System” or “SRS”) are noncontributory with respect to members hired prior to July 1, 1976. All members of the respective systems that were hired on or after July 1, 1976 and before December 31, 2009, with less than 10 year’s full-time service, contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, legislation was enacted creating a new pension tier – Tier V. ERS and TRS employees hired between January 1, 2010 and March 31, 2012 are covered by Tier V and ERS employees contribute 3% of their salaries TRS employees contribute 3.5% of their salaries toward the cost of retirement programs. There is no provision for these contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which provided for the creation of another pension tier – Tier VI. Tier VI covers employees hired after April 1, 2012. Tier VI has progressive contribution rates between 3% and 6%; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier VI, the pension multiplier is 1.75% for the first 20 years of service and 2% thereafter; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee’s pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. As of April 9, 2022, Tier 5 and 6 members only need five years of service credit to be vested. Previously, Tier 5 and 6 members needed 10 years of service to be eligible for a service retirement benefit. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

Pension reform legislation enacted in 2003 and 2004 changed the cycle of ERS billing to match budget cycles of the District. Under the previous method, the District was unsure of how much it paid to the system until after its budget was implemented. Under the current method the contribution for a given fiscal year is based on the value of the pension fund on the prior April 1 instead of the following April 1 so that the District will be able to more accurately include the cost of the contribution into its budget. The reform legislation also (i) required the District to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would otherwise make a lower contribution possible and (ii) moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004.

Due to poor performance of the investment portfolio of the SRS, the employer contribution rates for required pension contributions to the SRS increased. To help mitigate the impact of such increases, legislation was enacted in 2010 that permitted local governments to amortize a portion of ERS contributions. Under such legislation, local governments that choose to amortize are required to set aside and reserve funds with the ERS for certain future rate increases. The District did not amortize such contributions pursuant to this legislation and expects to make all payments in full when due.

In Spring 2013, the State and TRS approved a Stable Contribution Option (“SCO”) that gives districts the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). ERS followed suit and modified its existing SCO, which was adopted in 2010. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below.

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

not amortized any of its employer pension payments as part of the SCO and expects to continue to make all payments in full when due.

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has created such a reserve fund for TRS contributions and as of June 30, 2021, it was funded at \$1,281,912.

Other Post Employment Benefits

The District implemented GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), which replaces GASB Statement No. 45 as of fiscal year ended June 30, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

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

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

The District's total OPEB liability as of June 30, 2021 was \$125,43,697 using a discount rate of 2.16% and actuarial assumptions and other inputs as described in the District's June 30, 2021 audited financial statements.

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

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

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

Investment Policy Permitted Investments

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the District is generally permitted to deposit monies in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured

under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of the subject to the limitations of Section 10 of the GML.

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

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

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the five-year period ending June 30, 2021 is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

Real Property Taxes

The District derives the major portion of its revenues from a tax on real property (See “*Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund*” in Appendix B, herein). Chapter 97 of the New York Laws of 2011, as amended; which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the District. (See “*The Tax Levy Limit Law*” herein). Property taxes accounted for 80.7% of total general fund revenues for the fiscal year ended June 30, 2021, while State aid accounted for 3.6%.

The following table sets forth total general fund revenues and real property tax revenues during the last five audited fiscal years and the amounts budgeted for the two most recent fiscal years.

Property Taxes

Fiscal Year <u>Ended June 30:</u>	Total <u>Revenues⁽¹⁾</u>	Real Property <u>Taxes⁽²⁾</u>	Real Property Taxes to <u>Revenues</u>
2017	\$67,052,822	\$53,386,687	79.6%
2018	68,353,137	55,061,884	81.0
2019	71,465,022	56,662,510	79.3
2020	72,498,961	58,013,902	80.0
2021	73,446,840	59,270,874	80.7
2022 (Adopted Budget)	73,999,900	60,433,686	81.7
2023 (Adopted Budget)	74,990,000	61,317,249	81.8

(1) General Fund.

(2) Inclusive of STAR aid, which is reflected in “*Other Real Property Tax Items.*” (See Appendix B).

Source: Audited Financial Statements and Adopted Budgets for the District. This summary is not audited.

State Aid

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

The following table sets forth total general fund revenues and State aid revenues during the last five audited fiscal years and the amounts budgeted for the two most recent fiscal years.

State Aid

<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Total</u> <u>Revenues ⁽¹⁾</u>	<u>State</u> <u>Aid</u>	<u>State Aid</u> <u>to Revenues</u>
2017	\$67,052,822	\$2,667,806	4.0%
2018	68,353,137	2,723,317	4.0
2019	71,465,022	2,633,164	3.7
2020	72,498,961	2,751,655	3.8
2021	73,446,840	2,615,486	3.6
2022 (Adopted Budget)	73,999,900	3,468,529 ⁽²⁾	4.7
2023 (Adopted Budget)	74,990,000	3,117,592	4.2

(1) General Fund.

