

PRELIMINARY OFFICIAL STATEMENT DATED JULY 25, 2023

**NEW AND RENEWAL ISSUES
BOOK-ENTRY-ONLY BONDS AND NOTES**

**RATING: SEE “RATING” HEREIN
SERIAL BONDS AND BOND ANTICIPATION NOTES**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds and the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Bonds and the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Bonds and the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See “TAX MATTERS” herein.

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

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

\$22,282,419*

**PUBLIC IMPROVEMENT SERIAL BONDS – 2023 SERIES A
(the “Bonds”)**

Dated Date: Date of Delivery

Maturity Dates: August 15, 2024-2034

\$19,931,900

**BOND ANTICIPATION NOTES – 2023 SERIES A
(the “Notes”)**

Date of Issue: August 17, 2023

Maturity Date: August 16, 2024

The Bonds and the Notes are general obligations of the Town of East Hampton, Suffolk County, New York (the “Town”), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds and the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the “Tax Levy Limit Law”). (See “*Tax Levy Limit Law*” herein.)

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on August 15, 2024 and semiannually thereafter on February 15 and August 15 in each year until maturity. The Bonds shall mature on August 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity. (See “*Optional Redemption*” herein.)

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

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

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

DTC will act as Securities Depository for the Bonds and for those Notes issued as book-entry notes. Individual purchases of such Bonds and Notes may be made in book-entry form only, in principal amounts of \$5,000 or integral multiples thereof, except for one necessary odd denomination in the first maturity of the Bonds and in the Notes. Purchasers will not receive certificates representing their ownership interests in the Bonds and those Notes issued as book-entry notes. Payment of the principal of and interest on such Bonds and Notes will be made by the Town to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of such Bonds and Notes as described herein. (See “*Book-Entry-Only System*” herein.)

The Bonds and the Notes are offered when, as and if issued and received by the purchasers and subject to the receipt of the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Capital Markets Advisors, LLC has served as Municipal Advisor to the Town in connection with the issuance of the Bonds and the Notes. It is anticipated that the Bonds and the Notes will be available for delivery through the offices of DTC on or about August 17, 2023.

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

Dated: August __, 2023

* Preliminary, subject to change.

The Bonds will mature on August 15, subject to optional redemption, in each year as set forth below:

<u>Year</u>	<u>Principal Amount*</u>	<u>Coupon</u>	<u>Yield</u>	<u>Year</u>	<u>Principal Amount*</u>	<u>Coupon</u>	<u>Yield</u>
2024	\$1,732,419			2030	\$2,080,000		
2025	1,790,000			2031	2,140,000		
2026	1,845,000			2032**	2,205,000		
2027	1,905,000			2033**	2,265,000		
2028	1,965,000			2034**	2,335,000		
2029	2,020,000						

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

** The Bonds maturing in the years 2032 and thereafter will be subject to optional redemption prior to maturity, as described herein. (See "Optional Redemption" herein.)

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

TOWN BOARD

PETER VAN SCOYOC
Supervisor

Kathee Burke-Gonzalez..... Deputy Supervisor

David Lys..... Councilperson

Sylvia Overby Councilperson

Cate Rogers..... Councilperson

Rebecca Hansen..... Town Budget Officer

Neide Valeira Principal Accountant

Carole A. Brennan Town Clerk

Christine Schnell..... Receiver of Taxes

Robert Connelly, Esq..... Town Attorney

BOND COUNSEL
HAWKINS DELAFIELD & WOOD LLP
New York, New York

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

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. 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 or the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the 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 Town since the date hereof.

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**OFFICIAL STATEMENT
TOWN OF EAST HAMPTON
SUFFOLK COUNTY, NEW YORK**

relating to

\$22,282,419*

PUBLIC IMPROVEMENT SERIAL BONDS – 2023 SERIES A

and

\$19,931,900

BOND ANTICIPATION NOTES – 2023 SERIES A

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of East Hampton, in the County of Suffolk, in the State of New York (the “Town”, “County” and “State,” respectively) in connection with the sale of \$22,282,419* Public Improvement Serial Bonds – 2023 Series A (the “Bonds”) and \$19,931,900 Bond Anticipaiton Notes – 2023 Series A (the “Notes”).

