

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 16, 2023**

**NEW ISSUES  
BOOK-ENTRY-ONLY**

**RATING: See “Ratings” herein  
SERIAL BONDS**

*In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Series A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Series A Bonds 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. Interest on the Series B Bonds is included in gross income for federal income tax purposes Code. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York state and its political subdivisions, including The City of New York. See “Tax Matters for the Series A Bonds” and “Tax Matters for the Series B Bonds” herein.*

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

**\$1,715,000\***

**HOUSING REVENUE BONDS – 2023 SERIES A  
(the “Series A Bonds”)**

(Payments of principal and interest to be unconditionally guaranteed by the Town of East Hampton, New York)

**Dated: Date of Delivery**

**Due: May 1, 2023 – 2037**

**\$410,000\***

**HOUSING REVENUE BONDS – 2023 SERIES B (FEDERALLY TAXABLE)**

(the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”)

(Payments of principal and interest to be unconditionally guaranteed by the Town of East Hampton, New York)

**Dated: Date of Delivery**

**Due: May 1, 2023 – 2026**

The Bonds are issued pursuant to the resolutions of the East Hampton Housing Authority (the “Authority”), a body corporate and politic and municipal housing authority of the State of New York, in the Town of East Hampton, Suffolk County, New York (the “Town”, the “County” and the “State”), adopted February 9, 2023 and February \_\_, 2023 (the “Resolutions”), payable solely from (i) funds of the Authority legally available for such payment and (ii) moneys provided for such payments by the Town pursuant to the Guarantee (hereinafter defined). The Bonds will not be secured by a security interest or other lien on the Project (as hereinafter defined), revenues of the Project or revenues of the Authority. (See “THE GUARANTEE” herein and “Appendix E – Form of Guarantee”). The Bonds will not be secured by a mortgage on the Project. The Bonds shall not constitute a debt or liability of the State of New York or of any political subdivision thereof, or a pledge of the faith and credit of the State of New York or any political subdivision thereof, neither the State of New York nor any political subdivision thereof is obligated to pay the principal and redemption price of and interest on the Bonds and neither the faith and credit nor the taxing power of the State of New York or any such political subdivision thereof is pledged to such payment, except the Town with respect to the Guarantee. The Authority has no taxing power. PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS WILL BE GUARANTEED BY THE TOWN OF EAST HAMPTON, SUFFOLK COUNTY, NEW YORK PURSUANT TO A GUARANTEE AGREEMENT APPROVED BY THE TOWN BOARD ON FEBRUARY 16, 2023. The guarantee of the payment of the principal and interest on the Bonds by the Town will constitute an obligation of the Town and all taxable property within the Town shall be subject to the levy of ad valorem taxes, subject to statutory limitations set forth in Chapter 97 of the Laws of 2011, as amended (Tax Levy Limit Law), to meet the obligation set forth in such Guarantee.

The Bonds are dated their date of delivery, and will bear interest from that date until maturity at the annual rate or rates specified by the purchaser(s), payable on May 1, 2023, November 1, 2023, and semiannually thereafter on May 1 and November 1 in each year until maturity. The Bonds shall mature on May 1 in each in the principal amounts specified on the inside cover hereof. The record date for payment of principal and interest on the Bonds is the fifteenth day of the calendar month immediately proceeding each interest payment date.

The Bonds will be issued as fully registered Bonds and, when issued, will be registered in the name of Cede & Co., as partnership nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry-only form, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interests in the Bonds. Payment of the principal of and interest on the Bonds will be made directly by The Bank of New York Mellon, New York, New York, as fiscal agent (the “Fiscal Agent”) to DTC or its nominee, Cede & Co., which will in turn remit such principal and interest to its Participants for subsequent disbursement to the Beneficial Owners of the Bonds as described herein. (See “Book-Entry-Only System” under “THE BONDS”, herein.)

The Series A Bonds are subject to redemption prior to maturity as described under “Redemption Prior to Maturity” herein. The Series B Bonds are not subject to redemption prior to maturity.

\* Preliminary, subject to change.

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

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by its General Counsel. Certain legal matters will be passed upon for the Town by the Town Attorney. Capital Markets Advisors, LLC has served as Municipal Advisor to the Authority in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in Jersey City, New Jersey through the facilities of DTC on or about March 16, 2023.

THE AUTHORITY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 (THE "RULE"). FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THE RULE, SEE "*DISCLOSURE UNDERTAKINGS*" HEREIN.

Dated: February \_\_, 2023

The Series A Bonds mature on May 1 in each year as set forth below, subject to redemption prior to maturity.

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP***</u>
2023	\$ 15,000	%	%		2031**	\$160,000	%	%	
2024	10,000				2032**	165,000			
2025	10,000				2033**	170,000			
2026	10,000				2034**	175,000			
2027	130,000				2035**	180,000			
2028	140,000				2036**	185,000			
2029	145,000				2037**	70,000			
2030	150,000								

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

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

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

The Series B Bonds mature on May 1 in each year as set forth below.

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2023	\$ 75,000	%	%		2025	\$110,000	%	%	
2024	105,000				2026	120,000			

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

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

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

**EXECUTIVE DIRECTOR**

Catherine M. Casey

**AUTHORITY BOARD**

Kevin Warren ..... Chair  
Arthur Goldman ..... Board Member/Vice-Chair  
Bryony Freij ..... Board Member/Secretary  
Amado Ortiz ..... Board Member/Treasurer  
Marian Zucker ..... Board Member  
Candace-Julianna Wilkerson ..... Board Member  
Edinson Bolivar, Esq. .... General Counsel

**TOWN OF EAST HAMPTON**

**SUPERVISOR**

Peter Van Scoyoc

**TOWN BOARD**

Kathee Burke-Gonzalez ..... Deputy Supervisor  
David Lys ..... Councilperson  
Sylvia Overby ..... Councilperson  
Cate Rogers ..... Councilperson

**TOWN OFFICIALS**

Rebecca Hansen ..... Town Budget Officer  
Carole A. Brennan ..... Town Clerk  
John Jilnicki, Esq. .... Town Attorney

**BOND COUNSEL**

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

**MUNICIPAL ADVISOR**



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

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

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# OFFICIAL STATEMENT

Relating To

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

**\$1,715,000\***

**HOUSING REVENUE BONDS – 2023 SERIES A  
(the “Series A Bonds”)**

**\$410,000\***

**HOUSING REVENUE BONDS – 2023 SERIES B (FEDERALLY TAXABLE)  
(the “Series B Bonds”)**

(Payments of principal and interest to be unconditionally guaranteed by the Town of East Hampton, New York)

This Official Statement (the “Official Statement”), which includes the cover page, and the appendices hereto presents certain information relating to the East Hampton Housing Authority, a body corporate and politic and municipal housing authority of the State of New York, in the Town of East Hampton (the “Authority”), in connection with the sale and issuance of \$1,715,000\* Housing Revenue Bonds – 2023 Series A (the “Series A Bonds”) and \$410,000 Housing Revenue Bonds – 2023 Series B (Federally Taxable) (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”). Terms not otherwise defined herein are as defined in the Guarantee and the Resolution, which are attached hereto as Appendices E and F, respectively.

This Official Statement contains a brief description of the Bonds, the Guarantee, the Authority, the Project and certain information concerning the Town of East Hampton (the “Town”). The proposed form of the Guarantee, the proposed form of the Resolution, the proposed form of approving opinion of Bond Counsel and the forms of continuing disclosure agreements are attached hereto as Appendices E, F, G and H, respectively. The summaries of documents described herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the forms thereof, copies of which are on file with the Authority.

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

## **THE BONDS**

### ***Description of the Bonds***

The Bonds are dated their date of delivery, and will bear interest payable on May 1, 2023, November 1, 2023, and semiannually thereafter on May 1 and November 1 in each year until maturity. The Bonds will mature on May 1 in each of the years as reflected on the inside cover page herein. The Series A Bonds are subject to redemption prior to maturity (see “*Redemption Prior to Maturity*” herein). The Series B Bonds are not subject to redemption prior to maturity.

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\* Preliminary, subject to change.

The Bonds will be issued as fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry-only form, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds.

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

Principal of and interest on the Bonds will be made by the Authority to the Fiscal Agent and the Fiscal Agent shall make payments of principal and interest on the Bonds to DTC, which will in turn remit such principal and interest to its participants, for subsequent disbursement to the beneficial owners of the Bonds as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Authority referred to therein.

### ***Security and Source of Payment***

The Bonds will be payable solely from (i) funds of the Authority legally available for such payment and (ii) moneys provided for such payments by the Town pursuant to the Guarantee, as hereafter defined. The Bonds will not be secured by a security interest or other lien on the Project, revenues of the Project or revenues of the Authority. The Bonds will not be secured by any mortgage on the Project. (See “THE GUARANTEE” herein and “Appendix E – Form of Guarantee”.)

The Bonds shall not constitute a debt or liability of the State of New York or of any political subdivision thereof, or a pledge of the faith and credit of the State of New York or any political subdivision thereof, neither the State of New York nor any political subdivision thereof is obligated to pay the principal and redemption price of and interest on the Bonds and neither the faith and credit nor the taxing power of the State of New York or any such political subdivision thereof is pledged to such payment, except the Town with respect to the Guarantee. The Authority has no taxing power.

The Town’s Guarantee is an obligation of the Town, and all taxable property within the Town will be subject to the levy of ad valorem taxes, subject to statutory limitations set forth in Tax Levy Limit Law, to meet the obligation set forth in the Guarantee. The power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*” in Appendix A herein.)

### ***Guarantee of Principal and Interest by the Town***

Payment of principal of and interest on the Bonds will be guaranteed by the Town pursuant to a Guarantee authorized pursuant to resolution adopted by the Town Board on February 16, 2023 (the “Guarantee”), for the payment of principal of and interest due and payable on the Bonds. Pursuant to the New York State Constitution and Section 95 of the Public Housing Law of the State of New York, the Town is authorized to guarantee payment of the principal of and interest on the Bonds. The Town’s Guarantee is an obligation of the Town, and all taxable property within the Town will be subject to the levy of ad valorem taxes, subject to statutory limitations set forth in Tax Levy Limit Law, to meet the obligation set forth in the Guarantee. The Town is not required by Section 95 of the Public Housing Law, the New York State Constitution or the Guarantee Agreement to appropriate or reserve funds annually in the event that the Town must make payments of the principal of and/or interest on the Bonds pursuant to the terms of the Guarantee Agreement. If funds are not available for such purpose, the Town may authorize the issuance of bonds for the purpose of meeting its obligation under the Guarantee. The issuance of bonds by the Town for this purpose must be authorized by a bond resolution adopted by at least a two-thirds vote of the entire membership of the Town Board. (See “*Security and Source of Payment*”, “THE GUARANTEE” and “Appendix E – Form of Guarantee” herein)



### ***Authority for and Purpose of the Bonds***

The Bonds are being issued pursuant to the Constitution and Laws of the State, including among others, the Town Law, the General Municipal Law and the Local Finance Law, and a resolution duly adopted by the Board of Directors of the Authority on February 9, 2023 and February \_\_, 2023 (the “Resolutions”). The form of the Resolution is set forth in “Appendix F – Form of Resolution.”

The Bonds are being issued to refund an outstanding mortgage note, executed on April 24, 2017, originally issued to refinance bonds issued by the Authority in 1999 to finance the acquisition of land located at 316 Accabonac Road and the construction of affordable housing units thereon in the Town (the “2017 Loan”).

### ***Verification of Mathematical Computations***

Causey Demgen and Moore P.C. will verify based upon the information provided to them, the mathematical accuracy, as of the date of the closing of the Bonds, of the computations contained in the provided schedules to determine that the anticipated receipts from the net proceeds from the Bonds listed in the purchaser’s schedules, will be sufficient to pay, when due, the principal of and interest on the 2017 Loan. Causey Demgen and Moore P.C. will express no opinion on the assumptions provided to them, nor as to the exclusion from taxation of the interest on the Bonds.

### ***Redemption Prior to Maturity***

***Optional Redemption.*** The Series A Bonds maturing on or before May 1, 2031 are not subject to redemption prior to maturity. The Series A Bonds maturing on or after May 1, 2032 will be subject to redemption prior to maturity, at the option of the Authority, on any date on or after May 1, 2031, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price of 100% of the par amount of the Series A Bonds to be redeemed, plus accrued interest to the date of redemption.

The Authority may select the maturities of the Series A Bonds to be redeemed prior to maturity and the amount to be redeemed of each maturity selected, as the Authority shall determine to be in the best interest of the Authority at the time of such redemption. If less than all of the Series A Bonds of any maturity are to be redeemed prior to maturity, the particular Series A Bonds of such maturity to be redeemed shall be selected by the Authority by lot in any customary manner of selection as determined by the Authority.

***No Optional Redemption.*** The Series B Bonds are not subject to redemption prior to maturity.

***Extraordinary Redemption.*** The Bonds are subject to redemption prior to maturity at the direction of the Authority with the consent of the Town, expressed by resolution of the Town Board, upon occurrence of one or more of the following events, as a whole at any time but not in part, at a redemption price equal to 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption:

- (1) The Project shall have been damaged or destroyed to the extent that, in the opinion of a professional engineer submitted to the Authority at the request of the Authority, either (i) the Project cannot be reasonably restored or repaired within a period of six months to the condition thereof immediately preceding such damage or destruction or (ii) the Authority would thereby be prevented from carrying on the normal rental operations of the Project, as it existed immediately prior to such damage or destruction, for a period of six months or more; or
- (2) Title to, or the use of or possession of, all or substantially all of the Project shall have been condemned or taken under governmental authority, or a Person acting under governmental authority, for any public use or purpose to such extent that, in the opinion of a professional engineer submitted to the Authority at the request of the Authority, either (i) the Project as it existed immediately prior to such condemnation or taking cannot be reasonably restored or replaced within a period of six months to a condition of comparable usefulness to that existing

prior to such condemnation or taking or (ii) the Authority would thereby be prevented from carrying on the normal rental operations of the Project as it existed immediately prior to such condemnation or taking for a period of six months or more.

**Notice Provisions.** Notice of such call for redemption shall be given by mailing such notice to the registered owner not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Series A Bonds so called for redemption shall, on the date of redemption set forth in such call for redemption, become due and payable, together with accrued interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

## **DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the bonds and will be deposited with DTC.

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

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

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

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

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

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

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

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

The Authority 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 Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

## **THE GUARANTEE**

In case of the failure of the Authority to make timely payment of principal and interest in any year, the Town has agreed to make such payment itself. The Town's payment from its own funds of the principal of the Bonds and of each installment of interest thereon will be implemented pursuant to the Guarantee.

Pursuant to the terms of the Guarantee between the Town and the Authority to be dated the date of delivery of the Bonds, the Town irrevocably and unconditionally agrees to pay the registered owners of the Bonds any payment of principal of and interest, or only interest as the case may be, due and payable on the Bonds ("Debt Service") which shall be unpaid to the Fiscal Agent because of: (i) failure of the Authority to pay, or cause to be paid, Debt Service on the Bonds to the Fiscal Agent for the Bonds at least thirty days prior to the date on which Debt Service of the Bonds is due and said failure shall be continuing for two (2) Business Days following the date on which such payment is due from the Authority to the Fiscal Agent or (ii) the avoidance and recovery of any payment of principal of or of interest on the Bonds from the Fiscal Agent or the Registered Owners by a trustee in bankruptcy, debtor or debtor in possession.

Payments under the Guarantee shall be made by the Town in immediately available funds, to the Fiscal Agent, not later than two business days prior to the date on which the principal and/or interest is due on the Bonds. No failure to give notice to the Town, including, but not limited to, the failure to provide any notice of nonpayment, shall release, reduce or discharge the obligation of the Town under the Guarantee.

In no event shall the aggregate total of all payments of Debt Service made by the Town under the Guarantee exceed the actual amount which shall become due for the payment of Debt Service but shall be unpaid because of Nonpayment.

The Town, in recognition of its irrevocable and unconditional agreement to pay Debt Service, waives its right to any defenses that may limit or alter its obligations under the Guarantee and agrees that the obligation of the Town under the Guarantee will not be released, reduced or discharged in the event the obligation of the Authority to pay Debt Services becomes unenforceable or upon the bankruptcy of the Authority. The Town further agrees that it will not be entitled to subrogation rights until the Bonds are paid in full. (See also “*Security and Source of Payment*” herein.)

### **THE AUTHORITY**

Organized in 1983, the Authority, a body corporate and politic, is a municipal housing authority created and established for the Town under the Public Housing Law of the State of New York for the purpose of providing affordable, decent, safe and sanitary housing for persons of limited income and other related purposes. The address of the Authority is 316 Accabonac Road, East Hampton, New York 11937.