(2) Inclusive of COVID-19 stimulus funds. See “*Impacts of COVID-19*” herein.

Source: Audited Financial Statements and Adopted Budgets for the District. This summary is not audited.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See “*STAR – School Tax Exemption*” herein).

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due the outbreak of COVID-19 the State initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. The outbreak of COVID-19 and the dramatic steps taken by the State to address it may continue to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, the State has received \$12.7 billion in federal funding that is available for a wide range of eligible State purposes, along with \$774 million to fund eligible local governments. The use of federal funds has allowed the State to avoid gap closing measurements; however, the State may be required to implement gap closing measurements in the future. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State’s 2022-23 Enacted Budget provides \$31.3 billion in State funding to school districts for the 2022-23 school year the highest level of State aid ever. This represents a year-to-year funding increase of \$2.1 billion or 7.07%. and includes \$21.4 billion of Foundation Aid which increased 8.1% from 2021-22. The 2022-23 school year increase in Foundation Aid primarily reflects the second year of the three-year phase-in of full funding of the current Foundation Aid formula.

The State’s 2022-23 Enacted Budget also increases the State’s annual investment in prekindergarten to \$1.1 billion, an increase of \$125 million, or 13%. The Budget also includes a total of \$100 million of matching funds over two years to be provided to school districts and BOCES with the highest needs to address student wellbeing and learning loss in response to the trauma brought about by the COVID-19 pandemic. This includes support for extended school

day or school year programs, afterschool programs, mental health professionals and other locally determined initiatives.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. The State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State's 2022-23 Enacted Budget was adopted on April 9, 2022. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, the COVID-19 pandemic, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision. Reductions in federal funding levels could have a materially adverse impact on the State budget.

In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

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

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

Impacts of COVID-19

The District incurred certain expenses associated with the COVID-19 pandemic, including but not limited to, costs related to cleaning supplies and equipment. The District paid such costs from budgetary appropriations and/or available funds.

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 2026.

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.

The District received \$1,115,939 in ARP ESSER III and \$496,529 in CRRSA-ESSER II funds that offset school expenses related to learning loss and building expenditures due to the pandemic through 2024. These allocations from the Federal stimulus funding between the American Rescue Plan Act ("ARP") and the Coronavirus Response

and Relief Supplemental Appropriations Act (“CRRSA”) will be used to address learning loss, mental health needs, to upgrade technology and support all students' academic needs.

Events Affecting New York School Districts

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

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

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

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State’s 2020-2021 Enacted Budget was 3.7 percent lower than in the State’s 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor’s Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 totaled \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State’s 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid is continued under existing aid formulas. Out-year growth in School Aid reflects current projections of the ten-year average growth in State personal income. The State’s 2020-2021 Enacted Budget authorized the State’s Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See “*State Aid*” herein for a discussion of this provision set forth in the State’s 2020-2021 Enacted Budget and recent releases by the State regarding the projected revenue shortfalls in such budget.

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

School district fiscal year (2022-2023): For the 2022-2023 school year, the State's Enacted provides \$31.3 billion in State funding to school districts for the 2022-23 school year the highest level of State aid ever. This represents a year-to-year funding increase of \$2.1 billion or 7.07%. and includes \$21.4 billion of Foundation Aid which increased 8.1% from 2021-22. The 2022-23 school year increase in Foundation Aid primarily reflects the second year of the three-year phase-in of full funding of the current Foundation Aid formula. The Enacted Budget also increases the State's annual investment in prekindergarten to \$1.1 billion, an increase of \$125 million, or 13%. The Budget also includes a total of \$100 million of matching funds over two years to be provided to school districts and BOCES with the highest needs to address student wellbeing and learning loss in response to the trauma brought about by the COVID-19 pandemic. This includes support for extended school day or school year programs, afterschool programs, mental health professionals and other locally determined initiatives.

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

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

Other Revenues

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

Cash Flow Projections

The cash flow summaries of the District for the 2021-2022 and 2022-2023 fiscal years, including tax anticipation borrowings and repayment thereof, are set forth in Appendix C. Such cash flow statements, with respect to future receipts and payments, are estimates only and no representation whatsoever is made that any such estimates will be realized.

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

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

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

The most current applicable report of the State Comptroller designates the District as "No Designation."

The financial affairs of the District are subject to periodic compliance reviews by OSC to ascertain whether the District has complied with the requirements of various State and federal statutes. The most recent audit, dated August 5, 2016, was for the purpose of examining the claims auditing process within the Pupil Personnel Service Department for the period July 1, 2014 through February 29, 2016. The OSC found that the Board of Education developed an adequate process for processing special education claims but has not formally documented procedures in writing. The District is in the process of formalizing special education claim processing procedures in writing as recommended by the OSC. The complete report and District's response can be obtained from OSC's website.