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

THE BONDS

Description of the Bonds

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity, payable on August 15, 2023 and semiannually thereafter on February 15 and August 15 in each year until maturity. The Bonds shall mature on August 15 in each year in the principal amounts specified on the inside cover page hereof. The Bonds will be subject to optional redemption prior to maturity. (See “*Optional Redemption*” herein.)

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

(The remainder of this page has been intentionally left blank.)

* Preliminary, subject to change.

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the Town Law, the Local Finance Law and various bond resolutions duly adopted by the Town Board on their respective dates. A portion of the proceeds from the sale of the Bonds in the amount of \$10,556,960, together with a portion of the proceeds from the sale of the Notes in the amount of \$6,000,000 and \$467,750 in available funds, will be used to redeem the Town's \$17,024,710 Bond Anticipation Notes – 2022 Series A at maturity. The balance of the proceeds from the sale of the Bonds in the amount of \$11,725,459 will be used to provide original or additional original financing for certain objects or purposes as noted on the following pages.

Purpose	Authorization Date	Amount Outstanding	Principal Paydown	New Money	Amount to Bonds
Townwide ADA Improvements	04/07/2022	\$ 250,000	\$ 0	\$ 0	\$ 250,000
Second House Improvements	04/07/2022	950,000	0	0	950,000
Construction of Improvements to the CDCH building	04/02/2020	455,000	48,000	0	407,000
Construction of Window Replacement - Highway Dept.	04/18/2019	8,000	1,000	0	7,000
Pave Storage Area	04/02/2020	4,000	1,000	0	3,000
Reconstruction of Town Hall	04/02/2020	364,000	38,000	0	326,000
Montauk Skate Park Improvements	01/20/2022	75,000	0	0	75,000
Replacement of Various Pilings (Phase II)	04/16/2020	66,000	2,000	0	64,000
Preparation of Master Plan and Town Code Update	01/12/2021	75,000	14,000	0	61,000
Acquisition of Street Sweeper Attachment to Clean Road Ends	03/04/2021	12,000	2,000	0	10,000
Acquisition of Ocean Rescue Personal Water Craft	03/04/2021	15,000	3,000	0	12,000
Acquisition of Jet Ski	03/04/2021	15,000	3,000	0	12,000
Upgrade Electronic Navigational Equipment	03/04/2021	17,000	3,000	0	14,000
Reconstruction of Floating Dock	03/04/2021	20,000	4,000	0	16,000
Acquisition of Vehicle	03/04/2021	35,000	11,000	0	24,000
Acquisition of Rescue Truck	03/04/2021	35,000	2,000	0	33,000
Acquisition of Garbage Packer Truck	03/04/2021	125,000	6,000	0	119,000
Acquisition of Tractor for Beach Cleaning and Grounds Work	03/04/2021	125,000	39,229	0	85,771
Replacement of Power Pedestals and Meters at Head of Harbor	03/04/2021	150,000	27,000	0	123,000
Construction of New West Lake Comfort Station	03/04/2021	506,860	7,860	0	499,000
Design Plans and Specs for New Senior Center	12/16/2021	1,800,000	0	0	1,800,000
Replace Doors And Security Cameras	04/07/2022	45,500	0	0	45,500
HVAC Improvements at Montauk Playhouse	04/07/2022	275,000	0	0	275,000
HVAC Improvements at Ymca Recreation Ctr	04/07/2022	880,000	0	0	880,000
Improvements to Montauk Playhouse	04/07/2022	500,000	0	0	500,000
Roof Replacement at YMCA Center (Phase II)	04/07/2022	330,000	0	0	330,000
Various HVAC Improvements at Town Buildings	04/07/2022	125,000	0	0	125,000
Various Roof Improvements at Town Buildings	04/07/2022	100,000	0	0	100,000
Phone System Upgrades	04/07/2022	60,000	0	0	60,000
Acquisition of Computer Hardware and Software	04/07/2022	38,250	856	0	37,394
Purchase of 4x4 Truck	04/07/2022	35,000	0	0	35,000
Purchase Electric Riding Lawn Mowers	04/07/2022	58,000	0	0	58,000
Town Energy Sustainability Projects	04/07/2022	150,000	0	0	150,000