The Authority has a Board of Directors of six members, five of which are appointed to staggered five-year terms by the Town Board and one tenant representative elected by residents. A member is re-appointed or newly appointed in December of each year. At its Annual Reorganization Meeting within the first two weeks of January of each year, the members elect the following officers: Chair, Vice-Chair, Secretary and Treasurer. The fifth and sixth members serve as members-at-large.

By-laws for the Authority are on file with the Supervising Attorney of the New York State Department of Housing And Community Renewal. Any changes to By-laws must be submitted for approval to this agency before becoming effective or will become effective without such approval two months after the request is submitted.

The Authority’s budget for its office operations is separate and distinct from the budgets for its apartment complexes. This budget must be submitted to the Authority’s liaison on the Town Board (typically a Councilperson) in September of each year. The liaison then submits the proposed budget to the Town Board for approval.

By New York State Law, an Authority member may be compensated at rate not to exceed \$2,000 for a member and \$2,500 for the Chair per annum and, in addition, shall be entitled to the necessary expenses, including travel expenses, incurred in discharging their duties.

The Public Housing Law allows the Authority to issue bonds in furtherance of the Public Housing Law’s purposes.

The present members and officers of the Authority are listed below.

<u>Name</u>	<u>Position</u>	<u>Term of Office</u>
Kevin Warren	Chair	12/16/19 to 12/16/24
Arthur Goldman	Vice Chair	12/16/20 to 12/16/25
Bryony Freij	Secretary	12/16/22 to 12/16/23
Amado Ortiz	Treasurer	01/16/22 to 12/16/27
Marian Zucker	Member-at-Large	12/16/21 to 12/16/26
Candace-Julianna Wilkerson	Member-at-Large	03/01/23 to 02/29/24

The Authority's current staff is listed below:

Executive Director:	Catherine Casey
Account Clerk SS:	Jahaira Tirado
Office Assistant SS:	Diana Rodriguez
Avallone Resident Manager:	Brit Mansir
Accabonac Resident Manager:	Kenneth Birmingham
Gansett Meadow Resident Manager:	Brendon Spooner
General Counsel:	Edinson Bolivar, Esq.

The Authority currently owns and operates the four following low income facilities in the Town. Rents are a combination of project based and tenant based subsidized rents, and unsubsidized Fair Market rents. As low-to-moderate income facilities, the Authority receives Project Based Voucher and Housing Choice Voucher subsidies in addition to tenant rent. Capital improvements to properties are paid by the respective rents collected at each facility. Project accounts are non-fungible between the various properties.

Avallone Apartments in Montauk were developed by the Authority in 1993. The Town purchased and gifted the real property to the Authority and the Authority constructed the project. Avallone consists of fifteen (15) one-bedroom units and two (2) two-bedroom units with kitchens. Rent is currently \$1,420 per month for a one-bedroom unit and \$1,800 for a two-bedroom unit. This project was financed through the New York State Housing Trust Fund. All tenants are very low income tenants and approximately half of the units are Section 8 subsidized.

Accabonac Apartments in East Hampton North was developed by the Authority in 1999. The Town purchased and gifted the real property to the Authority and the Authority constructed the project. Accabonac consists of fifty (50), one-, two- and three-bedroom units with kitchens. Rent for one-bedroom units is \$1,914 per month, two-bedroom units is \$2,295, and three-bedroom units is \$2,952. This project was financed through the issuance of tax credits and bonds issued by the Authority with Town Guarantee. All tenants are very low-income tenants and every unit is Section 8 subsidized. The Authority owns a 100% interest in the project since purchasing the Investor Partner's interest at the completion of the tax credit compliance period in 2017. There is a mortgage note on the property through M&T Bank. The proceeds of the Bonds will be used to retire the mortgage note.

The Authority owns and operates a moderate-income property, the Springs Fireplace Apartments in East Hampton North that was developed by the Town in 2008 on Springs Fireplace Road on approximately 6 acres of property and subsequently purchased by the Authority. There are thirteen (13) one-bedroom and thirteen (13) two-bedroom units, each with a full kitchen and one or two baths. Monthly rental fees for the units will be \$1,566 for a one-bedroom unit and \$1,919 for a two-bedroom unit, including heat and water, beginning April 1, 2023. The Project is limited to middle income residents. The units in the project are regulated to ensure that only families earning no more than 130% of the area median income are eligible at lease up. In 2021, the Authority issued bonds to refinance outstanding bonds related to this project. Such bonds issued in 2021 are subject to a Town guarantee.

In 2020, the Housing Authority completed the most recent property, Gansett Meadow, a 37-unit NYS and federal tax credit property. Gansett Meadow is mixed income from <30% area median income through 90% with set asides for the various income levels. The property has 12 one-bedroom, 12 two-bedroom, 12 three-bedroom and 1 four-bedroom apartment. There are 8 units which receive Section 8 Project Based subsidy. Rents range from \$1025 to \$1858 for a one-bedroom, \$1224 to \$2300 for a two-bedroom, \$1416 to \$2660 for a three-bedroom, and the four-bedroom rent is \$2893. One unit is reserved for an on-site resident manager employed by the project.

In addition to the above, the Authority partnered with a private developer, Georgica Green Ventures, and is currently constructing a 50-unit low-income rental property at 286 & 290 Three Mile Harbor Road in East Hampton. The project is expected to be completed in 2024.

All facility operations are managed by the Authority. The Authority is responsible for the day-to-day maintenance of the facilities including making basic repairs, maintaining the grounds, screening new tenants, snow removal, etc. The facilities are exempt from all local and municipally imposed taxes, but the Town will levy an annual payment in lieu of any such local or municipal taxes or charges against each facility.

**All prior debt of the Authority has been guaranteed by the Town. The Authority has never called on the guarantee of the Town and all prior debt service payments of the Authority have been paid on time and in full.**

***Authority Indebtedness***

The following table sets forth the total debt service payments required on the Authority’s bonds prior to the issuance of the Bonds, in each of the years shown below:

Fiscal Year Ended <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2023 <sup>(1)</sup>	\$ 160,000	\$ 136,800	\$ 296,800
2024	170,000	130,200	300,200
2025	175,000	123,300	298,300
2026	185,000	116,563	301,563
2027	185,000	109,972	294,972
2028	200,000	102,869	302,869
2029	205,000	95,275	300,275
2030	210,000	87,363	297,363
2031	220,000	78,894	298,894
2032	225,000	69,994	294,994
2033	240,000	60,694	300,694
2034	245,000	50,994	295,994
2035	255,000	40,834	295,834
2036	270,000	30,006	300,006
2037	280,000	18,488	298,488
2038	<u>295,000</u>	<u>6,269</u>	<u>301,269</u>
Totals:	<u>\$3,520,000</u>	<u>\$1,258,515</u>	<u>\$4,778,515</u>

(1) For the entire fiscal year.

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

The Authority redeemed the 1999 Housing Revenue Bonds balloon payment with a conventional mortgage note through People’s United Bank for \$2.7 million at 3.78%. The mortgage, now held by M&T Bank, is a 30-year obligation, 5-year adjustable rate mortgage, currently in it’s sixth year at a rate of 4.89%, due to reset next in June 2027. The proceeds of the Bonds will be used to retire the mortgage note.

**RISK FACTORS**

The following description summarizes some of the risk factors associated with the issuance of the Bonds and does not purport to be complete. This Official Statement should be read in its entirety.

## ***The Town***

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

The Town is dependent in part on financial assistance from the State, which is passed through by Suffolk County. If the State should experience difficulty in borrowing funds in anticipation of the receipt of the State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in this year or future years, the Town may be affected by a delay until sufficient State taxes have been received by the State to make State aid payments to the Town.

Should the Town fail to receive monies expected from the State in the amounts expected on a timely basis, the Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid. In addition, the Town may borrow to finance revenue shortfalls arising from, among other things, mid-year reductions in State aid.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town'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 outbreak caused the Federal government to declare a national state of emergency. The State also initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19. The outbreak of COVID-19 and the dramatic steps taken by the State to address it negatively impacted the State's economy and financial condition. 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 Town. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*Impacts of COVID-19*" and "*State Aid*" herein).

## ***Authority of the Town to File for Bankruptcy***

The Federal Bankruptcy Code allows public bodies, such as the Town, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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

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

The rights of the owners of the Bonds to receive interest and principal from the Authority could be adversely affected by the restructuring of the Town's debt under Chapter 9 of the Federal Bankruptcy Code. Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

The Authority is not authorized by New York law to file a federal bankruptcy petition pursuant to the Federal Bankruptcy Code.

### ***Obligations Under the Guarantee***

The Town is not required by Section 95 of the Public Housing Law, the New York State Constitution or the Guarantee Agreement to appropriate or reserve funds annually in the event that the Town must make payments of the principal of and/or interest on the Bonds pursuant to the terms of the Guarantee Agreement. If funds are not available for such purpose, the Town may, but is not obligated to under the Guarantee, to authorize the issuance of bonds for the purpose of meeting its obligation under the Guarantee. The issuance of bonds by the Town must be authorized by a bond resolution adopted by at least a two-thirds vote of the entire membership of the Town Board.

If the Town does not have funds available, sufficient access to the capital markets or alternative sources of financing to satisfy its obligations under the Guarantee, the Town may not be able to make payments of the principal of and/or interest on the Bonds pursuant to the terms of the Guarantee Agreement. However, as noted herein, the guarantee of the payment of the principal and interest on the Bonds by the Town will constitute an obligation of the Town and all taxable property within the Town would be subject to the levy of ad valorem taxes, subject to statutory limitations set forth in Chapter 97 of the Laws of 2011, as amended (Tax Levy Limit Law), to meet the obligation set forth in such Guarantee.

### ***Market Risks***

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. Recent financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a Bond may decline, causing the bondholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

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

### ***Tax Levy Limitation Law***

The enactment of the Chapter 97 of the Laws of 2011, as amended (the "Tax Levy Limitation Law"), which imposes a tax levy limitation upon municipalities, school districts and fire district in the State, including the Town, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the Town, may have an impact upon the market price for the Bonds.

In addition, continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the Town and hence upon the market price of the Bonds. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in the Tax Levy Limitation Law, unless the Town complies with certain procedural



requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*,” in Appendix A herein.)

### ***Cybersecurity of the Town***

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

Further, the Town has instituted internal controls that will help prevent access to sensitive Town information. For example, the Town now requires that any request made by a vendor for a change in information, whether it is bank information, mailing addresses or contact information, that the Town Department must verbally confirm the request from the vendor to ensure that it is a valid request.

### ***Cybersecurity of the Authority***

The Authority, 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 Authority 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 Authority invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Authority digital networks and systems and the costs of remedying any such damage could be substantial. To date, the Authority has not suffered any cyber attacks or digital security breaches.

## **LITIGATION RELATING TO THE AUTHORITY**

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Authority, threatened against or affecting the Authority to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Authority taken with respect to the issuance or sale of the Bonds, with respect to the Resolution, including the application of any money or security provided for the payment of the Bonds thereunder, the security provided for the Bonds under the Guarantee, or the existence or powers of the Authority.

For litigation involving the Town, see “*Litigation Relating to the Town*” in Appendix A, herein.

## **TAX MATTERS FOR THE SERIES A BONDS**

### ***Opinion of Bond Counsel***

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Series A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Series A Bonds 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 Authority (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Series A Bonds, will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and others in connection with the Series A Bonds, and Bond Counsel has assumed compliance by the Authority with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Series A Bonds from gross income under Section 103 of the Code.

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

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

### ***Certain Ongoing Federal Tax Requirements and Certifications***

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

### ***Certain Collateral Federal Tax Consequences***

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

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

## ***Original Issue Discount***

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

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

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

## ***Bond Premium***

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

## ***Information Reporting and Backup Withholding***

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

purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

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

### ***Miscellaneous***

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

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

## **TAX MATTERS FOR THE SERIES B BONDS**

### ***Opinion of Bond Counsel***

In the opinion of Bond Counsel to the Authority, interest on the Series B Bonds (i) is included in gross income for federal income tax purposes and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

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

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series B Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below. In addition, for tax years beginning after December 31, 2022, interest on the Series B Bonds 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.

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

### ***Original Issue Discount***

In general, if Original Issue Discount (“OID”) is greater than a statutorily defined de minimis amount, a U.S. Holder of a Series B Bond having a maturity of more than one year from its date of issue must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Series B Bond) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the U.S. Holder’s method of accounting. “OID” is the excess of (i) the “stated redemption price at maturity” over (ii) the “issue price.” For purposes of the foregoing: “issue price” means the first price at which a substantial amount of the Series B Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); “stated redemption price at maturity” means the sum of all payments, other than “qualified stated interest,” provided by such Series B Bond; “qualified stated interest” is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and “de minimis amount” is an amount equal to 0.25 percent of the Series B Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Series B Bond using the constant-yield method, subject to certain modifications.

### ***Acquisition Discount on Short-Term Taxable Bonds***

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

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

### ***Bond Premium***

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

### ***Disposition and Defeasance***

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Series B Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference

between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Series B Bond.

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

### ***Information Reporting and Backup Withholding***

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

### ***U.S. Holders***

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

### ***Miscellaneous***

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

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

## **LEGALITY OF THE BONDS FOR INVESTMENT**

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds of the Authority, including the Bonds, and such Bonds are authorized security for any and all public deposits.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the respective approving legal opinions of Hawkins Delafield & Wood LLP, Bond Counsel. Bond Counsel's opinions will be in substantially the form attached hereto as Appendix G.

Certain legal matters will be passed upon for the Authority by its General Counsel. Certain legal matters will be passed upon for the Town by the Town Attorney.

## **DISCLOSURE UNDERTAKINGS**

### ***Disclosure Undertaking for the Bonds***

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the “Rule”) promulgated by the Securities and Exchange Commission (the “Commission”), the Town and the Authority each have agreed to provide, at the time of delivery of the Bonds, an executed Disclosure Undertaking in substantially the forms attached hereto as Appendix H-1 and H-2.

### ***Prior Compliance History of the Town***

On August 22, 2019, the Town issued \$3,500,000 Bond Anticipation Notes – 2019 Series B (Federally Taxable) which were purchased by TD Bank, N.A. On April 22, 2020, the Town made the late filing of the notice of the incurrence of such financial obligation.

## **RATING**

The Authority has applied to Moody’s Investors Service, Inc. (“Moody’s”) for a rating on the Bonds. Such application is pending at this time.

On August 4, 2022, Moody’s affirmed the Town’s long-term, unsecured credit rating of “Aaa” with a stable outlook.

With respect to the Moody’s rating applicable to unsecured debt, 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.

## **MUNICIPAL ADVISOR**

Capital Markets Advisors, LLC, Great Neck and New York, New York, (the “Municipal Advisor”) is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent financial advisor to the Authority 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 Authority 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 Authority. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

## **ADDITIONAL INFORMATION**

Additional information may be obtained from the Authority’s Executive Director, Catherine Casey, East Hampton Housing Authority, 316 Accabonac Road, East Hampton, New York 11937, (631) 329-7427, or from the Authority’s Financial Advisor, Capital Markets Advisors, LLC, One Great Neck Road, Suite 1, Great Neck, New York 11021, (516) 487-9818.

The Bank of New York Mellon, in its role as Fiscal Agent, will act as Paying Agent with respect to the Bonds.

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 Authority and the original purchasers or holders of any of the Bonds.

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

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at [www.capmark.org](http://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 Authority nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Authority 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 Authority 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 Authority assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material.

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

EAST HAMPTON HOUSING AUTHORITY  
TOWN OF EAST HAMPTON  
SUFFOLK COUNTY, NEW YORK

By: \_\_\_\_\_  
Kevin Warren  
Chair

By: \_\_\_\_\_  
Catherine M. Casey  
Executive Director

DATED: February \_\_, 2023



**APPENDIX A**

**CERTAIN INFORMATION CONCERNING THE TOWN OF EAST HAMPTON**

## **THE TOWN**

### ***General Information***

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

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

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

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

### ***Form of Government***

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

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

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

### ***Services***

The Town is responsible for providing most governmental services to its residents. Water service is provided by the Suffolk County Water Authority and sewerage is provided by the individual private property owner. Highway construction and maintenance is a Town function. In addition, recreation is provided via parks and beaches which

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

### ***Employees***

The Town provides services through approximately 300 full-time as well as additional part-time employees. The Civil Service Employees Association (the "CSEA") represents 178 employees, the East Hampton Police Benevolent Association (the "PBA") represents 52 officers and 13 dispatchers which are represented by their own union. In 2020, the 13 officers holding the rank of sergeant and above formed a separate collective bargaining unit called the Superior Officers Association (the "SOA"). The SOA currently has 12 members. As a result of the foregoing, the PBA and SOA contracts are negotiated separately. The CSEA contract was renewed and ratified on March 24, 2021 and is effective through December 31, 2023. The PBA contract was ratified on May 18, 2021 and is effective through December 31, 2024. The SOA and the Town ratified their contract on August 17, 2021 and it remains in effect until December 31, 2024. The Town and the Dispatchers' union finalized a Memorandum of Agreement ("MOA") on December 9, 2021 and it remains in effect until December 31, 2025.