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

TAX INFORMATION

Real Property Tax Assessments and Rates

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

	<u>Real Property Tax Assessments and Rates</u>				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assessed Valuation	\$24,929,654,559	\$ 26,223,260,037	\$ 28,471,541,659	\$28,763,676,127	\$28,927,971,592
State Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Full Valuation	24,929,654,559	26,223,260,037	28,471,541,659	28,736,676,127	28,848,881,472
Tax Levy ⁽¹⁾	55,541,498	56,871,237	58,199,051	60,433,686	\$59,993,686
Tax Rate	\$ 2.21	\$ 2.17	\$ 2.04	\$ 2.09	\$ 2.07

(1) Per \$1,000 of Full Value.

Source: New York State Office of Real Property Services.

The Tax Levy Limit Law

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

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

Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the

refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, such as the Notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

Tax Limit

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

Tax Collection Procedure

In the County, property taxes for the school districts, together with town and county taxes are collected by the town tax receivers. 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 payable and 10% after May 31.

The school districts receive their full levies before the end of their fiscal years. Uncollected amounts are not segregated by town tax receiver, and any deficiency in tax collection is the County’s liability.

STAR - School Tax Exemption

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

Part A of Chapter 60 of the Laws of 2016 of the State of New York (“Chapter 60”) gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

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

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

The State’s 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to \$250,000, compared with a \$500,000 limit for the credit.

Approximately \$173,180 or 0.29% of the District’s 2021-2022 school tax levy was exempted by the STAR program and the District received full reimbursement of such exempt taxes from the State. Approximately \$174,640 or 0.28% of the District’s 2022-2023 school tax levy is expected to be exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2023. (See “*State Aid*” herein.)

Ten of the Largest Taxpayers

The following table presents the assessed value of ten of the District's largest taxpayers for the 2021-22 fiscal year.

<u>Taxable Assessments</u>			
<u>Taxpayer Name</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Assessed Valuation⁽¹⁾</u>
PSEGLI	Utility	\$105,333,199	0.36%
National Grid	Utility	99,078,482	0.34
JPD2021 Ltd	Commercial	74,797,600	0.26
Leon D Black	Commercial	68,418,600	0.24
JKA, LLC	Commercial	55,856,100	0.19
650 Meadow Lane 1 LP	Commercial	54,374,400	0.19
Three Ponds Farm Owner LLC	Commercial	53,748,900	0.19
Permelynn of Bridgehampton Inc.	Commercial	50,962,900	0.18
160 Meadow Lane LLC	Commercial	50,275,500	0.17
South Lane Properties LLC	Commercial	<u>49,898,600</u>	<u>0.17</u>
	Total:	<u>\$662,744,281</u>	<u>2.29%</u>

(1) The total assessed value of the District is \$28,927,971,592 for the 2021-22 fiscal year.

Source: Town of Southampton, Office of Assessor.

DISTRICT INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity Except for certain short-term indebtedness contracted in anticipation of taxes (such as the Notes) or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted; indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the period of probable usefulness of the object or purpose determined by statute or the weighted average maturity of the several objects or purposes for which such

indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in such law, with the amount of such increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. (See “*The Tax Levy Limit Law*” herein).

Statutory Procedure

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

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

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

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

Statutory Debt Limit and Net Indebtedness

The debt limit as of September 13, 2022 for the District is \$2,892,797,159. This is calculated by taking 10% of the current full value of the District.

Statutory Debt Limit and Net Indebtedness⁽¹⁾

Full valuation of taxable real property		\$28,927,971,592
Debt limit (10% of full valuation)		2,892,797,159
Bonds	\$20,390,000	
Bond Anticipation Notes	0	
Gross Indebtedness		20,390,000
Less exclusion for estimated building aid	<u>0</u>	
Total Net indebtedness		<u>20,390,000</u>
Net Debt Contracting Margin		<u>\$ 2,872,407,159</u>
Percentage of Debt Contracting Power Exhausted		<u>0.70%</u>

(1) Exclusive of refunded bonds. Tax anticipation and revenue anticipation notes are not included in the computation of the statutory debt limit of the District. The District’s outstanding lease obligations and installment debt obligations are not included above. See “*Lease Obligations*” and “*Installment Debt*” herein.

Bond Anticipation Notes

The District currently has no bond anticipation notes outstanding.

Tax Anticipation Notes

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

Borrowing History

<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Date Due</u>
2018	09/15/17	\$17,500,000	06/29/18
2019	09/13/18	17,500,000	06/26/19
2020	09/19/19	16,000,000	06/25/20
2021	09/30/20	16,500,000	06/24/21
2022	09/30/21	17,000,000	06/23/22

Source: Audited Financial Statements of the District and Southampton Union Free School District, Office of the Assistant Superintendent for Business. This summary is not audited.