Purpose	Authorization Date	Amount Outstanding	Principal Paydown	New Money	Amount to Bonds
Construction of Improvements to Police HQ	04/02/2020	\$ 206,000	\$ 22,000	\$ 0	\$ 184,000
Installation of Fixed License Plate Readers	03/04/2021	50,000	9,000	0	41,000
Acquisition of Computer Hardware and Software	04/07/2022	42,000	0	0	42,000
Communication Prime Site Roof Replacement	04/07/2022	60,000	3,573	0	56,427
Gutter Replacement at Communications Center	04/07/2022	35,000	8,632	0	26,368
Acquisition of Electric Pick-Up Truck	04/07/2022	45,000	0	0	45,000
Acquisition of Ford Explorer	04/07/2022	51,000	0	0	51,000
Acquisition of Pickup Truck	04/07/2022	55,000	0	0	55,000
Acquisition of Snow Plows	04/02/2020	23,000	7,000	0	16,000
Acquisition of a Litter Vacuum	03/04/2021	21,900	1,900	0	20,000
Acquisition of Plow Rigs	03/04/2021	30,000	2,000	0	28,000
Construction of Sidewalk Improvements	05/25/2021	95,000	7,000	0	88,000
Acquisition of Used Heavy Duty Trucks	03/04/2021	100,000	28,200	0	71,800
Construction of Drainage Improvements	05/25/2021	300,000	2,000	0	298,000
Construction of Road Improvements	05/25/2021	445,000	21,000	0	424,000
Acquisition of Dump Trucks	04/07/2022	150,000	0	0	150,000
Acquisition of Snow Plows	04/07/2022	50,000	0	0	50,000
Acquisition of Used Trucks for Heavy Duty Use	04/07/2022	100,000	0	0	100,000
Sidewalk Improvements	04/07/2022	95,000	0	0	95,000
Drainage Improvements	04/07/2022	300,000	0	0	300,000
Planning for Reconstruction Old Stone Highway Bridge	04/07/2022	44,700	0	0	44,700
Road Reconstruction	04/07/2022	350,000	0	0	350,000
Construction of Road Improvements - Pheasant Woods Lane	01/07/2021	150,000	7,000	0	143,000
Acquisition of Heavy-Duty Roll Off Containers	04/07/2022	36,000	0	0	36,000
Acquisition of New Scale	04/07/2022	100,000	0	0	100,000
Acquisition of Roll Off Truck	04/07/2022	255,000	0	0	255,000
Acquisition of Town Records Management System	04/20/2023	0	0	300,000	300,000
Townwide ADA Improvements	04/20/2023	0	0	250,000	250,000
Montauk Playhouse	11/01/2018	0	0	3,000,000	3,000,000
Improvements to Montauk Playhouse	11/01/2018	0	0	2,000,000	2,000,000
Roof Replacement at YMCA Center	03/16/2023	0	0	337,869	337,869
Additional Ballfields - Stephen Hands Path	07/21/2022	0	0	500,000	500,000
Navigation Proj - Lake Mtk	10/11/2022	0	0	750,000	750,000
Computer Hardware and Software	12/20/2022	0	0	692,000	692,000
Computer Hardware and Software	12/20/2022	0	0	173,000	173,000
Road Improvements Fort Pond Road and Tuthill Road	03/02/2023	0	0	266,355	266,355
Construction of Underground Conduits	02/16/2023	0	0	850,000	850,000
Acquisition of Electric Pick-Up Truck	04/20/2023	0	0	82,000	82,000
HVAC Improvements at Montauk Playhouse	04/20/2023	0	0	365,000	365,000