### ***Employee Pension Benefits***

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System (the "Retirement System" or "ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"). (Both systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) The Retirement Systems are a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. Legislation effective April 9, 2022 reduced the vesting period for Tier 5 and 6 members from ten years to five years of service. The Retirement System Law generally provides that all participating employers in the Retirement Systems are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement Systems, at such time contributions become voluntary. Members hired after January 1, 2010 must contribute three percent or more of their gross annual salary toward the costs of retirement programs for the duration of their employment.

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

The billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with the required payment until after its budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. The Town is also required to make a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible. The pension payment date for all local governments is February 1. The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount. The Town prepaid its employer contribution in December in the years 2004 through and including 2011. The Town did not prepay its employer contribution in December 2012 or December 2013. The Town did prepay its employer contribution in December 2016 through 2022, inclusive.

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

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

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

### ***Other Post Employment Benefits***

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

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

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

The Town's total OPEB liability as of December 31, 2021 was \$165,604,606 using a discount rate of 2.25% and actuarial assumptions and other inputs as described in the Town's December 31, 2021 audited financial statements.

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

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

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

### ***Health Care Benefits***

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

The Empire Plan ("NYSHIP") was implemented as of January 1, 2009 and Town employees became insured by NYSHIP as of that date. Since NYSHIP was implemented, health care expenditures have not exceeded budgetary appropriations. The Town's 2023 Adopted Budget appropriates over \$12 million for health care expenditures and expects such appropriation to be sufficient to pay the expected health care expenditures of the Town in fiscal year 2023.

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

## **FINANCIAL FACTORS**

### ***Financial Operations***

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

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

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

## ***Budgetary Procedure***

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

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

## ***Basis of Accounting***

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

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

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

## ***Formal Reserve Policy***

After a public hearing, the Town Board adopted a Formal Reserve Policy for the Town on September 19, 2002 which has as its goal the maintenance of a 20% fund balance reserve in all funds.

## ***Fiscal Recovery***

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

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

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

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

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

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

The New York State Office of the State Comptroller has reviewed the Town’s annual Tentative Budgets since the Town’s first deficit financing borrowing in 2008 and has never identified any substantive shortfalls in such budgets. The Town made the final payment on its deficit financing on March 15, 2021 at which time the substantial surpluses that now exist in various Town funds will be composed of cash accumulated from the Town’s strict financial management and conservative budgeting over the last ten years.

### ***Deficit Financing***

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

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

For each fiscal year that any bonds or notes issued to fund the deficits were outstanding, the Town needed to prepare a quarterly report of summarized budget data depicting trends of actual revenues and budget expenditures for the entire budget. The Town had submitted quarterly financial reports to the State Comptroller’s office through 2020 as required. Such budgetary reports needed to compare revenue estimates and appropriations as set forth in the budget with actual revenues and expenditures made to date. The report needed to also contain a corrective action plan to address any unfavorable budget variances. All reports needed to be completed within thirty (30) days after the end of each quarter and needed to be submitted at the end of each quarter to each member of the Town Board, the Director of the New York State Division of Budget, the State Comptroller and the Chairs of the Senate Finance Committee and the Assembly Ways and Means Committee.

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

For each fiscal year occurring during the time bonds and/or bond anticipation notes issued to fund the deficits were outstanding, the Town Supervisor needed to notify the State Comptroller at least fifteen (15) days prior to the issuance of any bonds or notes or entering into any installment purchase contract by the Town.

The Town filed quarterly reports and a three-year financial plan update with the Office of the State Comptroller as required by New York State Local Finance law while its deficit were outstanding. The Town also had its yearly tentative budget audited by the Office of the State Comptroller. While the deficit bonds were outstanding, the Town remained current with all required filings with the State and received no comments or negative feedback from the State on its tentative budgets for the last three years. The Town has completed all mandatory reporting requirements to the satisfaction of the Office of the State Comptroller.

### ***Recent Operating Results***

#### ***General Fund – Townwide***

For the fiscal year ended December 31, 2017, based on audited figures, the Townwide General Fund revenues and other sources were \$31,541,145 and Townwide General Fund expenditures and other uses were \$29,998,184. Based on audited figures, the Town recognized an operating Townwide General Fund surplus, including other sources and uses, of \$1,542,961 which when added to the fund balance at the beginning of the year of \$12,314,671 resulted in a cumulative Townwide General Fund balance of \$13,857,632.

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

For the fiscal year ended December 31, 2019, based on audited figures, the Townwide General Fund revenues and other sources were \$39,317,058 and Townwide General Fund expenditures and other uses were \$38,641,756. Based on audited figures, the Town recognized an operating Townwide General Fund surplus, including other sources and uses, of \$675,302 which when added to the fund balance at the beginning of the year of \$13,799,528 resulted in a cumulative Townwide General Fund balance of \$14,474,830.

For the fiscal year ended December 31, 2020, based on audited figures, the Townwide General Fund revenues and other sources were \$34,983,754 and Townwide General Fund expenditures and other uses were \$31,485,614. Based on audited figures, the Town recognized an operating Townwide General Fund surplus, including other sources and uses, of \$3,498,140 which when added to the fund balance at the beginning of the year of \$14,474,830 resulted in a cumulative Townwide General Fund balance of \$17,972,970.

For the fiscal year ended December 31, 2021, based on audited figures, the Townwide General Fund revenues and other sources were \$39,735,724 and Townwide General Fund expenditures and other uses were \$32,943,417. Based on audited figures, the Town recognized an operating Townwide General Fund surplus, including other sources and uses, of \$6,792,307 which when added to the fund balance at the beginning of the year of \$17,972,970 resulted in a cumulative Townwide General Fund balance of \$24,765,277.

The Adopted Budget for the 2022 fiscal year includes a tax levy increase which remained within the allowable tax levy cap. For the fiscal year ended December 31, 2022, the budgeted Townwide General Fund revenues and expenditures are \$33,926,159. (See “*Risk Factors*” and “*Impacts of COVID-19*” herein.)



The Adopted Budget for the 2023 fiscal year includes a tax levy increase which remained within the allowable tax levy cap. For the fiscal year ended December 31, 2023, the budgeted Townwide General Fund revenues and expenditures are \$36,600,112. (See “*Risk Factors*” and “*Impacts of COVID-19*” herein.)

### ***Part Town Fund***

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

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

For the fiscal year ended December 31, 2019, based on audited figures, the Part Town Fund revenues and other sources were \$29,198,378 and Part Town Fund expenditures and other uses were \$27,754,578. The Town recognized an operating Part Town Fund surplus, including other sources and uses, of \$1,443,800, which when added to the fund balance at the beginning of the year of \$13,308,049 resulted in a cumulative Part Town Fund balance of \$14,751,849.

For the fiscal year ended December 31, 2020, based on audited figures, the Part Town Fund revenues and other sources were \$29,193,629 and Part Town Fund expenditures and other uses were \$28,527,268. The Town recognized an operating Part Town Fund surplus, including other sources and uses, of \$666,361, which when added to the fund balance at the beginning of the year of \$14,751,849 resulted in a cumulative Part Town Fund balance of \$15,418,210.

For the fiscal year ended December 31, 2021, based on audited figures, the Part Town Fund revenues and other sources were \$30,882,713 and Part Town Fund expenditures and other uses were \$29,042,652. The Town recognized an operating Part Town Fund surplus, including other sources and uses, of \$1,840,061, which when added to the fund balance at the beginning of the year of \$15,418,210 resulted in a cumulative Part Town Fund balance of \$17,258,271.

The Adopted Budget for the 2022 fiscal year includes a tax levy increase which remained within the allowable tax levy cap. For the fiscal year ended December 31, 2022, the budgeted Part Town Fund revenues and expenditures are \$31,117,375. (See “*Risk Factors*” and “*Impacts of COVID-19*” herein.)

The Adopted Budget for the 2023 fiscal year includes a tax levy increase which remained within the allowable tax levy cap. For the fiscal year ended December 31, 2023, the budgeted Part Town Fund revenues and expenditures are \$32,172,859. (See “*Risk Factors*” and “*Impacts of COVID-19*” herein.)

### ***Independent Audits***

The Financial Statements for the fiscal years 2007 through and including 2021 were audited by the firm Nawrocki Smith LLP, Certified Public Accountants (the “*Auditors*”). Appendix B to the Official Statement presents excerpts from the Town’s most recent audited reports covering the fiscal years ended December 31, 2017 through 2021, inclusive.

In the Town’s audited financial statements for the fiscal years ended December 31, 2012 through 2021, inclusive, the Town’s auditors did not find any significant internal control problems with respect to Town operations. As a result, the Town anticipates achieving increased efficiency and cost effectiveness in its operations. (See “*Health Care Benefits*” and “*Deficit Financing*” herein.)

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

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

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

The most current applicable report of the State Comptroller designates the Town as "no designation" with a fiscal score of 1.7 and an environmental score of 6.7 for the fiscal year ended December 31, 2021.

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. On November 8, 2021, OSC reviewed the Town's 2022 tentative budget and found that the significant revenue and expenditure projections in the tentative budget were reasonable. Complete reports 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.

### ***Revenues***

The Town derives its revenues primarily from real property taxes and special assessments, State aid, and departmental fees and charges. (See "*Statement of Revenues, Expenditures and Changes in Fund Balance*" in Appendix B herein). Property taxes accounted for 54.0% of total General Fund (Townwide) revenues and 82.4% of total General Fund (Part Town) revenues for the fiscal year ended December 31, 2021, while State aid accounted for 27.0% of total General Fund (Townwide) revenues and 3.3% of total General Fund (Part Town) revenues for the same period. Historically, State aid revenues accounted for less than 1% of the total General Fund (Part Town) revenues and thus are not shown in the tables that follow. Since 2017, an increase in public safety funding through the County/State sales tax increased such revenues to between 3 and 4%. The General Fund (Part Town) covers the unincorporated areas of the Town.

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***Real Property Taxes***

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

**Real Property Taxes – Townwide**

Fiscal Year <u>Ended December 31:</u>	Total <u>Revenues</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues</u>
2017	\$30,246,017	\$18,888,948	62.5%
2018	30,540,396	19,421,332	63.6
2019	31,685,834	20,377,628	64.3
2020	33,272,165	20,849,494	62.7
2021	38,526,341	20,818,797	54.0
2022 (Adopted Budget)	33,926,159	21,924,584	64.6
2023 (Adopted Budget)	36,600,212	22,813,767	62.3

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

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

**Real Property Taxes - Part Town**

Fiscal Year <u>Ended December 31:</u>	Total <u>Revenue</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues</u>
2017	\$26,954,143	\$22,037,482	81.8%
2018	27,378,395	22,233,729	81.2
2019	28,741,514	22,909,103	79.7
2020	29,150,828	23,966,280	82.2
2021	30,835,863	25,413,645	82.4
2022 (Adopted Budget)	31,117,375	26,002,960	83.6
2023 (Adopted Budget)	32,172,859	26,383,099	82.0

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

***State Aid***

The Town receives financial assistance from the State. State aid is budgeted to be 14.8% of the total General Fund (Townwide) revenues in 2023. A substantial portion of the State aid received is directed to be used for specific programs.

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

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

counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also “RISK FACTORS” herein.)

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

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

Fiscal Year <u>Ended December 31</u>	<u>State Aid – Townwide Only</u>		Ratio of State Aid to <u>Total Revenues</u>
	<u>Total Revenues</u> <sup>(1)</sup>	<u>State Aid</u>	
2017	\$30,246,017	\$ 5,167,785	17.1%
2018	30,540,396	5,530,260	18.1
2019	31,685,834	4,977,243	15.7
2020	33,272,165	7,584,216	22.8
2021	38,526,341	10,406,493	27.0
2022 (Adopted Budget)	33,926,159	5,231,000	15.4
2023 (Adopted Budget)	36,600,212	5,430,707	14.8

(1) General Fund, Townwide only.

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

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

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.

The Aid and Incentives for Municipalities (“AIM”) program provides State aid to all of the State’s cities (other than New York City), and 141 towns and villages. The 2019-20 Enacted State Budget reduced AIM funding by \$59 million, eliminating aid for 1,325 towns and villages determined to be less reliant on AIM. At that time, the State established AIM-Related payments which continued funding for the impacted towns and villages in the amounts that they had previously received through AIM in State Fiscal Year 2018-2019. OSC was required to withhold certain county sales tax revenues and to make AIM-Related payments, paid in December and May each year, pursuant to Chapter 59 of the Laws of 2019. The 2022-23 State Budget maintains the AIM program at its current level; however, the budget does put an end to the intercept of local sales tax to pay the \$59 million in AIM-Related payments for 479 villages and 846 towns.

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

## ***Impacts of COVID-19***

On March 11, 2021, the Federal government signed into law the American Rescue Plan Act (“ARPA”) that addresses issues related to the ongoing COVID–19 pandemic. ARPA also created new programs to address the continuing pandemic-related crisis and fund recovery efforts. It provided significant funding to local governments and school districts in the State. The Town was allocated \$2,038,865.66, of which \$1,019,432.83 (50%) was received in 2021 and the remaining 50% was received on July 19, 2022. The United States Treasury Department issued its Final Rule relating to uses of the funding to take effect April 1, 2022. The funds must be obligated by December 31, 2024 and must be spent by December 31, 2026. The Town has engaged in public discussion on appropriate and potential uses of the funds. At this time, the Town has committed some, but not all, resources to local community organizations that were essential during the pandemic, whether through providing meals and food or critical communications to the public. In addition, some funding will be allocated to the reconstruction of a crucial marine dock location under the provisions of “general government services.”

## ***Climate Change***

The Town has taken a number of actions to deal with beach erosion and sea level rise. This includes a completed joint Town-Army Corps of Engineers project to address erosion on the Montauk ocean beach and working with the Federal government to implement the Fire Island to Montauk Point beach erosion project. The Town will be the recipient of a State grant for the completion of a Coastal Assessment Resiliency Plan (“CARP”) which examines erosion risks, storm vulnerability and expected degree of natural recovery. The Town has conducted various presentations and workshops on this issue for the last few years. The Town has a special committee working with plan stakeholders during this process. The Town conducted a public hearing on August 4, 2022 and subsequently adopted the formal plan into the East Hampton Town Comprehensive Plan on September 1, 2022 (Resolution #2022-1082). Information regarding CARP is available here: <http://champtonny.gov/574/Coastal-Assessment-Resiliency-Plan>.

## ***Real Estate Transfer Tax***

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

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

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

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

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

**Community Preservation Fund – Revenues and Expenditures**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues	\$27,248,706	\$32,958,582	\$23,579,479	\$42,882,336	\$71,734,820
Debt Service and Land					
Acquisition Expenses	<u>46,369,733</u>	<u>16,246,046</u>	<u>27,479,876</u>	<u>20,051,248</u>	<u>56,067,126</u>
Ending Fund Balance	<u>\$22,523,638</u>	<u>\$39,236,174</u>	<u>\$35,335,777</u>	<u>\$58,166,865</u>	<u>\$73,834,557</u>

The Community Preservation Fund is supported by revenues from a 2% real estate transfer tax imposed by the Town pursuant to Article 31-D of New York State Tax Law. The authority to levy and collect the tax expires on December 31, 2050. This revenue is used to help protect and preserve the community character through the acquisition of interests or rights in real property within the Town and villages including the purchase and/or preservation of historic lands and buildings, parks and recreations properties, open space and forestlands, wetlands, beaches and shoreline, and farmland. A maximum of 20% of the fund annually, may be used for water quality improvement projects. The Town has also authorized the issuance of bonds to advance its purchasing ability, which are expected to be supported by future revenues of the Community Preservation Fund through the year 2050. Upon completion of the Community Preservation Project Plan, any remaining funds will be applied to reduce any bonded indebtedness or other obligations incurred.

Pursuant to State law, in November 2022, voters in the Town overwhelmingly supported the referendum to authorize a new, half-percent (0.5%) real estate transfer tax which would fund a Community Housing Opportunity Fund to create affordable housing within the Town. For more information, see: <https://bit.ly/3OGrp6v>.