Trend of Capital Indebtedness

The following table provides information relating to direct capital indebtedness outstanding at year-end for the last five fiscal years.

	<u>Direct Capital Indebtedness Outstanding</u>				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022⁽¹⁾</u>
Bonds	\$30,245,000	\$27,950,000	\$25,545,000	\$23,035,000	\$20,390,000
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$30,245,000</u>	<u>\$27,950,000</u>	<u>\$25,545,000</u>	<u>\$23,035,000</u>	<u>\$20,390,000</u>

(1) Unaudited.

Source: District’s Audited Financial Statements and Southampton Union Free School District, Office of the Assistant Superintendent for Business. This summary is not audited.

Installment Purchase Debt

The District has the following installment purchase debt outstanding:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding as of June 30, 2021</u>
Computer Lease	6/13/18	5/25/22	2.71%	\$ 88,889
Computer Lease	6/14/19	6/14/23	2.42%	152,374
Computer Lease	7/27/20	7/27/24	2.25%	306,374
Computer Lease	6/11/21	6/11/25	1.09%	<u>269,533</u>
			Total:	<u>\$ 817,170</u>

Authorized but Unissued Indebtedness

The District has no authorized but unissued debt.

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Overlapping and Underlying Indebtedness

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayer's share of overlapping and underlying debt is based on the amount of the District equalized property value taken as a percentage of each separate unit's total values. The following table presents the amount of overlapping and underlying debt and the District's estimated share of this debt, authorized but unissued debt has not been included.

Statement of Direct and Overlapping Indebtedness

	Net Debt <u>Outstanding</u>	<u>As of</u>	<u>District Share</u>	<u>Amount</u>
Suffolk County	\$1,206,752,763	08/11/22	4.27%	\$ 51,528,343
Town of Southampton	66,627,380	02/10/22	29.28	19,508,497
Village of Southampton	6,835,000	11/05/21	100.00	6,835,000
Southampton Fire District	0	12/31/18	100.00	0
North Sea Fire District	0	12/31/18	100.00	<u>0</u>
Total Net Overlapping Debt				\$ 77,871,840
Total Net Direct Debt				<u>20,390,000</u>
Total Net Direct and Overlapping Debts				<u>\$98,261,840</u>

Source: Data provided by County, Town and Village Officials.

Debt Ratios

The following table presents certain debt ratios relating to the District's indebtedness.

	<u>Debt Ratio</u>		
	<u>Amount</u>	<u>Debt Per Capita⁽¹⁾</u>	<u>Debt to Full Value⁽²⁾</u>
Net Direct Debt	\$ 20,390,000	\$ 2,044	0.07%
Net Direct and Overlapping Debt	98,261,840	9,851	0.34

(1) The population of the District is estimated by District officials to be approximately 9,975.

(2) The District's full value of taxable real property for fiscal year 2020-21 is \$28,927,971,592.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District’s outstanding bonded indebtedness, exclusive of any refunded bonds.

Bond Principal and Interest Maturity Table

Fiscal Year	Total		
<u>Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service ⁽¹⁾</u>
2023 ⁽¹⁾	\$2,770,000	\$773,938	\$3,543,938
2024	2,905,000	649,638	3,554,638
2025	3,035,000	519,188	3,554,188
2026	3,185,000	382,838	3,567,838
2027	3,315,000	255,438	3,570,438
2028	3,430,000	122,838	3,552,838
2029	<u>1,750,000</u>	<u>37,188</u>	<u>1,787,188</u>
Totals	<u>\$20,390,000</u>	<u>\$2,741,066</u>	<u>\$26,131,066</u>

(1) For the entire fiscal year.

Source: Audited Financial Statements of the District and Office of the Assistant Superintendent for Business. This summary is not audited.

Energy Performance Contract

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

EPC Principal and Interest Table

Fiscal Year	Total		
<u>Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service ⁽¹⁾</u>
2023 ⁽¹⁾	\$ 189,469	\$ 28,582	\$ 218,051
2024	193,777	24,274	218,051
2025	198,183	19,868	218,051
2026	202,689	15,362	218,051
2027-2029	<u>527,117</u>	<u>18,011</u>	<u>545,128</u>
Totals	<u>\$1,311,235</u>	<u>\$106,097</u>	<u>\$1,417,332</u>

(1) For the entire fiscal year.

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ECONOMIC AND DEMOGRAPHIC DATA

Largest Employers

The following is a selected listing of the major employers in the District and surrounding area.