Purpose	Authorization Date	Amount Outstanding	Principal Paydown	New Money	Amount to Bonds
Replacement of Marine One Patrol Boat	04/20/2023	\$ 0	\$ 0	\$ 250,000	\$ 250,000
Various HVAC Improvements at Town Buildings	04/20/2023	0	0	200,000	200,000
Acquisition of a Digitized Server	04/20/2023	0	0	255,000	255,000
LED Streetlight Upgrades	04/20/2023	0	0	100,000	100,000
Townwide Energy Sustainability Projects	04/20/2023	0	0	100,000	100,000
Acquisition of Computer Hardware and Records Management Software	04/20/2023	0	0	200,000	200,000
Sidewalk Improvements	04/20/2023	0	0	95,000	95,000
Drainage Improvements	04/20/2023	0	0	300,000	300,000
Truck Reconstruction	04/20/2023	0	0	150,000	150,000
Road Reconstruction	04/20/2023	0	0	350,000	350,000
Acquisition of Garage Lifts	04/20/2023	0	0	130,000	130,000
Replacement of Shop Doors	05/18/2023	<u>0</u>	<u>0</u>	<u>29,235</u>	<u>29,235</u>
	Totals	<u>\$10,889,210</u>	<u>\$ 332,250</u>	<u>\$11,725,459</u>	<u>\$22,282,419</u>

THE NOTES

Description of the Notes

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

The Town will act as Paying Agent for any Notes issued in book-entry form. Paying agent fees, for non-book-entry notes, will be paid by the purchaser(s). The Town's contact information is Ms. Carole A. Brennan, Town Clerk, telephone number (631) 324-4142, cbrennan@ehamptonny.gov.

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Authority for and Purpose of the Notes

The Notes are issued pursuant to the Constitution and Laws of the State, including, among others, the Town Law, the Local Finance Law and various bond resolutions duly adopted by the Town Board on their respective dates. A portion of the proceeds from the sale of the Bonds in the amount of \$10,556,960, together with a portion of the proceeds from the sale of the Notes in the amount of \$6,000,000 and \$467,750 in available funds, will be used to redeem the Town's \$17,024,710 Bond Anticipation Notes – 2022 Series A at maturity. The balance of the proceeds from the sale of the Notes in the amount of \$13,931,900 will be used to provide original or additional original financing for certain objects or purposes as noted on the following pages.