***Town Deposits and Investments***

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

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

Collateral agreements entered into by the Town must provide that the eligible securities are being pledged by the bank as security for Town deposits and must provide the conditions under which the securities held may be valued,

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

The Town also has the power to invest funds of the Town not required for immediate expenditure in the special time deposit accounts in or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York. Any such investments must be payable within such times as the proceeds shall be needed to meet expenditures for which such monies were obtained and must provide that such time deposit account or certificate of deposit be collateralized in the same manner as provided for Town deposits above. This prevents the Town from having to sell such investments prior to maturity or redemption and thereby avoids market risk for such investments. The Town may also make temporary investments of public funds in obligations of the United States of America where the payment of principal and interest are guaranteed by the United States of America or in obligations of the State of New York or with the approval of the New York State Comptroller in obligations of New York State municipal corporations.

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

## **TAX INFORMATION**

### ***Tax Collection Procedures***

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

For 2020, due to the global pandemic, for any tax rolls turned over to the County on May 31<sup>st</sup>, the County allowed taxpayers to pay by June 21<sup>st</sup> without any additional penalties.

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

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***Real Property Taxes and Assessments***

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

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

	<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>
Assessed Value	\$ 201,651,639	\$	\$ 203,843,718	\$	\$ 205,527,935	\$	\$ 206,348,794	\$	\$ 207,830,294
Equalization Rate	.0058		.0058		.0058		.0058		.0045
Full Value	34,767,523,965		35,145,468,621		35,435,850,862		35,577,378,276		46,184,509,778
Tax Levy for									
Town Purposes <sup>(1)</sup>	\$ 49,426,826	\$	\$ 50,870,536	\$	\$ 52,350,822	\$	\$ 54,061,965	\$	\$ 55,365,089
Tax Rate for									
Town Purposes <sup>(2)</sup>	\$ 245.11	\$	\$ 249.56	\$	\$ 254.71	\$	\$ 261.99	\$	\$ 266.40

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

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

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

***Tax Levy Limit Law***

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

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

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



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

***Ten of the Largest Taxpayers***

The following table presents the taxable assessments of ten of the Town's largest taxpayers for the tax period ending December 31, 2022.

**Taxable Assessments**

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation<sup>(1)</sup></u>
Keyspan Energy Development Corp.	Utility	\$ 864,290	0.42%
Bruce Wasserstein	Private	326,375	0.16
Gurney's Inn Resort & Spa LTD	Hotel & Restaurant	323,700	0.16
Lewis Sanders	Private	301,300	0.15
TOBH Properties, LLC	Private	275,000	0.13
Trust U/A/D 11/17/86	Private	264,000	0.13
252 Further Lane, LLC	Private	262,750	0.13
Traumhaus 1, LLC	Private	255,480	0.12
Creeks Acquisition Corp	Private	252,325	0.12
Hamptons Residence, LLC	Private	<u>228,225</u>	<u>0.11</u>
Totals		<u>\$3,353,445</u>	<u>1.63%</u>

(1) The Town's total assessed valuation for the 2022 fiscal year is \$206,348,794.

Source: Town Tax Assessor's Office

**TOWN INDEBTEDNESS**

***Constitutional Requirements***

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

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

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

***Payment and Maturity.*** Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted,

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

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

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

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

### ***Statutory Procedure***

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

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

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

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

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

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

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

***Constitutional Debt Contracting Limit***

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

<b><u>Constitutional Debt Contracting Limit</u></b>				
Assessment Roll Completed <u>December 31:</u>	For Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate</u>	<u>Full Valuation</u>
2018	2019	\$201,651,639	0.0058	\$ 34,767,523,965
2019	2020	203,843,718	0.0058	35,145,468,621
2020	2021	205,527,935	0.0058	35,435,850,862
2021	2022	206,348,794	0.0058	35,577,378,276
2022	2023	207,830,294	0.0045	<u>46,184,509,778</u>
Total Five-Year Full Valuation				\$187,110,731,502
Five-Year Average Full Valuation				<u>37,422,146,300</u>
Debt Contracting Limitation: 7% of Average Full Valuation				<u>\$ 2,619,550,241</u>

Source: New York State Office of Real Property Services.

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**Debt Contracting Limitation**  
**(As of February 16, 2023)**

Debt-Contracting Limitation:	\$2,619,550,241
Gross Direct Indebtedness:	
Bonds:	
General Purpose	\$71,995,000
NYS EFC Bonds <sup>(1)</sup>	<u>2,220,000</u>
Total Bonds	\$74,215,000
Bond Anticipation Notes (“BANs”):	17,024,710
Housing Guarantees <sup>(2)</sup>	<u>4,672,422</u>
Total Gross Direct Indebtedness	<u>\$95,912,132</u>
Less Exclusions and Deductions:	
Appropriations for Non-Exempt Indebtedness During 2023 Fiscal Year	<u>11,165,000</u>
Total Net Direct Indebtedness	<u>\$84,747,132</u>
Debt-Contracting Margin	<u>\$2,534,803,109</u>
Percentage of Debt-Contracting Power Exhausted	<u>3.24%</u>

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

Source: Town Budget Office

***Bond Anticipation Notes***

The Town currently has the following outstanding bond anticipation notes:

**Bond Anticipation Notes**

<u>Dated</u>	<u>Due</u>	<u>Issue</u>	<u>Amount</u>
08/18/22	08/18/23	Bond Anticipation Notes – 2022 Series A	\$17,024,710

***Tax and Revenue Anticipation Notes***

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

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### ***Trend of Capital Indebtedness***

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

#### **Capital Indebtedness Outstanding**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022<sup>(1)</sup></u>
Bonds <sup>(2)</sup>	\$ 82,710,000	\$ 90,410,000	\$ 89,059,696	\$ 80,190,000	\$74,215,000
Bond Anticipation Notes	<u>41,367,403</u>	<u>16,767,800</u>	<u>7,007,700</u>	<u>8,860,635</u>	<u>17,024,710</u>
Total	<u>\$124,077,403</u>	<u>107,177,800</u>	<u>107,177,800</u>	<u>\$89,050,635</u>	<u>\$91,239,710</u>

(1) Unaudited.

(2) Exclusive of bonds issued by the East Hampton Housing Authority, which are subject to a guarantee of the Town. See “*East Hampton Housing Authority*” herein.

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

### ***Overlapping and Underlying Debt***

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

#### **Statement of Direct and Overlapping Indebtedness**

<u>Issuing Entity</u>	<u>Net Indebtedness</u>	<u>Town Share</u>	<u>Net Indebtedness as of:</u>	<u>Net Overlapping Indebtedness</u>
Suffolk County	\$1,206,752,763	6.30%	8/11/2022	\$ 76,025,424
East Hampton Village	2,720,000	100.00	7/14/2022	2,720,000
Sag Harbor Village	2,340,000	33.00	8/19/2022	772,200
School Districts				
Amagansett	0	100.00	6/30/2022	0
East Hampton	34,330,500	100.00	9/1/2022	34,330,500
Montauk	6,230,000	100.00	10/24/2022	6,230,000
Sag Harbor	14,935,000	11.80	9/15/2022	1,762,330
Springs	14,853,700	100.00	9/7/2022	14,853,700
Wainscott	0	90.00	6/30/2022	0
Fire Districts				
Amagansett	890,000	100.00	12/31/2022	890,000
Bridgehampton	1,500,000	75.00	12/31/2022	1,125,000
Montauk	0	100.00	12/31/2022	0
Springs	0	100.00	12/31/2022	0
Total Overlapping Debt				\$138,709,154
Total Net Direct Debt				<u>84,747,132</u>
Total Net Direct and Overlapping Debt				<u>\$223,456,286</u>

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

## Debt Ratios

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

### Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita <sup>(1)</sup></u>	<u>Debt to Full Value <sup>(2)</sup></u>
Net Direct Debt	\$ 84,747,132	\$ 2,986	0.18%
Net Direct and Overlapping Debt	223,456,286	7,872	0.48

(1) The Town has a 2020 population of 28,385 according to the U.S. Census Bureau.

(2) The full valuation of real property in the Town for the 2023 fiscal year is \$46,184,509,778.

## Debt Service Schedule

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

### Bond Principal and Interest Maturity Table

<u>Fiscal Year Ending December 31:</u>	<u>Principal</u>	<u>Interest <sup>(1)(2)</sup></u>	<u>Total Debt Service <sup>(1)</sup></u>
2023 <sup>(3)</sup>	\$11,335,000	\$ 2,513,549	\$13,848,549
2024	9,880,000	2,107,058	11,987,058
2025	8,975,000	1,764,255	10,739,255
2026	7,835,000	1,434,769	9,269,769
2027	5,925,000	1,159,389	7,084,389
2028	5,025,000	926,706	5,951,706
2029	5,220,000	721,147	5,941,147
2030	3,695,000	515,807	4,210,807
2031	3,365,000	371,656	3,736,656
2032	3,470,000	262,022	3,732,022
2033	2,695,000	177,977	2,872,977
2034	2,500,000	130,864	2,630,864
2035	2,545,000	85,983	2,630,983
2036	1,635,000	39,033	1,674,033
2037	25,000	2,333	27,333
2038	30,000	1,845	31,845
2039	30,000	1,245	31,245
2040	<u>30,000</u>	<u>630</u>	<u>30,630</u>
Totals	<u>\$74,215,000</u>	<u>\$12,216,268</u>	<u>\$86,431,268</u>

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

(2) Off slightly due to rounding.

(3) For the entire fiscal year.

Source: Audited Financial Statements of the Town.

## ***Additional Borrowings and Certain Recurring Obligations***

### *Landfill Capping*

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

### *Open Space Preservation*

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

### *Closure of Scavenger Wastewater Facility*

In 2014, the Town Board decided to close the Scavenger Wastewater Facility primarily because of increasing costs and it resulted in Town taxpayers subsidizing the private businesses of several wastewater hauling companies. Due to low volume and high fixed costs, the Town was unable to charge the very few haulers a per gallon fee large enough to cover the total cost of operating the facility. The per gallon fee required for the facility to be self-sustaining would have been prohibitive for the several private haulers using the facility and forced them away. As a result, the facility was closed in November 2014. The plant and its operating equipment have been officially decommissioned.

In January 2020, the Town sold the reclaimed property to the East Hampton Union Free School District for \$2.3 million. The proceeds were used to retire approximately \$114,800 in associated outstanding debt and the remaining funds were transferred to the General Fund and through Board action transferred into a capital reserve fund to be used for future capital projects of the Town.

The Town has completed all statutory requirements to dissolve the Wastewater District and all outstanding debt for the Wastewater District has been defeased. The Town has established a capital reserve fund to fund one or more Townwide capital projects with the remaining funds of the Wastewater District.

### *East Hampton Housing Authority*

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

independent auditors. In 2021, the Authority refunded the Springs Fireplace 2015 Bonds with proceeds from the sale of refunding bonds (the “Springs Fireplace 2021 Bonds”).

The Authority’s Springs Fireplace 2021 Bonds are payable from the revenues received by the Authority from the operation of the Springs Fireplace Project. The Authority’s bonds do not constitute a debt or liability of the State of New York or of any political subdivision thereof, except the Town with respect to a guarantee by the Town of timely payment of principal and interest on such bonds.

***Tentative Future Borrowings***

The Town has several major projects that have been approved but not finalized that it may finance with bonds or notes for over the next several years. These include an addition to the Montauk Playhouse Community Center, the construction of a new Senior Center, construction of new baseball fields and Town constructed affordable housing. Any borrowing that is undertaken for these projects will be or currently are part of a structured capital spending plan that is consistent with the Town’s policy goal of borrowing no more in a given year than it retires in principal bond debt.

***Housing Authority Debt Service Schedule***

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

**Housing Authority Bond Principal and Interest Maturity Table**

Fiscal Year			Total
<u>Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service<sup>(1)(2)</sup></u>
2023 <sup>(3)</sup>	\$ 160,000	\$ 136,800	\$ 296,800
2024	170,000	130,200	300,200
2025	175,000	123,300	298,300
2026	185,000	116,563	301,563
2027	185,000	109,972	294,972
2028	200,000	102,869	302,869
2029	205,000	95,275	300,275
2030	210,000	87,363	297,363
2031	220,000	78,894	298,894
2032	225,000	69,994	294,994
2033	240,000	60,694	300,694
2034	245,000	50,994	295,994
2035	255,000	40,834	295,834
2036	270,000	30,006	300,006
2037	280,000	18,488	298,488
2038	<u>295,000</u>	<u>6,269</u>	<u>301,269</u>
Totals	<u>\$3,520,000</u>	<u>\$1,258,515</u>	<u>\$4,778,515</u>

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

Source: East Hampton Housing Authority.

The Authority also has an outstanding non-interest bearing promissory note, supported by a mortgage with the State of New York Housing Trust Fund Corporation, in the amount of \$917,422 in connection with the Avallone



Apartments, a low income housing facility in the Town. Payments pursuant to this promissory note are also guaranteed by the Town.

The Authority redeemed the 1999 Housing Revenue Bonds balloon payment with a conventional mortgage note through People’s United Bank for \$2.7 million at 3.78%. The mortgage, now held by M&T Bank, is a 30-year obligation, 5-year adjustable rate mortgage, currently in it’s sixth year at a rate of 4.89%, due to reset next in June 2027. The proceeds of the Bonds will be used to retire the mortgage note.

**ECONOMIC AND DEMOGRAPHIC DATA**

***Population***

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

**Population Trends**

	<u>2000</u>	<u>2010</u>	<u>2020</u>	Percentage Change <u>2010-2020</u>
Town	19,719	21,457	28,385	32.3%
County	1,419,369	1,493,350	1,525,920	2.2
State	18,976,457	19,378,102	20,201,249	4.2

Source: U.S. Census Bureau.

***Income***

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

**Median Household Income**

	<u>2000</u>	<u>2010</u>	<u>2020</u>	Percentage Change <u>2010-2020</u>
Town	\$52,201	\$72,803	\$107,917	48.2%
County	65,288	84,235	105,362	25.1
State	43,393	55,217	71,117	28.8

Source: U.S. Census Bureau.

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## ***Employment and Unemployment***

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

### **Major Employers in the Town**

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

(1) Includes seasonal or part-time employees.

Source: Local Official Estimates and Telephone Survey.

### **Yearly Average Unemployment Rates**

<u>Year</u>	<u>County</u>	<u>State</u>
2017	4.4%	4.6%
2018	3.8	4.1
2019	3.6	3.8
2020	8.1	9.9
2021	4.6	6.9

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

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

### **Civilian Labor Force**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
County	791,000	793,200	797,400	779,400	776,400
State	9,838,200	9,842,200	9,880,200	9,575,000	9,441,500

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

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### Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
January 2022	3.6%	5.3%
February	3.8	5.1
March	3.5	4.7
April	2.8	4.2
May	2.8	4.1
June	3.0	4.3
July	3.4	4.8
August	3.5	4.9
September	2.8	3.9
October	2.2	3.6
November	2.5	3.7
December	2.6	3.8

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

### ***Culture and Recreation***

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

### ***Educational, Cultural and Medical Institutions***

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

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

There are numerous public libraries located throughout the Town which sponsor various programs of general interest to adults and children throughout the year.

Hospital services are provided by numerous area hospitals including Stony Brook/Southampton Hospital in Southampton, Stony Brook University Hospital in Stony Brook, Stony Brook Eastern Long Island Hospital in Greenport and Northwell-Peconic Bay Medical Center in Riverhead.

### ***Transportation***

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

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

In March 2019, the Town partnered with the Long Island Railroad to provide a new commuter public transportation service. The program provides rush hour train service linked to local bus routes to deliver workers to their job locations in an effort to reduce the cost and time of commuting for local employees. The program was temporarily suspended for a portion of 2020 but has been fully reinstated and operational. It continues to be an overwhelming success to the extent that the program now must use larger capacity busses to transport the number of local employees utilizing it.

### ***Financial Institutions***

Financial institutions located in the Town include Apple Bank, Bank of America, Dime Bank, First National Bank, Capital One, JPMorgan Chase Bank and Peoples United Bank.