<u>Major Employers</u>		
<u>Employer</u>	<u>Nature of the Business</u>	<u>Number of Employees</u>
Southampton Hospital	Healthcare	775
Town of Southampton	Municipal	500
Southampton UFSD	School District	457
Corcoran Group	Real Estate	400
Dominican Sisters Family Health Services	Home Health Agency	350
Bridgehampton National Bank	Commercial Banks	245
Village of Southampton	Municipal	179

Source: Town of Southampton and Southampton Union Free School District, Office of the Assistant Superintendent for Business and a telephone survey conducted by the District.

Population

The District has an estimated population of 9,975 as of 2019. The populations for the Town, County and State are listed below.

<u>Population Trend</u>			
	<u>2000</u>	<u>2010</u>	<u>2020</u>
Town	55,216	56,790	69,036
County	1,419,369	1,493,350	1,525,920
State	18,976,457	19,378,102	20,201,249

Source: New York State Department of Commerce; New York State Empire State Development Corporation; U.S. Census Bureau.

Income

The following presents median family income for the Village, Town, County and State. Data provided in the following table is not necessarily representative of the District.

<u>Median Family Income</u>			
	<u>2000</u>	<u>2010</u>	<u>2020</u>
Village	\$67,315	\$81,250	\$138,438
Town	66,261	74,316	119,334
County	72,112	84,506	123,117
State	51,691	55,603	87,270,

Source: New York State Department of Commerce; Long Island Almanac.

Employment and Unemployment

Unemployment statistics are not available for the District. The information set forth below with respect to Town, County and New York is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the Town, County and State is necessarily representative of the District. This information is not seasonally adjusted.

Civilian Labor Force (Thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Town	29,900	30,200	30,400	29,600	29,700
County	791,000	793,200	797,400	779,000	776,400
State	9,838,200	9,842,300	9,880,200	9,575,000	9,441,500

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>
2017	4.8%	4.4%	4.6%
2018	4.3	3.8	4.1
2019	3.9	3.6	3.8
2020	7.6	8.1	9.9
2021	4.6	4.6	6.9

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

Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
August 2021	3.6%	4.5%	6.7%
September	3.1	3.7	5.7
October	3.0	3.4	5.3
November	3.2	3.1	4.9
December	3.4	2.7	4.5
January 2022	5.3	3.6	5.3
February	5.6	3.8	5.1
March	5.0	3.5	4.7
April	3.2	2.8	4.2
May	2.6	2.8	4.1
June	2.6	3.0	4.3
July	2.8	3.4	4.8

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

End of Appendix A

APPENDIX B
FINANCIAL STATEMENT SUMMARIES

SOUTHAMPTON UNION FREE SCHOOL DISTRICT, NEW YORK
Statement of Budgeted Revenues and Expenditures - General Fund
Fiscal Year Ending June 30:

	<u>2021-2022⁽¹⁾</u>	<u>2022-2023⁽²⁾</u>
<u>Revenues:</u>		
Real Property Taxes (3)	\$ 60,433,686	\$ 61,317,249
Tuition	8,228,696	9,700,000
Interest Income	260,000	145,851
State aid	3,468,529	3,117,592
Miscellaneous	908,989	709,308
Use of Reserves	200,000	-
Appropriated Fund Balance	<u>500,000</u>	<u>-</u>
Total Revenues:	<u>\$ 73,999,900</u>	<u>\$ 74,990,000</u>
 <u>Expenditures:</u>		
General Support	\$ 8,635,442	\$ 8,730,987
Instruction	37,759,774	38,194,661
Pupil Transportation	3,116,433	3,162,294
Community Services	1,325,131	1,307,960
Employee Benefits	18,688,585	18,792,307
Interfund Transfer	300,000	300,000
Debt Service	<u>4,174,535</u>	<u>4,501,791</u>
Total Expenditures:	<u>\$ 73,999,900</u>	<u>\$ 74,990,000</u>

(1) The District's proposed 2021-2022 fiscal year budget was approved by voters on May 18, 2021.

(2) The District's proposed 2022-2023 fiscal year budget was approved by voters on May 17, 2022.

(3) Inclusive of PILOTs and STAR aid payments.

SOUTHAMPTON UNION FREE SCHOOL DISTRICT, NEW YORK
Comparative Balance Sheet - General Fund
Fiscal Years Ended June 30:

	<u>2020</u>	<u>2021</u>
<u>Assets:</u>		
Unrestricted Cash	\$ 1,642,879	\$ 4,677,158
Restricted Cash	29,754,393	32,075,475
Accounts Receivable	40,754	22,254
Due from other funds	2,973,431	1,927,678
Due from state and federal	5,188,623	3,024,100
Due from other governments	1,452,046	1,275,879
Prepays	193,075	346,499
	<hr/>	<hr/>
Total Assets:	<u>\$ 41,245,201</u>	<u>\$ 43,349,043</u>
<u>Liabilities and Fund Equity:</u>		
Accounts Payable	\$ 852,117	\$ 1,449,480
Accrued Liabilities	139,212	152,696
Due to Other Funds	2,500,815	3,498,438
Due to Other Governments	742,035	652,814
Deferred Revenues	42,087	-
Due to Employees' Retirement System	404,826	518,346
Due to Teachers Retirement System	2,674,306	2,917,714
Other Liabilities	-	60,358
Collections in Advance	-	20,600
Compansated Absences	989,317	626,145
	<hr/>	<hr/>
Total Liabilities:	<u>8,344,715</u>	<u>9,896,591</u>
<u>Fund Equity:</u>		
Restricted	\$ 27,995,241	\$ 28,468,368
Nonspendable	193,075	346,499
Assigned		
Appropriated fund balance	1,500,000	1,000,000
Unappropriated fund balance	297,914	677,589
Unassigned	2,914,256	2,959,996
	<hr/>	<hr/>
Total Fund Balance	32,900,486	33,452,452
	<hr/>	<hr/>
Total Liabilities and Fund Equity	<u>\$ 41,245,201</u>	<u>\$ 43,349,043</u>

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

SOUTHAMPTON UNION FREE SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund
Fiscal Year Ended June 30:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Real Property Taxes	\$ 53,386,687	\$ 55,061,884	\$ 56,662,510	\$ 58,013,902	\$ 59,270,874
Other Tax Items	433,125	421,735	402,491	383,426	371,985
Charges for Services	10,187,251	9,494,801	10,795,541	10,392,490	10,249,462
Use of Money & Property	67,563	225,613	600,693	516,811	296,062
Sale of Property/Compensation for Loss	109,931	267,692	149,599	96,288	147,153
Miscellaneous	196,004	158,095	205,299	324,240	285,101
State Sources	2,667,806	2,723,317	2,633,164	2,751,655	2,615,486
Federal Sources	-	-	-	-	163,315
Medicaid Reimbursement	4,455	-	15,725	20,149	47,402
	<u>67,052,822</u>	<u>68,353,137</u>	<u>71,465,022</u>	<u>72,498,961</u>	<u>73,446,840</u>
Total Revenues					
Expenditures:					
General Support	\$ 7,207,160	\$ 8,532,018	\$ 7,585,148	\$ 7,941,111	\$ 9,545,659
Instruction	33,152,688	34,860,391	35,656,342	36,374,445	36,084,391
Pupil Transportation	2,566,251	3,061,197	3,146,826	2,790,107	2,623,390
Community Services	798,447	890,866	1,155,918	1,272,673	1,320,203
Employee Benefits	15,494,632	15,695,473	15,732,732	15,485,242	15,843,300
Debt Service	4,396,055	4,341,003	4,350,442	4,225,950	4,070,246
	<u>63,615,233</u>	<u>67,380,948</u>	<u>67,627,408</u>	<u>68,089,528</u>	<u>69,487,189</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over Expenditures	<u>3,437,589</u>	<u>972,189</u>	<u>3,837,614</u>	<u>4,409,433</u>	<u>3,959,651</u>
Other Sources and Uses					
Proceeds from long-term debt					
Operating transfers in	45,144	1,872,524	47,622	840,240	300,843
Operating transfers out	<u>(1,407,378)</u>	<u>(3,136,493)</u>	<u>(2,095,871)</u>	<u>(2,787,309)</u>	<u>(3,708,528)</u>
	<u>(1,362,234)</u>	<u>(1,263,969)</u>	<u>(2,048,249)</u>	<u>(1,947,069)</u>	<u>(3,407,685)</u>
Total Other Sources (Uses)					
Excess (Deficit) Revenues & Other Sources Over Expenditures and Other (Uses)	2,075,355	(291,780)	1,789,365	2,462,364	551,966
Fund Balance - Beg. of Year	26,865,182	28,940,537	28,648,757	30,438,122	32,900,486
Other Changes in Fund Equity Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity - End of Year	<u>\$ 28,940,537</u>	<u>\$ 28,648,757</u>	<u>\$ 30,438,122</u>	<u>\$ 32,900,486</u>	<u>\$ 33,452,452</u>

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

APPENDIX C
CASH FLOW STATEMENTS

Southampton Union Free School District, New York
Actual Cash Flow for TANS
Fiscal Year July 1, 2021 - June 30, 2022