Purpose	Authorization Date	Amount Outstanding	Principal Paydown	New Money	Amount to Notes
Acquisition of Computer Hardware and Records Management Software	04/07/2022	\$ 67,000	\$ 0	\$ 0	\$ 67,000
Town Hall Audio/Video Upgrade	04/02/2020	41,000	10,000	0	31,000
Acquisition of Pictometry System (Aerial Update, Imagery, etc.)	04/02/2020	77,000	24,000	0	53,000
Fort Hill Cemetary Improvements	03/04/2021	20,000	4,000	0	16,000
Acquisition of Boat	03/04/2021	22,500	1,500	0	21,000
Construction of Roof at Recreation Center	03/04/2021	200,000	16,000	0	184,000
Construction of Boat Ramp at Alewife Brook	05/06/2021	200,000	16,000	0	184,000
Streetlights Upgrade LED	12/21/2021	455,000	0	0	455,000
Construction of Pickle Ball Courts	04/07/2022	315,000	0	0	315,000
Acquisition of Hybrid Pick-Up Trucks	04/07/2022	52,000	0	0	52,000
Acquisition of Rack Body Truck	04/07/2022	65,000	0	0	65,000
Highway Dept Roof Replacement	04/07/2022	200,000	0	0	200,000
Improvements to Lifesaving Station	04/07/2022	46,000	0	0	46,000
Montauk Playhouse Roof Replecement	04/07/2022	590,000	0	0	590,000
Roof Replacement at 42 Gann Road	04/07/2022	75,000	0	0	75,000
Acquisition of Computer Hardware and Software	04/07/2022	515,000	0	0	515,000
Reconstruction of Tennis and Basketball Courts	04/07/2022	196,000	0	0	196,000
Installation of Charging Stations	04/07/2022	350,000	0	0	350,000
Detective Camera Upgrades	03/04/2021	7,500	500	0	7,000
Acquisition of Computer Hardware and Software	03/04/2021	7,500	7,500	0	0
HVAC System Upgrades - HQ Radion	03/04/2021	35,000	3,000	0	32,000
Access Card Project at Police Headquarters	03/04/2021	45,000	8,000	0	37,000
Reconstruction of Vehicle	03/04/2021	250,000	45,000	0	205,000
Acquisition of New Boom Mowers	04/07/2022	160,000	0	0	160,000
Drainage Stephen Hands Path	07/07/2022	2,100,000	0	0	2,100,000
Acquisition of New Pick-Up Truck	04/07/2022	44,000	0	0	44,000
Second House Improvements	04/20/2023	0	0	300,000	300,000
Design Plans and Specs New Senior Center	07/06/2023	0	0	1,500,000	1,500,000
Reconstruction of Peach House	04/02/2021	0	0	100,000	100,000
Navigation Project Lake Montauk	11/01/2022	0	0	4,350,000	4,350,000
Construction of Beach Crossover in Montauk	04/20/2023	0	0	230,700	230,700
Montauk Skate Park Basketball Court Upgrades	04/20/2023	0	0	150,000	150,000
Improvements to Montauk Hatchery Building	04/20/2023	0	0	100,000	100,000
Improvements to Parsons Blacksmith Shop	04/20/2023	0	0	100,000	100,000
Acquisition of Hybrid Garbage Packer Truck	04/20/2023	0	0	150,000	150,000

Purpose	Authorization Date	Amount Outstanding	Principal Paydown	New Money	Amount to Notes
Acquisition of Electric Cargo Van	04/20/2023	\$ 0	\$ 0	\$ 80,000	\$ 80,000
Installation of Town's Share of New Fuel Management System	04/20/2023	0	0	150,000	150,000
Acquisition of Electric Pick-Up Truck	04/20/2023	0	0	80,000	80,000
Town Hall Security Upgrades	04/20/2023	0	0	100,000	100,000
Installation of Security Cameras at Various Locations	04/20/2023	0	0	80,000	80,000
Town-Wide Fencing Improvements	04/20/2023	0	0	75,000	75,000
Fiber Infrastructure Upgrades	04/20/2023	0	0	200,000	200,000
Engine Replacement	04/20/2023	0	0	125,000	125,000
Acquisition of License Plate Readers and Parking Kiosks	04/20/2023	0	0	85,000	85,000
Planning for Lt. Lee Hayes Youth Park Building Relocation and Upgrades	04/20/2023	0	0	75,000	75,000
Improvements to Picnic Areas at Maidstone Park	04/20/2023	0	0	200,000	200,000
Police Building Improvements (Pantigo Road Site)	04/20/2023	0	0	150,000	150,000
Acquisition of Fire District Paging Equipment	04/20/2023	0	0	100,000	100,000
Vehicle Replacement - Police Cars	04/20/2023	0	0	230,000	230,000
Acquisition of Computer Hardware and Software - Communication System	04/20/2023	0	0	130,000	130,000
Acquisition of Body Cameras, Tasers, Lpr System and In Car Video	04/20/2023	0	0	1,080,000	1,080,000
Acquisition of Pick-Up Trucks	04/20/2023	0	0	265,000	265,000
Acquisition of Used Trucks	04/20/2023	0	0	100,000	100,000
Replacement of Old Salt Barn	04/20/2023	0	0	1,200,000	1,200,000
Old Stone Highway Culvert Replacement	06/01/2023	0	0	400,000	400,000
Acquisition of Track Loader	04/20/2023	0	0	140,000	140,000
Acquisition of Wheel Loader	04/20/2023	0	0	220,000	220,000
Acquisition of a Sweeper	04/20/2023	0	0	350,000	350,000
Acquisition of New Scale	05/18/2023	0	0	220,000	220,000
Acquisition of Suite 109 at 300 Pantigo Place	06/01/2023	0	0	1,100,000	1,100,000
Lighting Improvements in the Amagansett Lighting District	6/20/2023	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>200,000</u>
Totals		<u>\$ 6,128,000</u>	<u>\$ 135,500</u>	<u>\$ 13,931,900</u>	<u>\$ 19,931,900</u>