### ***Utilities***

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

## **LITIGATION RELATING TO THE TOWN**

### ***Airport Litigation and Related Matters***

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

The Town owns and operates the East Hampton Airport (the "Airport"), located on Daniels Hole Road in the Town. On April 21, 2015, the Friends of the East Hampton Airport et al. filed a lawsuit in the United States District Court for the Eastern District of New York challenging the Town's April 16, 2015, enactment of three local laws designed to restrict aircraft operations at the East Hampton (the "Local Laws"); *Friends of the East Hampton Airport et al v. Town of East Hampton* (No. 15 Civ. 2246). The current list of Plaintiffs in the federal lawsuit is: Friends of the East

Hampton Airport; Anlar Corporation; Associated Aircraft Group, Inc.; Eleventh Street Aviation, LLC; Helicopter Association International, Inc.; Heliflite Shares, LLC; Liberty Helicopters, Inc; Sound Aircraft Services, Inc.; National Business Aviation Association, Inc. An additional prospective Plaintiff, Air Pegasus, has recently sought intervention. Friends of the East Hampton Airport, Inc. et al. allege the restrictions are preempted under the Supremacy Clause of the U.S. Constitution and violate the Commerce Clause of the U.S. Constitution because they unduly burden interstate commerce. On April 29, 2015, the Friends of the East Hampton Airport Inc., et al. filed a motion for a temporary restraining order in connection with this complaint, challenging the constitutionality of the Town's Airport legislation. The Court issued a memorandum and order on June 26, 2015 allowing the Town to enforce two of the three adopted local laws that is, the laws imposing curfews on the use of the East Hampton Airport. The Town has appealed that portion of the order which denied the Town the ability to enforce the third local law has cross appealed. Briefs were submitted in November, 2015 and the parties are awaiting the Court's decision.

On January 29, 2015, another 14 CFR Part 16 Complaint entitled *Friends of East Hampton Airport, Inc. et al. v. Town of East Hampton and East Hampton Airport*, was brought by a coalition including Friends of the East Hampton Airport, Inc; Anlar Corporation; Associated Aircraft Group, Inc.; Helicopter Association International, Inc.; Heliflite Shares LLC; Liberty Helicopters, Inc.; and Shoreline Aviation, Inc. (collectively, the "Complainants") against the Town. The Complainants in this case are individuals and corporate entities that use the East Hampton Airport. This Part 16 Complaint alleges that the Town violated various FAA Grant Assurances by: (1) raising the landing fees and fuel flowage fees in 2014; (2) failing to have a compliant pavement maintenance management plan; (3) failing to properly maintain runways and aircraft ramp and apron areas in safe operating condition; (4) taking steps to permanently convert Runway 4-22 to a taxiway; (5) failing to properly maintain airport lighting; (6) failing to maintain an effective perimeter fence; (7) failing to timely install an FAA-certified Automated Weather Observing System ("AWOS"); (8) permitting non-aeronautical users of Airport property to pay below fair-market value rental rates; and (9) failing to remove trees that obstruct the approach path to Airport runways. *Friends of the East Hampton Airport, Inc. et al v. Town of East Hampton*. (FAA Docket No. 16-15-02). On May 1, 2015, the Town filed its Answer and accompanying brief. Damages are not available in a Part 16 proceeding; however, the FAA could order the Town to transfer funds from the Airport enterprise account to the airport fund to compensate for below-market rental rates should the complainants prevail.

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

### ***Wainscott Water Contamination Litigation and Related Matters***

The Town has been named as one of several defendants in a putative class action lawsuit brought by residents of Wainscott whose private drinking water wells were found contaminated with perfluorooctanoic acid ("PFOA") and/or perfluorooctanesulfonic acid ("PFOS"). The putative class alleges that the contamination emanates from properties the Town owns. Similarly, the Town has been named as a counterclaim defendant with respect to causes of action brought by the property owners of Wainscott Commercial Center due to, among other things, detections of PFOA and PFOS in the groundwater under their property. Further, Town has entered into an administrative order on consent with the New York State Department of Environmental Conservation ("NYSDEC") whereby Town is in the process of investigating and/or remediating contamination at and/or emanating from the NYSDEC-designated East Hampton Airport inactive hazardous waste site (NYSDEC Site No. 152250) under NYSDEC's oversight, approval and direction. While Town has incurred and will likely continue to incur expenses in association with the foregoing actions, Town's insurers are defending the Town under a reservation of rights, including the right to deny coverage. Town has also commenced litigation against the responsible parties asserting various causes of action for, among other things, contribution, cost recovery and damages. The defendants in those litigations commenced by the Town include manufacturers of PFOA/PFOS, manufacturers of various products, including aqueous film-forming foam

("AFFF") and certain end-users of such products including various local fire departments, the operator of the fire training facility as well as the owners of the Wainscott Commercial Center to recover the Town's costs and other damages associated with the contamination. The litigations are pending in the multi-district litigation styled *In re Aqueous Film-Forming Foam*, 18-02873-RMG (D.S.C.). While Town will likely continue to incur expenses in accordance with NYSDEC's direction to address the contamination, and defend/settle any of the litigations mentioned above, Town is optimistic that the majority, if not all, such substantial expenses and damages may be recovered in Town's litigations commenced against the responsible parties excluding attorneys' fees and litigation costs or otherwise. The Town would be authorized to issue bonds to finance any amounts related to the foregoing that are not reimbursed by insurance/litigation.

*The Seaview at Amagansett, LTD. Et al v. Trustees of the Freeholders and Commonality of the Town of East Hampton, et al* The Town of East Hampton was found in contempt of order and a fine of \$239,000.00 was imposed, in addition to awarding attorney's fees in an amount to be determined on a fee application. The Town has filed an appeal and this decision has been stayed.

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

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

**END OF APPENDIX A**

**APPENDIX B**

**SUMMARY FINANCIAL STATEMENTS**

**APPENDIX B-1**

**SUMMARY FINANCIAL STATEMENTS OF THE TOWN**



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

	Adopted <u>2022</u>	Adopted <u>2023</u>
Revenues		
Real Property Taxes	\$21,924,584	\$22,813,767
Other tax items	245,200	289,200
Departmental Income	1,615,850	1,640,300
Use of Money and Property	652,400	674,619
Licenses and Permits	853,000	923,000
Fines and Forfeitures	915,000	1,015,500
Miscellaneous Local Sources	173,900	478,000
State aid	5,231,000	5,430,707
Federal aid	130,000	95,000
Interfund Transfers	982,056	1,138,702
Appropriated Fund Balance	<u>1,203,169</u>	<u>2,101,317</u>
 Total Revenues	 <u><u>\$33,926,159</u></u>	 <u><u>\$36,600,112</u></u>
Expenditures		
General Government Support	\$12,766,525	\$14,165,688
Public Safety	705,723	834,706
Transportation	2,150,432	2,375,031
Economic Assistance & Opportunity	2,126,713	1,972,329
Culture and Recreation	4,102,740	4,836,475
Home and Community Services	2,668,167	2,998,150
Employee Benefits	1,464,000	1,543,500
Debt Service	7,503,652	7,402,580
Internal Transfers	<u>438,207</u>	<u>471,753</u>
 Total Expenditures	 <u><u>\$33,926,159</u></u>	 <u><u>\$36,600,212</u></u>

Source: Adopted Budgets of the Town.

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

	Adopted <u>2022</u>	Adopted <u>2023</u>
Revenues		
Real Property Taxes	\$26,002,960	\$26,383,099
Other Tax Items	1,310,817	1,380,817
Departmental Income	2,617,000	2,765,200
Use of Money and Property	334,000	356,000
Fines and Forfeitures	0	0
Miscellaneous Local Sources	39,000	42,250
State & Federal Aid	35,000	35,000
Interfund Transfers	0	0
Appropriated Fund Balance	<u>778,598</u>	<u>1,210,493</u>
 Total Revenues	 <u><u>\$31,117,375</u></u>	 <u><u>\$32,172,859</u></u>
 Expenditures		
General Government Support	\$1,592,985	\$1,580,613
Public Safety	23,204,735	23,973,207
Home and Community Services	1,946,531	2,051,049
Employee Benefits	1,985,200	2,112,000
Debt Service	2,387,924	2,455,990
Internal Transfer	<u>0</u>	<u>0</u>
 Total Expenditures	 <u><u>\$31,117,375</u></u>	 <u><u>\$32,172,859</u></u>

Source: Adopted Budgets of the Town.

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

	<u>2020</u>	<u>2021</u>
<u>Assets</u>		
Cash and Investments	\$12,354,358	\$20,078,331
Restricted Cash	2,159,417	3,223,569
Accounts Receivable, net	425,559	512,256
Prepaid expenses	298,713	345,158
Due From Other Funds	1,531,416	2,840,866
State and Federal Aid Receivable	3,161,535	2,628,296
Due from Other Governments	115,514	81,064
	<u>\$20,046,512</u>	<u>\$29,709,540</u>
<u>Liabilities</u>		
Accounts Payable	\$1,039,355	\$1,838,496
Accrued Liabilities	224,609	581,329
Due to Other Funds	22,138	539,205
Due to Other Governments	36,204	56,581
Other Liabilities	747,236	1,855,932
	<u>\$2,069,542</u>	<u>\$4,871,543</u>
<u>Deferred Inflows of Resources</u>		
Property Taxes	\$4,000	\$72,720
<u>Fund Balance:</u>		
Nonspendable	\$298,713	\$345,158
Restricted	2,159,417	3,223,569
Assigned	53,915	369,469
Unassigned	15,460,925	20,827,081
	<u>\$17,972,970</u>	<u>\$24,765,277</u>
Total Liabilities and Fund Balance	<u>\$20,046,512</u>	<u>\$29,709,540</u>

Source: Audited financial statements.

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

	<u>2020</u>	<u>2021</u>
<u>Assets</u>		
Cash	\$14,480,379	\$16,064,755
Restricted Cash	147,772	154,347
Accounts Receivable, net	422,594	639,291
Prepaid Expenses	691,216	813,100
State and Federal Aid Receivable	238,474	233,872
Due From Other Funds	12,017	26,355
Due From Other Governments	38,442	120,376
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$16,030,894</u>	<u>\$18,052,096</u>
 <u>Liabilities</u>		
Accounts Payable	\$304,600	\$462,261
Accrued Liabilities	184,346	264,287
Due to Other Funds	116,525	55,633
Due to Fiduciary Funds	0	0
	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>\$605,471</u>	<u>\$782,181</u>
 <u>Deferred Inflows of Resources</u>		
Property Taxes	\$7,213	\$11,644
 <u>Fund Balance:</u>		
Nonspendable	\$691,216	\$813,100
Restricted	147,772	154,347
Assigned	14,579,222	16,290,824
Unassigned	0	0
	<u>                    </u>	<u>                    </u>
Total Fund Balance	<u>\$15,418,210</u>	<u>\$17,258,271</u>
Total Liabilities and Fund Balance	<u>\$16,030,894</u>	<u>\$18,052,096</u>

Source: Audited financial statements

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Revenues</b>					
Real Property Taxes	\$18,888,948	\$19,421,332	\$20,377,628	\$20,849,494	\$20,818,797
Other Real Property Tax Items	209,596	220,341	269,685	274,044	293,469
Non-Property Taxes	1,139,007	1,123,071	1,100,890	1,095,866	1,208,144
Departmental Income	1,336,950	1,362,852	1,254,861	796,294	1,649,805
Intergovernmental Charges	31,860	21,163	21,000	22,913	32,426
Use of Money and Property	472,928	592,596	809,054	502,888	516,175
Licenses and Permits	10,256	9,747	10,432	8,525	9,641
Fines and Forfeitures	1,175,477	1,175,879	976,113	961,125	834,099
Sale of Property and Compensation for Loss	980,381	263,458	425,315	97,602	71,280
Miscellaneous Local Sources	604,664	666,923	1,329,815	448,612	2,436,398
State Aid	5,167,785	5,530,260	4,977,243	7,584,216	10,406,493
Federal Aid	228,165	152,774	133,798	630,586	249,614
<b>Total Revenues</b>	<u><u>\$30,246,017</u></u>	<u><u>\$30,540,396</u></u>	<u><u>\$31,685,834</u></u>	<u><u>\$33,272,165</u></u>	<u><u>\$38,526,341</u></u>
<b>Expenditures</b>					
General Government Support	\$10,906,438	\$11,430,591	\$12,178,516	\$11,855,381	\$12,214,610
Public Safety	1,337,083	2,477,396	2,714,546	1,828,286	3,075,794
Health	47,513	50,000	50,000	49,227	50,000
Transportation	793,645	751,032	882,107	780,579	847,166
Economic Assistance & Opportunity	1,580,607	1,726,345	1,783,830	1,760,563	1,856,340
Culture and Recreation	2,808,152	2,869,978	2,954,535	3,507,717	3,688,509
Home and Community Service	2,588,970	2,366,159	2,307,475	2,139,272	2,253,351
Employee Benefits	1,505,194	1,504,152	1,219,722	1,242,796	1,311,127
Debt Service - Principal & Interest	8,084,028	8,393,637	7,997,592	7,903,648	7,284,260
<b>Total Expenditures</b>	<u><u>\$29,651,630</u></u>	<u><u>\$31,569,290</u></u>	<u><u>\$32,088,323</u></u>	<u><u>\$31,067,469</u></u>	<u><u>\$32,581,157</u></u>
<b>Excess (Def.) of Revenues   Over (Under) Expenditures</b>	<u><u>594,387</u></u>	<u><u>(1,028,894)</u></u>	<u><u>(402,489)</u></u>	<u><u>2,204,696</u></u>	<u><u>5,945,184</u></u>
<b>Other Financing Sources (Uses):</b>					
Debt Proceeds	133,276	55,152	6,373,747	301,934	71,075
Payment to Refunded Bond Escrow Account	0	0	(6,083,388)	0	0
Operating Transfers In	1,161,852	1,284,656	1,257,477	1,409,655	1,138,308
Operating Transfers Out	(346,554)	(369,018)	(470,045)	(418,145)	(362,260)
<b>Total Other Financing Sources (Uses)</b>	948,574	970,790	1,077,791	1,293,444	847,123
<b>Excess (Def.) of Revenues and   Other Financing Sources Over   Expenditures and Other Uses</b>	<u><u>1,542,961</u></u>	<u><u>(58,104)</u></u>	<u><u>675,302</u></u>	<u><u>3,498,140</u></u>	<u><u>6,792,307</u></u>
<b>Fund Balances - Beginning of Year, as restated<sup>(1)</sup></b>	12,314,671	13,857,632	13,799,528	14,474,830	17,972,970
<b>Fund Balances - End of Year</b>	<u><u>\$13,857,632</u></u>	<u><u>\$13,799,528</u></u>	<u><u>\$14,474,830</u></u>	<u><u>\$17,972,970</u></u>	<u><u>\$24,765,277</u></u>

<sup>(1)</sup> See Appendix C - Notes to the Financial Statements, herein  
 Source: Audited financial statement

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Revenues</b>					
Real Property Taxes	\$22,037,482	\$22,233,729	\$22,909,103	\$23,966,280	\$25,413,645
Other Real Property Tax Items	87,398	138,014	138,985	141,765	154,020
Non-Property Taxes	136,867	157,888	158,698	160,673	161,008
Departmental Income	2,911,090	2,950,670	2,853,911	2,491,710	3,578,449
Intergovernmental Charges	14,615	18,522	16,720	7,498	9,084
Use of Money and Property	178,577	257,210	508,463	268,210	213,441
Fines and Forfeitures	0	0	0	5,454	30,187
Sale of Property and Compensation for Loss	86,806	59,238	318,310	586,895	119,488
State Aid	1,023,243	1,013,190	1,014,633	1,015,574	1,013,777
Federal Aid	59,560	27,651	63,049	247,214	11,529
Miscellaneous Local Sources	418,505	522,283	759,642	259,555	131,235
<b>Total Revenues</b>	<u>\$26,954,143</u>	<u>\$27,378,395</u>	<u>\$28,741,514</u>	<u>\$29,150,828</u>	<u>\$30,835,863</u>
<b>Expenditures</b>					
General Government Support	\$1,180,782	\$1,507,317	\$1,365,159	\$1,317,461	\$1,383,963
Public Safety	18,618,085	19,361,492	20,431,219	20,574,530	21,928,384
Home and Community Service	1,412,942	1,459,337	1,690,204	1,635,469	1,699,798
Employee Benefits	1,772,591	1,964,812	1,911,319	2,078,772	1,784,735
Debt Service - Principal & Interest	1,526,641	1,758,525	2,356,378	2,709,593	2,245,772
<b>Total Expenditures</b>	<u>24,511,041</u>	<u>26,051,483</u>	<u>27,754,279</u>	<u>28,315,825</u>	<u>29,042,652</u>
<b>Excess (Def.) of Revenues Over (Under) Expenditures</b>	<u>2,443,102</u>	<u>1,326,912</u>	<u>987,235</u>	<u>835,003</u>	<u>1,793,211</u>
<b>Other Financing Sources (Uses):</b>					
Debt Proceeds	64,400	76,926	454,389	31,354	45,379
Operating Transfers In	1,900	15,258	2,475	11,447	1,471
Operating Transfers Out	0	(53)	(299)	(211,443)	0
<b>Total Other Financing Sources (Uses)</b>	66,300	92,131	456,565	(168,642)	46,850
<b>Excess (Def.) of Revenues and Other Financing Sources Over Expenditures and Other Uses</b>	<u>2,509,402</u>	<u>1,419,043</u>	<u>1,443,800</u>	<u>666,361</u>	<u>1,840,061</u>
<b>Fund Balances - Beginning of Year, as restated<sup>(1)</sup></b>	9,379,604	11,889,006	13,308,049	14,751,849	15,418,210
<b>Fund Balances - End of Year</b>	<u>\$11,889,006</u>	<u>\$13,308,049</u>	<u>\$14,751,849</u>	<u>\$15,418,210</u>	<u>\$17,258,271</u>