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
MONTH	<u>JULY</u>	<u>AUGUST</u>	<u>SEPTEMBER</u>	<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>DECEMBER</u>	<u>JANUARY</u>	<u>FEBRUARY</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>TOTAL</u>
BALANCE (Beginning)	\$13,681,106	\$11,538,641	\$9,087,875	\$22,989,232	\$16,909,246	\$13,075,114	\$9,661,263	\$33,069,628	\$34,898,950	\$32,779,590	\$29,863,126	\$32,261,419	\$13,681,106 (1)
RECEIPTS													
Property Taxes	-	-	-	-	-	2,553,632	28,176,683	3,519,513	759,474	1,111,425	15,026,878	8,623,835	59,771,440
Property Taxes Due Other Govts	-	-	-	-	-	234,708	2,589,759	323,483	69,804	102,153	1,381,142	831,273	5,532,322
STAR Aid	-	-	-	-	-	-	173,180	-	-	-	-	-	173,180
In Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	421,962	421,962
State Aid	159,319	72,610	28,335	139,487	9,135	9,135	9,135	9,136	358,892	-	-	100,880	896,064
Tuition	998,203	20,180	25,964	14,105	2,588,143	516,469	31,338	3,503,116	1,501,941	145,263	781,294	599,868	10,725,884
Transfers from Other Funds	25,000	15,000	200,000	-	363,775	20,000	-	41,000	-	-	-	-	664,775
Transfer from Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds TANS	-	-	17,166,430	-	-	-	-	-	-	-	-	-	17,166,430
Interest Income	1,959	1,625	1,158	3,108	1,931	1,187	3,278	3,748	4,088	3,489	3,827	8,521	37,919
Other	54,889	29,616	109,495	14,604	120,127	45,013	246,316	68,700	77,504	245,122	86,172	54,860	1,152,418
TOTAL RECEIPTS	1,239,370	139,031	17,531,382	171,304	3,083,111	3,380,144	31,229,689	7,468,696	2,771,703	1,607,452	17,279,313	10,641,199	96,542,394
DISBURSEMENTS													
Operating Expenses	2,063,116	1,860,862	517,131	3,081,965	3,195,929	1,930,563	1,807,100	1,875,647	1,605,976	1,273,862	1,669,195	1,764,669	22,646,015
Salaries and Benefits	953,934	728,935	3,062,894	3,123,975	3,165,834	4,817,669	3,360,706	3,273,773	3,136,587	3,180,439	3,096,168	9,506,416	41,407,330
Property Taxes Due Other Govts	-	-	-	-	-	-	2,544,493	489,954	148,500	69,615	67,345	2,181,291	5,501,198
Transfers to Other Funds	210,000	-	50,000	-	938	-	-	-	-	-	-	-	260,938
Transfer to Reserves	-	-	-	-	-	-	-	-	-	-	-	4,318,922	4,318,922
TAN Repay	-	-	-	-	-	-	-	-	-	-	8,376,165	8,623,835	17,000,000
TAN Repay - Interest	-	-	-	-	-	-	-	-	-	-	-	186,292	186,292
Bond - Principal	-	-	-	-	-	-	-	-	-	-	1,370,000	1,275,000	2,645,000
Bond - Interest	-	-	-	-	446,243	-	-	-	-	-	217,544	228,700	892,487
Lease Payments	154,785	-	-	45,350	108,299	45,763	109,025	-	-	-	84,603	-	547,825
TOTAL DISBURSEMENTS	3,381,835	2,589,797	3,630,025	6,251,290	6,917,243	6,793,995	7,821,324	5,639,374	4,891,063	4,523,916	14,881,020	28,085,125	95,406,007
BALANCE (Ending)	\$11,538,641	\$9,087,875	\$22,989,232	\$16,909,246	\$13,075,114	\$9,661,263	\$33,069,628	\$34,898,950	\$32,779,590	\$29,863,126	\$32,261,419	\$14,817,493	\$14,817,493
NOTE PAYMENT ACCOUNT⁽²⁾													
Balance (Beginning)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,376,165	\$0
Receipts	-	-	-	-	-	-	-	-	-	-	8,376,165	8,623,835	17,000,000
Disbursements	-	-	-	-	-	-	-	-	-	-	-	17,000,000	17,000,000
Balance (Ending)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,376,165	\$0	\$0

(1) Balance as of June 30, 2021 exclusive of Restricted Reserves for Capital, Repair, Insurance and Workers' Compensation.

(2) Note Payment Account transactions reflect amounts set aside to pay the principal of 2021-22 tax anticipation notes, and the payment of such notes at their maturity.

Interest on such notes is not reflected in the Note Payment Account, but is recorded as a Note Interest Payment Disbursement in the schedule above.