THE BONDS AND THE NOTES

Optional Redemption

The Bonds maturing on or before August 15, 2031 are not subject to redemption prior to their stated maturity. The Bonds maturing on or after August 15, 2032 will be subject to redemption prior to maturity, at the option of the Town, on any date on or after August 15, 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 equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

If less than all of the Bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the Town. Notice of

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

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

Nature of Obligation

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

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

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and the Notes, and the State is specifically precluded 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.)

REMEDIES UPON DEFAULT

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

Upon default in the payment of principal of or interest on the Bonds or the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Town. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Bonds or Notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Bonds or the Notes, the owners of such Bonds or Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Town to assess, levy and collect an ad valorem tax, upon all taxable property of the Town subject to taxation

by the Town sufficient to pay the principal of and interest on the Bonds or the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds and the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds or the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds or the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

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

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

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

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

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

No Past Due Debt

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

MUNICIPAL BANKRUPTCY

The undertakings of the Town should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended (“Chapter IX”) and, in general, to other bankruptcy laws affecting creditors’ rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner’s creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the Town could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Town after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds or Notes. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the “indubitable equivalent”. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Bonds or Notes, and the obligations incurred by the Town, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds or Notes to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a finance control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the Town in the future cannot be assured.

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

The above references to the Bankruptcy Act are not to be construed as an indication that the Town is currently considering or expects to resort to the provisions of the Bankruptcy Act.

Financial Control Boards

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

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

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

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

Several municipalities in the State are presently working with the FRB. The Town has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

DESCRIPTION OF BOOK-ENTRY SYSTEM

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

will be deposited with DTC. One fully-registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus

Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

Source: The Depository Trust Company

RISK FACTORS

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

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

If and when an owner of any of the Bonds and the Notes should elect to sell all or a part of the Bonds and the Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Bonds and the Notes. The market value of the Bonds and the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Bonds and the Notes are sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds and the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Town to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds and the Notes, could be adversely affected.

The Town is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received (“State Aid”). The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State’s economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefore. Should the Town fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the Town is authorized pursuant to the Local Finance Law (“LFL”) to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Town will have market access for any such borrowing on a cost effective basis. (See also “*State Aid*” herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Bonds and the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see “*Tax Matters*” herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Bonds and the Notes. (See “*The Tax Levy Limit Law*” herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Town could impair the financial condition of such entities, including the Town and the ability of such entities, including the Town to pay debt service on their respective obligations.

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. COVID-19 had spread globally, including to the United States, had been declared a pandemic by the World Health Organization and 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. (See “*State Aid*” herein).

Cybersecurity

The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in 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 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. Town employees are now required to take cybersecurity training offered by the Town’s insurer.

In 2022, the Town took actions to invest in an upgraded security platform. The new program strengthens the Town’s disaster recovery plan, allows for quick restoration of data, minimizes downtime, reduces the operational burden on Town IT staff, leverages the expertise and resources of a solution provider who has the experience and

familiarity of protecting government sector resources and decreases insurance premiums for cybersecurity coverage.