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

**APPENDIX B-2**

**SUMMARY FINANCIAL STATEMENTS OF THE AUTHORITY**

**EAST HAMPTON HOUSING AUTHORITY**

Statement of Net Assets

Governmental Fund

Fiscal Years Ended December 31:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 664,555	\$ 709,798	\$ 910,537	\$ 1,027,674	\$ 844,011
Accounts receivable	11,793	11,998	10,508	24,139	9,440
Other Receivable	977	977	977	977	977
Prepaid expenses	34,445	19,020	23,834	24,283	27,676
<b>Total Current Assets</b>	<u>711,770</u>	<u>741,793</u>	<u>945,856</u>	<u>1,077,073</u>	<u>882,104</u>
<b>Restricted Deposits and Funded Reserves:</b>					
Tenant Security Deposits	147,429	155,106	152,999	151,386	154,994
Replacement Reserve	222,506	239,811	210,414	227,839	245,218
Certificate of Deposit	-	-	250,000	259,674	266,674
Operating Reserve	679,563	682,122	435,214	437,715	440,118
<b>Total Deposits and Reserves:</b>	<u>1,049,498</u>	<u>1,077,039</u>	<u>1,048,627</u>	<u>1,076,614</u>	<u>1,107,004</u>
<b>Non-Current Assets:</b>					
Non-depreciable capital assets	7,233,317	7,311,717	872,375	925,700	872,375
Capital assets, net of accumulated deprecation	5,106,623	4,765,263	4,589,983	4,259,258	4,326,183
Lease receivable	-	-	-	-	-
<b>Total Non-Current Assets</b>	<u>12,339,940</u>	<u>12,076,980</u>	<u>5,462,358</u>	<u>5,184,958</u>	<u>5,198,558</u>
<b>Deferred Outflows of Resources:</b>					
Deferred pension expense	60,588	76,262	39,817	128,631	181,165
Deferred charges on refunding	435,184	414,253	393,322	372,391	476,293
<b>Total Deferred Outflows</b>	<u>495,772</u>	<u>490,515</u>	<u>433,139</u>	<u>501,022</u>	<u>657,458</u>
<b>Total Assets</b>	<u>\$ 14,596,980</u>	<u>\$ 14,386,327</u>	<u>\$ 7,889,980</u>	<u>\$ 7,839,667</u>	<u>\$ 7,845,124</u>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	\$ 24,899	\$ 25,820	\$ 24,185	\$ 17,332	\$ 21,010
Accrued interest payable	76,750	85,479	-	-	-
Bond anticipation note	4,006,124	4,004,962	-	-	-
Revenue bonds	133,518	138,518	148,518	153,518	198,671
Mortgage payable	90,000	97,800	101,562	105,468	109,585
Deferred Rent	1,380	-	-	-	-
Due to NY State Employees' Retirement System	445	481	520	561	606
Due to enterprise funds	-	-	-	-	-
<b>Total Current Liabilities</b>	<u>4,333,116</u>	<u>4,353,060</u>	<u>274,785</u>	<u>276,879</u>	<u>329,872</u>
<b>Non-Current Liabilities:</b>					
Tenant security deposits	147,729	155,407	153,350	151,632	157,009
Compensated absence	1,259	1,265	594	5,956	1,968
Revenue Bonds	4,174,620	4,036,102	3,887,584	3,734,066	3,813,732
Mortgage payable to NYSHFC	3,474,104	3,372,126	3,270,564	3,165,096	3,055,571
Due to NY State Employees' Retirement System	13,061	12,580	12,060	11,499	10,893
Pension liability	62,925	25,126	57,637	196,655	753
<b>Total Non-Current Liabilities</b>	<u>7,873,698</u>	<u>7,602,606</u>	<u>7,381,789</u>	<u>7,264,904</u>	<u>7,039,926</u>
<b>Deferred Inflows of Resources:</b>					
Pension	11,596	83,152	24,448	11,596	11,596
<b>Total Liabilities</b>	<u>\$ 12,218,410</u>	<u>\$ 12,038,818</u>	<u>\$ 7,681,022</u>	<u>\$ 7,553,379</u>	<u>\$ 7,381,394</u>
<b>NET ASSETS</b>					
Net investment in capital assets (deficit), net of related debt	\$ 910,008	\$ 841,725	\$ (1,552,548)	\$ (1,600,799)	\$ (1,502,648)
Restricted	902,069	921,933	645,628	665,554	685,336
Unrestricted	566,493	583,851	1,115,878	1,221,946	1,068,662
<b>Total Net Assets</b>	<u>\$ 2,378,570</u>	<u>\$ 2,347,509</u>	<u>\$ 208,958</u>	<u>\$ 286,701</u>	<u>\$ 251,350</u>

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



**EAST HAMPTON HOUSING AUTHORITY**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund  
Fiscal Years Ended December 31:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues					
Rents and Fees	\$ 1,404,980	\$ 1,736,442	\$ 1,779,437	\$ 1,705,106	\$ 1,778,016
Management fee	26,861	-	-	-	100,800
Agents fee	50,212	-	-	-	-
Contribution from local sources	296,938	85,099	36,500	36,500	62,700
Miscellaneous local sources	6,374	11,842	11,456	10,937	10,674
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	<u>\$ 1,785,365</u>	<u>\$ 1,833,383</u>	<u>\$ 1,827,393</u>	<u>\$ 1,752,543</u>	<u>\$ 1,952,190</u>
Operating Expenses					
Insurance	\$ 141,016	\$ 200,524	\$ 190,715	\$ 209,666	\$ 235,247
Depreciation	336,687	390,179	406,186	409,576	414,571
Other Administrative Expenses	757,917	968,546	747,343	799,062	938,423
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Operating Expenses	1,235,620	1,559,249	1,344,244	1,418,304	1,588,241
Operating Income	549,745	274,134	483,149	334,239	363,949
Non-Operating Revenues (Expenses)					
Loss of Sale of Property	-	-	(2,283,937)	-	-
Interest Income	21,351	23,820	24,971	30,718	30,718
Lease Financing Income	62,985	-	-	-	-
Interest Expense	(398,261)	(401,517)	(362,940)	(287,214)	(276,683)
Debt Issuance Costs	-	-	-	-	(153,504)
Other	190,944	72,502	206	0	169
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Non-Operating Revenues (Expenses)	<u>\$ (122,981)</u>	<u>\$ (305,195)</u>	<u>\$ (2,621,700)</u>	<u>\$ (256,496)</u>	<u>\$ (399,300)</u>
Capital Contribution	-	-	-	-	-
Change in Net Asset	\$ 426,764	\$ (31,061)	\$ (2,138,551)	\$ 77,743	\$ (35,351)
Excess (Def.) of Revenues Over (Under) Expenditures	<u>1,908,346</u>	<u>2,138,578</u>	<u>4,449,093</u>	<u>2,009,039</u>	<u>2,351,490</u>
Other Financing Sources (Uses): Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	-	-	-	-	-
Excess (Def.) of Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>1,908,346</u>	<u>2,138,578</u>	<u>4,449,093</u>	<u>2,009,039</u>	<u>2,351,490</u>
Fund Balances - Beginning of Year, as restated	1,951,806	2,378,570	2,347,509	208,958	286,701
Cumulative effect of a change in accounting principle	-	-	-	-	-
Fund Balances - End of Year	<u>\$ 2,378,570</u>	<u>\$ 2,347,509</u>	<u>\$ 208,958</u>	<u>\$ 286,701</u>	<u>\$ 251,350</u>

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

**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS OF THE TOWN FOR THE  
FISCAL YEAR ENDED DECEMBER 31, 2021\***

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

**<https://emma.msrb.org/P21655611.pdf>**

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

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

**APPENDIX D**

**AUDITED FINANCIAL STATEMENTS OF THE  
EAST HAMPTON HOUSING AUTHORITY  
FOR THE  
YEAR ENDED DECEMBER 31, 2021\***

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

**<https://emma.msrb.org/P21644938.pdf>**

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

**\* Such Financial Statements and opinion are intended to be representative only as of the date thereof. Mayer Hoffman McCann CPAs has not been requested by the Authority to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

**APPENDIX E**

**FORM OF GUARANTEE**

**GUARANTEE**  
**OF**  
**\$\_\_\_\_\_ TOWN OF EAST HAMPTON HOUSING AUTHORITY**  
**HOUSING REVENUE BONDS – 2023[A][B] [(FEDERALLY TAXABLE)]**

GUARANTEE, dated as of the date of issue of the Bonds hereafter described, made pursuant to Section 95 of the New York Public Housing Law and a resolution of the Town Board of the Town of East Hampton, Suffolk County, New York (the “Town”), duly adopted pursuant thereto on February 16, 2023 by the Town Board of said Town, acting by and through its Supervisor as provided in said resolution, relating to \$\_\_\_\_\_ HOUSING REVENUE BONDS-2023[A][B] [(FEDERALLY TAXABLE)], dated March \_\_, 2023 (the “Bonds”) of the Town of East Hampton Housing Authority (the “Authority”).

The Town hereby irrevocably and unconditionally agrees to pay to the registered owners of the Bonds (the “Registered Owners”) any payment of principal of and interest, or only interest, as the case may be, due and payable on the Bonds (“Debt Service”) which shall be unpaid because of Nonpayment (as defined below) by paying, or causing to be paid, to the Fiscal Agent (as defined below) Debt Service on the Bonds in the manner described below, except in those circumstances herein described in which any payment of Debt Service will be made directly to the Registered Owners; provided, however, that in no event shall the aggregate total of all payments of Debt Service made by the Town hereunder exceed the actual amount which shall become due for the payment of Debt Service but shall be unpaid because of Nonpayment (as defined below).

The Town, in recognition of its irrevocable and unconditional agreement to pay Debt Service, hereby waives its rights to any defenses that may limit or alter its obligations under this Guarantee and agrees that the obligations of the Town under this Guarantee will not be released, reduced or discharged in the event the obligation of the Authority to pay Debt Service becomes unenforceable or upon the bankruptcy of the Authority. The Town further agrees that it will not be entitled to subrogation rights until the Bonds are paid in full.

“Nonpayment” means: (a) failure of the Authority to pay, or cause to be paid, Debt Service on the Bonds to The Bank of New York Mellon, National Association or such other fiscal

agent acceptable to the Authority and the chief fiscal officer of the Town, the fiscal agent for the Bonds, appointed pursuant to the Resolution of the Authority dated February \_\_ 2023 (the “Fiscal Agent”), at least thirty (30) days prior to the date on which Debt Service on the Bonds is due and payable (the “Debt Service Payment Date”) and which payment failure by the Authority shall be continuing for two (2) Business Days (as defined below) following the date on which such payment is due from the Authority to the Fiscal Agent or (b) there occurs a repayment of any such funds to the payor as a result of the avoidance and recovery of any payment of principal of or of interest on the Bonds from the Fiscal Agent or the Registered Owners by a trustee in bankruptcy, debtor or debtor in possession, as the case may be, or any person or entity acting on their behalf, as a preferential transfer under section 547 of the title 11 of the United States Code or any successor Federal Bankruptcy law governing the avoidance of preferential transfers, pursuant to a final court order, which is not or no longer subject to appeal or rehearing.

Except in the circumstances described below, payments under this Guarantee shall be made by the Town in immediately available funds, to the Fiscal Agent, not later than two (2) Business Days (as defined below) prior to the Debt Service Payment Date to which it pertains, following receipt by the Town from the Fiscal Agent of notice in the form and given in the manner specified below (a “Notice of Nonpayment”). “Business Day” means any day other than a Saturday, Sunday or a day on which the offices of the Fiscal Agent or the Town are authorized by law to remain closed for business.

A Notice of Nonpayment:

(a) in the event of a failure by the Fiscal Agent to have received from the Authority moneys sufficient for the payment of Debt Service at least thirty (30) days prior to any Debt Service Payment date

(i) shall be mailed by express mail, next day delivery, or sent by overnight service or courier not less than twenty-five (25) days prior to the Debt Service Payment Date to which it pertains, and

(ii) shall state that the Fiscal Agent has not received from the Authority or any other source or party at least thirty (30) days prior to such Debt Service Payment Date an amount or amounts

sufficient for the payment on such Debt Service Payment Date of Debt Service payable on the Bonds, or

(b) in the event that funds shall have been paid to the Fiscal Agent as provided herein for the payment of Debt Service on the Bonds on any Debt Service Payment Date, and either (x) the Fiscal Agent is precluded from making payment with such funds by actions of a trustee in bankruptcy, debtor or debtor in possession, as the case may be, or any person or entity acting on their behalf, pursuant to a final court order, which is not or no longer subject to appeal or rehearing or (y) there occurs a repayment of such funds to the payor as a result of an avoidance and recovery by any such trustee in bankruptcy, debtor or debtor in possession, as the case may be, or any person or entity acting on their behalf, pursuant to a final court order, which is not or no longer subject to appeal or rehearing of any Debt Service Payment on the Bonds from the Fiscal Agent or the Registered Owners of the Bonds

(i) shall be mailed by express mail, next day delivery, sent by overnight services or courier as soon as practicable,

(ii) shall state which of such contingencies shall have occurred, and

(iii) shall be accompanied by a duplicate original or certified copy of the order or instrument received by the Fiscal Agent barring such payment or requiring such repayment and, in the case of such repayment, by evidence satisfactory to the Town that such repayment has been made.

A Notice of Nonpayment shall, in either event, be in writing, shall be executed by a duly authorized officer or employee of the Fiscal Agent, and shall set forth (i) the Debt Service Payment Date to which such notice pertains, (ii) the aggregate amount of Debt Service to be paid on said Debt Service Payment Date, (iii) the amount, if any, received by the Fiscal Agent from the Authority or any other source with respect thereto or otherwise available therefor, and (iv) the amount to be paid by the Town hereunder.

A Notice of Nonpayment shall be deemed to be received by the Town upon delivery thereto to the Supervisor at the address set forth below if such delivery is made on a Business Day between the hours 9:00 a.m. and 4:00 p.m.; if delivery is made at any other time, then receipt shall

be deemed to occur on the Business Day next following such receipt between the hours of 9:00 a.m. and 4:00 p.m.

Notices of Nonpayment and any other communications with respect to this Guarantee shall be sent separately to each of the following:

Town of East Hampton Housing Authority  
316 Accabonac Road  
East Hampton, New York 11937  
Attention: Executive Director

Town of East Hampton  
159 Pantigo Road  
East Hampton, New York 11937  
Attention: Supervisor

Town of East Hampton  
159 Pantigo Road  
East Hampton, New York 11937  
Attention: Town Attorney

Town of East Hampton  
159 Pantigo Road  
East Hampton, New York 11937  
Attention: Budget Officer

Notwithstanding the foregoing, actual notice given to the Supervisor, Town Attorney or Budget Officer, or actual knowledge of the facts and circumstances which could be the subject of a Notice of Nonpayment on the part of the Supervisor, Town Attorney or Budget Officer, shall be deemed a Notice of Nonpayment hereunder.

The Town shall not be responsible under this Guarantee for the payment on any Debt Service Payment Date of any amount exceeding the aggregate Debt Service due on the Bonds on such Debt Service Payment Date, and in no event shall the Town be responsible under this Guarantee for the payment of any amount which would cause the total amount drawn hereunder to exceed the limit hereinbefore provided.