Southampton Union Free School District, New York
Projected Cash Flow for TANS
Fiscal Year July 1, 2022 - June 30, 2023

	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
MONTH	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL
BALANCE (Beginning)	\$14,817,493	\$12,825,208	\$10,032,708	\$15,547,708	\$9,667,708	\$5,509,102	\$102,277	\$18,176,632	\$14,264,132	\$12,291,632	\$9,244,132	\$19,226,026	\$14,817,493 (1)
RECEIPTS													
Property Taxes	-	-	-	-	-	1,500,000	30,000,000	3,500,000	850,000	1,200,000	16,000,000	8,078,260	61,128,260
Property Taxes Due Other Govts	-	-	-	-	-	150,000	3,000,000	350,000	85,000	120,000	1,600,000	746,932	6,051,932
STAR Aid	-	-	-	-	-	-	174,640	-	-	-	-	-	174,640
In Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	321,389	321,389
State Aid	175,000	100,000	30,000	110,000	12,000	10,000	12,000	100,000	450,000	-	-	297,239	1,296,239
Tuition	900,000	20,000	25,000	20,000	2,500,000	50,000	500,000	1,000,000	1,500,000	500,000	500,000	1,965,000	9,480,000
Proceeds TANS	-	-	10,000,000	-	-	-	-	-	-	-	-	-	10,000,000
Interest Income	7,500	7,500	10,000	10,000	10,000	10,000	12,500	12,500	12,500	12,500	12,500	28,351	145,851
Other	80,000	80,000	50,000	80,000	10,000	20,000	30,000	150,000	15,000	40,000	80,000	90,000	725,000
TOTAL RECEIPTS	1,162,500	207,500	10,115,000	220,000	2,532,000	1,740,000	33,729,140	5,112,500	2,912,500	1,872,500	18,192,500	11,527,171	89,323,311
DISBURSEMENTS													
Operating Expenses	2,000,000	2,000,000	1,500,000	3,000,000	3,000,000	2,000,000	2,500,000	1,500,000	1,500,000	1,500,000	1,500,000	3,416,109	25,416,109
Salaries and Benefits	1,000,000	1,000,000	3,100,000	3,100,000	3,300,000	4,800,000	3,500,000	3,500,000	3,300,000	3,300,000	3,300,000	10,400,836	43,600,836
Property Taxes Due Other Govts	-	-	-	-	-	150,000	3,000,000	350,000	85,000	120,000	1,600,000	746,932	6,051,932
TAN Repay	-	-	-	-	-	-	6,500,000	3,500,000	-	-	-	-	10,000,000
TAN Repay - Interest	-	-	-	-	-	-	-	175,000	-	-	-	-	175,000
Bond - Principal	-	-	-	-	-	-	-	-	-	-	1,420,000	1,350,000	2,770,000
Bond - Interest	-	-	-	-	190,143	196,825	-	-	-	-	190,143	196,827	773,938
Lease Payments	154,785	-	-	-	200,463	-	154,785	-	-	-	200,463	-	710,496
TOTAL DISBURSEMENTS	3,154,785	3,000,000	4,600,000	6,100,000	6,690,606	7,146,825	15,654,785	9,025,000	4,885,000	4,920,000	8,210,606	16,110,704	89,498,311
BALANCE (Ending)	\$12,825,208	\$10,032,708	\$15,547,708	\$9,667,708	\$5,509,102	\$102,277	\$18,176,632	\$14,264,132	\$12,291,632	\$9,244,132	\$19,226,026	\$14,642,493	\$14,642,493
NOTE PAYMENT ACCOUNT⁽²⁾													
Balance (Beginning)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,500,000	\$0	\$0	\$0	\$0	\$0
Receipts	-	-	-	-	-	-	6,500,000	3,500,000	-	-	-	-	10,000,000
Disbursements	-	-	-	-	-	-	-	10,000,000	-	-	-	-	10,000,000
Balance (Ending)	\$0	\$0	\$0	\$0	\$0	\$0	\$6,500,000	\$0	\$0	\$0	\$0	\$0	\$0

(1) Balance as of June 30, 2022 exclusive of Restricted Reserves for Capital, Repair, Insurance and Workers' Compensation.

(2) Note Payment Account transactions reflect amounts set aside to pay the principal of 2021-22 tax anticipation notes, and the payment of such notes at their maturity.

Interest on such notes is not reflected in the Note Payment Account, but is recorded as a Note Interest Payment Disbursement in the schedule above.

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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

September 30, 2022

The Board of Education of
Southampton Union Free School District,
in the County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Southampton Union Free School District (the “School District”), in the County of Suffolk, a school district of the State of New York in connection with the authorization, sale and issuance of the \$10,000,000 Tax Anticipation Note for 2022-2023 Taxes (the “Note”), dated and delivered on the date hereof.

We have examined a record of proceedings relating to the Note for purposes of this opinion. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

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

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

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Note is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross

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

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

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

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

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

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

Very truly yours,

APPENDIX E

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

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

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

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

“Issuer” shall mean the Southampton Union Free School District, in the County of Suffolk, a school district of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of the date hereof.

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

“Securities” shall mean the Issuer’s \$10,000,000 Tax Anticipation Notes for 2022-2023 Taxes, dated September 30, 2022, maturing on February 15, 2023, and delivered on the date hereof.

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

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

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

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **September 30, 2022**.

SOUTHAMPTON UNION FREE SCHOOL DISTRICT

By _____
President of the Board of Education