If a Nonpayment occurs more than 123 days after the final payment on the Bonds, payments by the Town under this Guarantee shall be made directly to the Registered Owner of each Bond affected thereby. Such payments will be made by the Town not more than two (2)



Business Days after delivery to the Town of a notice given in the manner set forth above for delivery of Notices of Nonpayment, setting forth details of the Nonpayment. Such notice shall be executed by each Registered Owner of each Bond or by their duly appointed agent or attorney, and shall be accompanied by evidence satisfactory to the Town that such Nonpayment has occurred, and shall specify the Debt Service Payment Date with respect to which it has occurred, the amount payable to such Registered Owner on such Debt Service Payment Date, the portion thereof which such Registered Owner has been required to repay and the amount requested to be paid by the Town hereunder on account thereof.

The obligation to make payment of principal and interest under this Guarantee is indebtedness of the Town, to which the faith and credit of the Town are pledged. This Guarantee shall remain in full force and effect until principal and interest on the Bonds has been paid in full and the Bonds are no longer outstanding. No failure to give notice to the Town, including, but not limited to, the failure to provide any Notice of Nonpayment, shall release, reduce or discharge the obligation of the Town under this Guarantee.

IN WITNESS WHEREOF, the Supervisor of the Town of East Hampton, Suffolk County, New York has signed this Guarantee as of date first above written.

(SEAL)

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Peter Van Scoyoc, Supervisor

**APPENDIX F**

**FORM OF RESOLUTION**

RESOLUTION AUTHORIZING THE ISSUANCE BY THE EAST HAMPTON HOUSING AUTHORITY OF ITS HOUSING REVENUE BONDS-2023 SERIES A AND HOUSING REVENUE BONDS-2023 SERIES B (FEDERALLY TAXABLE) AND THE APPROVAL AND EXECUTION OF RELATED DOCUMENTS

RECITALS

WHEREAS, the East Hampton Housing Authority, in Suffolk County, New York, is a municipal housing authority of the State of New York (the “Authority”);

WHEREAS, Article 3 of the Public Housing Law (the “Act”) authorizes municipal housing authorities to provide for the construction, financing and refinancing of housing and related facilities;

WHEREAS, the Authority issued its \$3,200,000 Guaranteed Housing Authority Bonds-1999 (the “1999 Bonds”) on May 5, 1999, to refinance bond anticipation notes issued by the Authority to finance the acquisition of land located at 316 Accabonac Road and the construction of affordable housing units thereon (hereinafter referred to as the “Project”) in the Town;

WHEREAS, on April 24, 2017, the Authority executed a loan agreement and mortgage note (the “2017 Loan”) with People’s United Bank, National Association in the principal amount of \$2,700,000 and a term of twenty (20) years and used the proceeds of such 2017 Loan to retire the 1999 Bonds and to pay costs related to the transaction;

WHEREAS, the interest rate on the 2017 Loan is based upon the five-year Treasury rate plus two percent (2.00%), adjusts every five (5) years and can be redeemed at any time by the Authority without penalty;

WHEREAS, the interest rate on the 2017 Loan adjusted in May 2022 and is currently four and eighty-nine hundredths per centum (4.89%) per annum;

WHEREAS, based upon current interest rates, the refunding of the 2017 Loan is expected to produce debt service savings for the Authority;

WHEREAS, pursuant to the resolution adopted on February 16, 2023, the Authority authorized the issuance of the Housing Revenue Bonds-2023 Series A (the “Series A Bonds”) and Housing Revenue Bonds-2023 Series B (Federally Taxable) (the “Series B Bonds” and together with the Series A Bonds, the “Bonds”) for the purpose of refunding the 2017 Loan and delegated certain powers to the Chairman of the Authority to perform certain acts for the purpose of carrying out the contemplated transaction;

WHEREAS, on February 28, 2023, the Authority solicited bids for the sale of the Bonds at competitive sale and upon receiving, opening, reading and considering said bids, it was ascertained and publicly announced that (a) \_\_\_\_\_ (herein called the “Series A Bond Purchaser”), was the successful bidder to whom the Series A Bonds were then awarded, with said bid of said successful bidder being the best bid received under the terms of the Notice of Sale therefor and providing the lowest true interest cost over the life of the Series A Bonds and (b) \_\_\_\_\_ (herein called the “Series B Bond Purchaser” and together with the Series A Bond Purchaser, the “Purchaser” or “Purchasers”), was the successful bidder to whom the Series B Bonds were then awarded, with said bid of said successful bidder being the best bid received under the terms of the Notice of Sale therefor and providing the lowest true interest cost over the life of the Series B Bonds and; and

WHEREAS, it is now desired to authorize the refunding of the 2017 Loan and to approve and authorize the execution of related documents.

NOW, THEREFORE, BE IT RESOLVED by the members of the East Hampton Housing Authority (the “Authority”) as follows:

Section 1. Pursuant to the Act, as amended from time to time, and in particular Section 563 thereof, there are hereby authorized to be issued by the Authority two series of revenue bonds entitled “Housing Revenue Bonds-2023 Series A” and “Housing Revenue Bonds-2023 Series B (Federally Taxable)” in the aggregate principal amount not to exceed \$2,125,000 (herein collectively called the “Bonds”). The Bonds are authorized for the purposes of (i) refunding the 2017 Loan of the Authority, originally issued to refinance bonds of the Authority issued in 1999 to finance the acquisition of land located at 316 Accabonac Road and the construction of affordable housing units thereon (the “Project”) and (ii) paying the costs of

issuance of the Bonds. In accordance with the requirements of the Act, it has heretofore been determined that the probable life of the Project is fifty years, and that the longest maturity of the Bonds will not exceed the probable life of the Project, as measured from the date of the original bond anticipation note issued to finance the Project and such determinations are hereby confirmed and ratified. The Authority hereby finds that the final maturity of the Bonds will not extend beyond the final maturity date of the 2017 Loan and, as a result the maximum maturity of the Bonds will not exceed the probable life of the Project.

Section 2. The Bonds of each series shall be issued as registered Bonds each of which shall be in the principal amounts of Five Thousand Dollars (\$5,000) or any integral multiple thereof, shall be dated their date of issuance, and shall mature in each of the years and bear interest as shown below:

Series A Bonds

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
May 1, 2023			May 1, 2031		
May 1, 2024			May 1, 2032		
May 1, 2025			May 1, 2033		
May 1, 2026			May 1, 2034		
May 1, 2027			May 1, 2035		
May 1, 2028			May 1, 2036		
May 1, 2029			May 1, 2037		
May 1, 2030					

Series B Bonds

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
May 1, 2023			May 1, 2025		
May 1, 2024			May 1, 2026		

Interest on the Bonds shall be payable May 1, 2023, November 1, 2023 and semiannually thereafter on May 1 and November 1 in each year to maturity. The form and substance of the Preliminary Official Statement, dated February 16, 2023, prepared in connection with the sale of the Bonds, with such changes as shall be satisfactory to the Chairman, is hereby ratified and

approved, and the Chairman is hereby authorized to cause a final Official Statement to be prepared and delivered. The sale of each series of Bonds to the Purchasers pursuant to the terms set forth in the respective Notices of Sale for said Bonds, each dated February 16, 2023 is hereby approved. The Chairman shall also provide an undertaking to provide continuing disclosure in the form set forth in the Preliminary Official Statement, to enable the Purchasers to comply with the terms of Rule 15c2-12 of the United States Securities and Exchange Commission. The Bonds will be subject to prepayment or redemption prior to maturity as described in the Official Statement.

Section 3. The Chairman of the Authority is hereby authorized to enter into one or more Fiscal Agent Agreements with The Bank of New York Mellon, New York, or a successor thereto (the “Fiscal Agent”) as fiscal and paying agent for the Bonds. During the period such fiscal and paying agency agreements are in effect, payment of principal of and interest on each series of Bonds will be made to the Fiscal Agent for payment to the respective owners of the Bonds. During any period in which the Authority may be acting as Fiscal Agent, payment of principal of and interest on each series of Bonds shall be made, upon presentation and surrender at maturity, in immediately available funds constituting lawful money of the United States of America at the office of the Treasurer of the Authority, as paying agent, located at 316 Accabonac Road, East Hampton, New York 11937.

Section 4. The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of the Chairman, the Vice Chairman or the Treasurer of the Authority (an “Authorized Authority Officer”), and the seal of the Authority or a facsimile thereof shall be impressed, imprinted or otherwise reproduced thereon and attested by the manual or facsimile signature of the Secretary of the Authority. The Bonds shall be issued in the form of registered Bonds in substantially the form attached hereto as Exhibit A, with such changes therein or variations thereof as the Authorized Authority Officer executing the same may deem necessary or appropriate, as evidenced by his or her execution thereof. The Bonds will be subject to redemption as provided therein.

Section 5. The Bonds shall be payable by the Authority solely from (i) funds of the Authority legally available for such payment and (ii) moneys provided for such payments by the

Town of East Hampton (the “Town”), pursuant to the Guarantee (hereinafter defined). The Bonds are not secured by a security interest or other lien on the Project, revenues of the Project or any other property or revenues of the Authority. Neither the State of New York (the “State”), nor any other municipality or public corporation, other than the Authority and, pursuant to and only as provided for in the Guarantee (hereinafter defined), the Town, shall be liable for the payment of the principal of or interest on any of the Bonds issued hereunder, or for the performance of any obligation or agreement of the Authority, and none of the Bonds issued hereunder shall be construed to constitute an indebtedness of the State or any other municipality or public corporation, other than the Authority and, pursuant to and only as provided for in the Guarantee, the Town. The Authority has no taxing power.

Section 6. The payment of principal of and interest on the Bonds will be guaranteed by the Town pursuant to a Guarantee dated the date of issuance of the Bonds in substantially the form attached to the resolution of the Town Board of the Town of East Hampton adopted February 16, 2023 authorizing the same, with such changes therein as the Town and the Chairman or any Authorized Authority Officer shall approve (the “Guarantee”).

Section 7. The Authority shall make semiannual payments to the Fiscal Agent of principal and interest on each series of Bonds at least thirty (30) days prior to the date on which debt service on the Bonds is due and payable, all in accordance with the terms of the respective Fiscal Agent Agreement. Moneys held by the Fiscal Agent, and investment earnings thereon, shall be used and applied solely for the purpose of the payment of interest on or principal of the respective series of Bonds when due.

Section 8. Moneys held by the Fiscal Agent may be invested and reinvested by the Authority in obligations in which the Town may invest bond proceeds if and to the extent the same are at the time legal for investment of Authority funds under the Act or under other applicable law (“Investment Securities”).

Investment Securities shall mature not later than the date such moneys are expected to be needed for payment of interest on or principal of the Bonds when due. For purposes of determining the amount held by the Fiscal Agent, all investment earnings shall be included and

all Investment Securities shall be valued at the amortized cost of such obligations or the market value thereof, whichever is lower, inclusive of accrued interest.

Section 9. The Authority represents and warrants that:

(a) it is a corporate governmental Authority, constituting a public benefit corporation, with full power and legal right to adopt this Resolution and perform its obligations hereunder; and

(b) this Resolution has been duly and validly adopted in a manner consistent with the requirements of the Act and does not conflict with or violate the Authority's rules and regulations or any statute, rule, regulation or order applicable to the Authority or any contract or other agreement entered into by the Authority.

Section 10. Registered Bonds, upon surrender thereof at the office of the Authority, may, at the option of the registered owner thereof, and upon payment by such registered owner of such charges which the Authority may make as hereinafter provided, be exchanged for an equal aggregate principal amount of registered Bonds of the denomination of \$5,000 or any integral multiple thereof (the "Authorized Denomination").

The Authority is hereby authorized to enter into an agreement with The Depository Trust Company (the "DTC") to permit the Bonds to be issued as "book entry only" securities, as described in the attached draft Preliminary Official Statement, and accordingly the Bonds shall be registered in the name of a nominee of the DTC. Each of the registered Bonds shall be transferable at the registered owner's expense only upon the books of the Authority kept for that purpose at its office by the registered owner thereof, in person, or by the registered owner's duly authorized attorney, upon surrender of such Bond together with a written instrument of transfer satisfactory to the Authority duly executed by the registered owner or his duly authorized attorney, and thereupon a new registered Bond in the same aggregate principal amount shall be issued to the transferee in exchange therefor. The Authority may deem and treat the person in whose name each Bond is registered as the absolute owner thereof for the purpose of receiving payment of, or on account of, the principal of the Bond and for all other purposes.



For each exchange or transfer of a Bond, the Authority may make a charge which shall not be in excess of the amount sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

In case any Bond shall become mutilated or be destroyed, stolen or lost, the Authority shall deliver a new Bond in the same principal amount as the Bond which was mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender at the office of the Authority of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Authority evidence satisfactory to the Authority that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Authority with indemnity satisfactory to the Authority, and complying with such other reasonable regulations as the Authority may prescribe and paying such expenses as the Authority may incur.

Section 11. (a) In case one or more of the following events of default under this Resolution (the “Event(s) of Default”) shall have occurred and be continuing:

(1) default in the due and punctual payment of the Bonds when the same shall become due and payable, whether at maturity or otherwise; or

(2) default by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in this Resolution contained, which default shall continue for a period of thirty (30) days after written notice thereof to the Authority by the registered owners of a majority in aggregate principal amount of the Bonds then outstanding; then, and in each and every such case, in accordance with the terms of this Resolution, the Bonds shall, without presentment, demand, protest, other notice of any kind or any further action, become and be immediately due and payable. This provision is subject to the condition that if, at any time after the Bonds shall have become so due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, any and all defaults under this Resolution, other than the nonpayment of Bonds which shall have become due by acceleration, shall have been remedied, then and in every such case such default may be waived and its consequences rescinded and annulled by the registered

owners; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

In case the registered owners shall have proceeded to enforce any right under this Resolution and such proceedings shall have been discontinued or abandoned because of such rescission and annulment or for any other reason or shall have been determined adversely to the registered owners, then and in every such case the Authority and the registered owners of the Bonds shall be restored, respectively, to their former positions and rights hereunder, and all rights, remedies and powers of the Authority and the registered owners of the Bonds shall continue as though no such proceedings had been taken.

(b) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the registered owners of a majority in aggregate principal amount of the Bonds then outstanding may proceed to protect and enforce the rights of the registered owners of the Bonds under this Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as registered owners, being advised by counsel, shall deem most effectual to enforce any of their rights under this Resolution.

(c) During the continuance of an Event of Default, the principal of and interest on the Bonds then due shall be payable without preference or priority of principal over interest or of interest over principal, or of any Bond over any other Bond, ratably according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(d) If and whenever all sums payable by the Authority under this Resolution shall either be paid by or for the account of the Authority, and all defaults under this Resolution and the Bonds shall be made good or secured to the satisfaction of the registered owners, the Authority and the registered owners shall be restored, respectively, to their former positions and rights under this Resolution. No such restoration of the Authority and the registered owners to their former positions and rights shall extend to or affect any subsequent default under this

Resolution or impair any right consequent thereon. No Bonds owned by, for the account of or for the benefit of, the Authority shall be deemed entitled to share in any payment or distribution provided in this Section 11.

(e) Nothing in this Resolution or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay on the date and at the place therein expressed the principal of and interest on the Bonds to the respective registered owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any registered owner to enforce such payment of his Bond.

(f) No remedy by the terms of this Resolution conferred upon or reserved to the registered owners of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Resolution or existing at law, including under the Act, or in equity or by statute on or after the date of execution and delivery of this Resolution.

(g) No delay or omission of any registered owner of any Bond to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence thereto; and every power and remedy given by this Section 11 to the registered owners of the Bonds may be exercised from time to time as often as may be deemed expedient by the registered owners of the Bonds.

(h) Prior to the Bonds becoming due and payable prior to maturity as provided in paragraph (a) hereof, the registered owners of not less than 66 2/3% in principal amount of the outstanding Bonds; or their attorneys-in-fact duly authorized, may, on behalf of the registered owners of all of the Bonds, waive any past default under this Resolution and its consequences, except a default in the payment of principal of or interest on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

(i) So long as the Guarantee is in full force and effect and the Town has not defaulted on the payment of any obligation that has become due thereunder, the Town shall be treated as owning all of the outstanding Bonds for purposes of this Section 11, and the registered owners

shall look to the Town under the Guarantee for payment of any amounts due on the Bonds that remain unpaid by the Authority. The Town shall be subrogated to the rights of each registered owner of the Bonds if and to the extent that such registered owner has received payment under the Guarantee of amounts due on the Bonds.

Section 12. Neither the members of the Authority nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 13. If any term or provision of this Resolution or the Bonds, or the application thereof, for any reason or circumstances shall to any extent be held invalid or unenforceable, the remaining terms or provisions, or the application thereof, in situations other than those as to which it is held invalid or enforceable, shall not be affected thereby, and each term and provision hereof and thereof shall be valid and enforced to the fullest extent permitted by law.

Section 14. This Resolution shall be deemed to constitute a contract between the Authority and the registered owners from time to time of the Bonds and such registered owners shall be entitled to all of the rights and remedies provided herein or otherwise permitted by law. All the covenants, promises and agreements in this Resolution shall bind and inure to the benefit of the Authority, the registered owners of the Bonds and their respective successors and assigns.

Section 15. This Resolution may not be repealed, amended or modified while any Bond is outstanding, except for such amendments which, in the opinion of bond counsel of recognized national standing, (i) do not materially adversely affect the interests of the registered owners of the Bonds, (ii) are required by existing or future laws, or (iii) are necessary to clarify any ambiguity, inconsistency or defective provision contained herein.

Section 16. If the date for making any payment on the Bonds shall be a day on which banking institutions in the State are authorized by law to remain closed, such payment may be made on the next succeeding day that is not a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date therefor, and no interest shall accrue for the period after such nominal date.

Section 17. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations.

Section 18. The officers of the Authority are, and each of them hereby is, authorized and directed to do and perform all acts and things and to execute all instruments in the name of the Authority or otherwise, as they respectively deem advisable, and to make all payments, to the end that the Authority may carry out the objects of this Resolution and its obligations under the terms of the Bonds.

Section 19. This Resolution shall take effect immediately.

EXHIBIT A

REGISTERED  
NO. R-

REGISTERED  
\$,000

UNITED STATES OF AMERICA  
STATE OF NEW YORK  
COUNTY OF SUFFOLK  
TOWN OF EAST HAMPTON HOUSING AUTHORITY

HOUSING REVENUE BONDS – 2023 SERIES [A][B (FEDERALLY TAXABLE)]

MATURITY DATE	INTEREST RATE	DATE OF ORIGINAL ISSUE	CUSIP NUMBER
May 1	%	March 16, 2023	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: THOUSAND DOLLARS

EAST HAMPTON HOUSING AUTHORITY (herein called the “Authority”), a body corporate and politic created by the Public Housing Law of the State of New York (the “State”), as amended from time to time, and in particular Section 563 thereof (collectively, the “Act”), acknowledges itself indebted, and for value received hereby promises to pay, to Cede & Co., the registered owner of this Bond or registered assigns, on the maturity date indicated above upon presentation and surrender of this Bond at the office of The Bank of New York Mellon, New York, New York, acting as Fiscal Agent, or a successor thereto duly appointed by the Authority, the principal sum shown above in immediately available funds constituting lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts and to pay interest on said principal sum at said office of the Authority in immediately available funds from the date hereof at the rate per annum as shown above, payable on May 1, 2023, November 1, 2023 and semiannually thereafter on May 1 and November 1 in each year to maturity until the Authority’s obligation with respect to the payment of such principal sum shall be discharged whether at maturity, upon acceleration or otherwise. This Bond is subject to prepayment or redemption prior to maturity as described below.

This Bond is one of a duly authorized issue of Bonds of the Authority designated as its “Housing Revenue Bonds – 2023 Series [A][B (Federally Taxable)]” (herein called the “Bonds”), in the aggregate principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) under and pursuant to the Act and resolutions of the Authority adopted on February 9, 2023 and February 28, 2023 (collectively, the “Resolution”). This Bond is payable by the Authority solely from (i) funds of the Authority legally available for such payment and (ii) moneys provided for such payments by the Town of East Hampton (the “Town”), pursuant to the Guarantee of the

Town dated the date hereof. The Bonds are not secured by a security interest or other lien on the Project, revenues of the Project or any other property or revenues of the Authority. The Authority has no taxing power.

The Bonds are being issued (i) to refund the 2017 Loan of the Authority, which were originally issued to refinance bonds of the Authority issued in 2019 to finance the acquisition of land located at 316 Accabonac Road and the construction of affordable housing units thereon (the "Project") and (ii) to pay the costs of issuance of the Bonds. No recourse shall be had for the payment of this Bond or for any claim based thereon or on the Resolution against any member of the Authority or officer of the Authority or any person executing this Bond. Copies of the Resolution are on file at the office of the Authority.

*Optional Redemption.* The Series A Bonds maturing on or after May 1, 2032 will be subject to redemption prior to maturity on any date on or after May 1, 2031 in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price of 100% of the par amount of the Series A Bonds to be redeemed, plus accrued interest to the date of redemption. The Authority may select the maturities of the Series A Bonds to be redeemed and the amount to be redeemed of each maturity selected, as the Authority shall determine to be in the best interest of the Authority at the time of such redemption. If less than all of the Series A Bonds of any maturity are to be redeemed prior to maturity, the particular Series A Bonds of such maturity to be redeemed shall be selected by the Authority by lot in any customary manner of selection as determined by the Authority. The Series B Bonds will not be subject to redemption prior to maturity.

*Extraordinary Redemption.* The Bonds are subject to redemption prior to maturity at the direction of the Authority with the consent of the Town of East Hampton (the "Town"), expressed by resolution of the Town Board, upon occurrence of one or more of the following events, as a whole at any time but not in part, at a redemption price equal to 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption:

(1) The Project shall have been damaged or destroyed to the extent that, in the opinion of a professional engineer submitted to the Authority at the request of the Authority, either (i) the Project cannot be reasonably restored or repaired within a period of six months to the condition thereof immediately preceding such damage or destruction or (ii) the Authority would thereby be prevented from carrying on the normal rental operations of the Project, as it existed immediately prior to such damage or destruction, for a period of six months or more; or

(2) Title to, or the use of or possession of, all or substantially all of the Project shall have been condemned or taken under governmental authority, or a Person acting under governmental authority, for any public use or purpose to such extent that, in the opinion of a professional engineer submitted to the Authority at the request of the Authority, either (i) the Project as it existed immediately prior to such condemnation or taking cannot be reasonably restored or replaced within a period of six months to a condition of comparable usefulness to that existing prior to such condemnation or taking or (ii) the Authority would thereby be prevented from carrying on the normal rental operations of the Project as it existed immediately prior to such condemnation or taking for a period of six months or more.

Neither the State of New York (the "State"), nor any other municipality or public corporation, other than the Authority and, pursuant to and only as provided in the Guarantee of the Town authorized by resolution of the Town dated February 16, 2023 (the "Guarantee"), shall be liable for the payment of the principal of or interest on any of the Bonds issued hereunder, or for the performance of any obligation or agreement of the Authority, and none of the Bonds issued hereunder shall be construed to constitute an indebtedness of said State or any other municipality or public corporation, other than the Authority and, pursuant to and only as provided for in the Guarantee, the Town.

The Bonds are issuable in the form of registered Bonds in the denomination of \$5,000 or any integral multiple thereof ("Authorized Denomination"). The owner of any registered Bond may surrender the same at said office of the Authority, upon payment of such charges which the Authority may make as provided in the Resolution, in exchange for an equal aggregate principal amount of registered Bonds of any Authorized Denomination.

This Bond is transferable in an Authorized Denomination at the registered owner's expense, as provided in the Resolution, only upon the books of the Authority kept for that purpose at its office by the registered owner of this Bond, in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Authority duly executed by the registered owner or his duly authorized attorney, and thereupon a new registered Bond in the same aggregate principal amount shall be issued to the transferee in exchange therefor.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in connection with the issuance of this Bond, exist, have happened and have been performed, and that the issue of Bonds of which this is one, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the EAST HAMPTON HOUSING AUTHORITY has caused this Bond to be duly signed in its name and on its behalf by the facsimile signature of its Chairman, and its corporate seal to be impressed, imprinted or otherwise reproduced thereon and attested by the facsimile signature of its Chairman, all as of March 16, 2023.

ATTEST:

EAST HAMPTON HOUSING AUTHORITY  
SUFFOLK COUNTY, NEW YORK

By: \_\_\_\_\_  
Title: Secretary

By: \_\_\_\_\_  
Title: Chairman



**APPENDIX G**

**FORM OF APPROVING OPINION OF BOND COUNSEL**

## Form of Opinion of Bond Counsel for the Series A Bonds

Hawkins Delafield & Wood LLP  
7 World Trade Center @ 250 Greenwich Street, 41<sup>st</sup> floor  
New York, New York 10007

March \_\_, 2023

East Hampton Housing Authority  
East Hampton, New York

Ladies and Gentlemen:

As Bond Counsel to the East Hampton Housing Authority (the “Authority”), a municipal housing authority and a body corporate and politic of the State of New York (the “State”), we have examined a record of proceedings relating to the issuance by the Authority of its Housing Revenue Bonds-2023 Series A, in the aggregate principal amount of \$\_\_\_\_\_ (the “Bonds”). The Bonds are authorized to be issued pursuant to Article 3 and Section 563 of Article 13 of the Public Housing Law, as amended, of the State (the “Act”), Section 41 of the Act, and resolutions duly adopted by the Authority on February 9, 2023 and February 28, 2023 (collectively, the “Resolution”). Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Resolution.

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

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

(1) The Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State, and in accordance with the Resolution, payable solely from (i) funds of the Authority legally available for such payment and (ii) moneys provided for such payments by the Town pursuant to the Guarantee. The Bonds are not secured by a security interest or other lien on the Project, revenues of the Project or revenues of the Authority. The Bonds are enforceable in accordance with their terms and the terms of the Resolution, except to the extent that the enforceability (but not the validity) of rights and remedies with respect to the Bonds and the Resolution (a) may be limited by bankruptcy, insolvency, moratorium and other laws affecting creditors’ rights or remedies heretofore or

hereafter enacted and (b) is subject to the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(2) Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Bonds 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 Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to their date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained.

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

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

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

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding

federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

The scope of our engagement in relation to the issuance of the Bonds has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Town, subject to the limitations imposed by Chapter 97 of the Laws of 2011, as amended, together with other legally available sources of revenue, if any, will be sufficient to enable the Town to pay the principal of or interest on the Bonds under the Guarantee if and when the Town is required to do so.

We undertake no responsibility for the accuracy, completeness or fairness of any Official Statement or other offering material relating to the Bonds and we express no opinion with respect thereto. In addition, we have not examined, reviewed or passed upon the accuracy, completeness or fairness of any factual information which may have been furnished to any purchaser of the Bonds by or on behalf of the Authority or the Town and, accordingly, we express no opinion as to whether the Authority or the Town, in connection with the sale of the Bonds, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

This opinion is rendered as of the date hereof and we assume no obligation to update, revise or supplement this opinion as to the effect of any action hereafter taken or not taken, or as to any facts or circumstances or any changes in law or interpretations thereof that may hereafter arise or occur, or for any other reason.

Very truly yours,

## Form of Opinion of Bond Counsel for the Series B Bonds

Hawkins Delafield & Wood LLP  
7 World Trade Center @ 250 Greenwich Street, 41<sup>st</sup> floor  
New York, New York 10007

March \_\_, 2023

East Hampton Housing Authority  
East Hampton, New York

Ladies and Gentlemen:

As Bond Counsel to the East Hampton Housing Authority (the “Authority”), a municipal housing authority and a body corporate and politic of the State of New York (the “State”), we have examined a record of proceedings relating to the issuance by the Authority of its Housing Revenue Bonds-2023 Series B (Federally Taxable), in the aggregate principal amount of \$ \_\_\_\_\_ (the “Bonds”). The Bonds are authorized to be issued pursuant to Article 3 and Section 563 of Article 13 of the Public Housing Law, as amended, of the State (the “Act”), Section 41 of the Act, and resolutions duly adopted by the Authority on February 9, 2023 and February 28, 2023 (collectively, the “Resolution”). Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Resolution.

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

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

(1) The Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State, and in accordance with the Resolution, payable solely from (i) funds of the Authority legally available for such payment and (ii) moneys provided for such payments by the Town pursuant to the Guarantee. The Bonds are not secured by a security interest or other lien on the Project, revenues of the Project or revenues of the Authority. The Bonds are enforceable in accordance with their terms and the terms of the Resolution, except to the extent that the enforceability (but not the validity) of rights and remedies with respect to the Bonds and the Resolution (a) may be limited by bankruptcy, insolvency, moratorium and other laws affecting creditors’ rights or remedies heretofore or

hereafter enacted and (b) is subject to the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

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

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

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters.

The scope of our engagement in relation to the issuance of the Bonds has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Town, subject to the limitations imposed by Chapter 97 of the Laws of 2011, as amended, together with other legally available sources of revenue, if any, will be sufficient to enable the Town to pay the principal of or interest on the Bonds under the Guarantee if and when the Town is required to do so.

We undertake no responsibility for the accuracy, completeness or fairness of any Official Statement or other offering material relating to the Bonds and we express no opinion with respect thereto. In addition, we have not examined, reviewed or passed upon the accuracy, completeness or fairness of any factual information which may have been furnished to any purchaser of the Bonds by or on behalf of the Authority or the Town and, accordingly, we express no opinion as to whether the Authority or the Town, in connection with the sale of the Bonds, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

This opinion is rendered as of the date hereof and we assume no obligation to update, revise or supplement this opinion as to the effect of any action hereafter taken or not taken, or as to any facts or circumstances or any changes in law or interpretations thereof that may hereafter arise or occur, or for any other reason.

Very truly yours,

**APPENDIX H**

**FORMS OF DISCLOSURE UNDERTAKING**

**APPENDIX H-1**

**DISCLOSURE UNDERTAKING OF THE TOWN**



## UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

### Section 1. Definitions

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

“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 East Hampton Housing Authority, a municipal housing authority of the State of New York.

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

“Purchaser” shall mean \_\_\_\_\_.

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

“Securities” shall mean the Issuer’s [**\$1,715,000 Housing Revenue Bonds-2023 Series A**][**\$410,000 Housing Revenue Bonds-2023 Series B (Federally Taxable)**], dated March 16, 2023, maturing in various principal amounts on the dates in each year until maturity set forth in the Official Statement, dated February 23, 2023 and delivered on the date hereof.

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

Section 2. Obligation to Provide Continuing Disclosure. (a) The Town 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 EMMA System:

- (i) no later than six (6) months following the end of each fiscal year, commencing with the fiscal year ending December 31, 2023, the Annual Information relating to such fiscal year, together with audited financial statements of the Town for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information no later than six (6) months following the end of each fiscal year, and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933; and
- (ii) in a timely manner, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

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

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

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

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

modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Town's annual financial statements for each fiscal year shall be prepared in accordance with GAAP as in effect from time to time. Such financial statements shall be audited by an independent accounting firm.

Section 5. Remedies. If the Town 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 Town and any of the officers, agents and employees of the Town, and may compel the Town 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 Town hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

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

Section 7. Amendments. Without the consent of any holders of Securities, the Town 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 Town and the assumption of any such successor of the duties of the Town hereunder;
- (d) to add to the duties of the Town for the benefit of the Holders, or to surrender any right or power herein conferred upon the Town;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Town or to reflect changes in the identity, nature or status of the Town or in the business, structure or operations of the Town or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **March 16, 2023**.

**TOWN OF EAST HAMPTON**

By \_\_\_\_\_  
Supervisor

**APPENDIX H-2**

**DISCLOSURE UNDERTAKING OF THE AUTHORITY**

## UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

### Section 1. Definitions

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

“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 East Hampton Housing Authority, a municipal housing authority of the State of New York.

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

“Purchaser” shall mean \_\_\_\_\_.

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

“Securities” shall mean the Issuer’s [**\$1,715,000 Housing Revenue Bonds-2023 Series A**][**\$410,000 Housing Revenue Bonds-2023 Series B (Federally Taxable)**], dated March 16, 2023, maturing in various principal amounts on the dates in each year until maturity set forth in the Official Statement, dated February 23, 2023 and delivered on the date hereof.

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

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021 to the EMMA System:

- (i) no later than six (6) months following the end of each fiscal year, commencing with the fiscal year ending December 31, 2023, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information no later than six (6) months following the end of each fiscal year, and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933; and
- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
  - (1) principal and interest payment delinquencies;
  - (2) non-payment related defaults, if material;
  - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (5) substitution of credit or liquidity providers, or their failure to perform;
  - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
  - (7) modifications to rights of Securities holders, if material;
  - (8) Bond calls, if material, and tender offers;
  - (9) defeasances;
  - (10) release, substitution, or sale of property securing repayment of the Securities, if material;

- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

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

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

- (iii) in a timely manner, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

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



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

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data and other information for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings "THE AUTHORITY" and "LITIGATION RELATING TO THE AUTHORITY" and in Appendix B.

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

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

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year shall be prepared in accordance with GAAP as in effect from time to time. Such financial statements shall be audited by an independent accounting firm.

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **March 16, 2023**.

**EAST HAMPTON HOUSING AUTHORITY**

By \_\_\_\_\_  
Chairperson