LITIGATION

Airport Litigation and Related Matters

The Town owns and operates the East Hampton Town Airport (the “Airport”), located on Daniels Hole Road in the Town. The Town is involved several pending litigation matters that relate generally to the Town’s efforts to reduce noise and environmental impacts caused by users of the Airport, as summarized below.

The Coalition to Keep East Hampton Airport Open, Ltd. (“Coalition”), Andrew Sabin, Michael Mancuso, Edmond Chakmakian, Kelly Bloss, Jennifer Faga, Robert Aspenleiter, Thomas Griffin, Douglas Donaldson, Harry Ellis and Dr. George Dempsey v. Town of East Hampton (Suffolk County Supreme Court): Petitioners seek an injunction to prevent the Town from closing or deactivating the Airport. Petitioners claim that the Town did not properly complete all legal requirements to reopen the Airport as a private use Prior Permission Required (“PPR”) facility. In October 2022, the court granted a permanent injunction in favor of Petitioners, which the Town appealed. Additionally, the Town is appealing a contempt finding of \$250,000, in addition to attorney’s fees in an amount to be determined on a fee application. The court granted a further order dated 5/19/2023 awarding an additional penalty of \$1,000/day for each day the Town is in non-compliance. The Town believes it is in compliance as it is not enforcing engine shut-off rules or insurance requirements previously sought to be imposed by the Town. Any financial responsibility of the Town is stayed pending appeal.

East End Hangars, Inc. (“East End”), et al v. Town of East Hampton (Suffolk County Supreme Court): Petitioners in this matter are pursuing the same relief as the petitioners in the *Coalition* matter above, in which the same permanent injunction, contempt award, and subsequent appeal proceedings apply following consolidation.

Blade Air Mobility, et al v. Town of East Hampton, et al, (Suffolk County Supreme Court): Petitioners in this matter are pursuing the same relief as the petitioners in the *Coalition* and *East End* matters above, in which the same permanent injunction, contempt award, and subsequent appeal proceedings apply following consolidation.

Manny Vilar v. Town of East Hampton (Suffolk County Supreme Court): Petitioners seek an injunction to prevent the Town from closing or deactivating the Airport. Petitioners claim that the Town did not properly complete all legal requirements to reopen the Airport as a private use Prior Permission Required (“PPR”) facility. The matter was transferred from Nassau County Supreme Court to Suffolk County Supreme Court, where it is currently awaiting judicial assignment. The Town’s motion to dismiss has been fully briefed. A ruling is expected at some point after the case is assigned to a Justice of the Supreme Court.

Long Island Airline LLC v. Town of East Hampton (Suffolk County Supreme Court): Judge denied LIA’s motion for preliminary injunction related to the lease and the Town’s efforts to evict LIA. Ruling is stayed on appeal and discovery is proceeding.

Doupe Services, LLC d/b/a Curtis Air Taxi and Jobs Lane Aviation, LLC v. Town of East Hampton, New York (FAA and DOT Administrative Proceeding – 16-22-05): Town filed motion to dismiss in both the FAA and DOT proceedings (which are now consolidated into one proceeding). Per FAA rules, the Town also filed an answer. Rulings are expected in the next 12-24 months. No claims for damages are at issue in the administrative 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.

Additional Litigation

The Seaview at Amagansett, LTD. Et al v. Trustees of the Freeholders and Commonality of the Town of East Hampton, et al This matter relates to beach driving of 4-wheel drive vehicles along a section of beach in Amagansett, pursuant to town-wide beach driving permit. On May 11, 2023, the Supreme Court awarded attorneys’ fees to Plaintiffs against the Town and others in the amount of \$389,060.00 The Town took an appeal from this order, and its obligation to pay the amounts awarded is currently stayed pursuant to CPLR 5519(a)(1). The Town has six (6) months from its notice of appeal to perfect the appeal.

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.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds and the Notes (collectively, the “Tax-Exempt Obligations”) 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 Tax-Exempt Obligations 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 Tax-Exempt Obligations 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 Town (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Tax-Exempt Obligations, 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 Town and others in connection with the Tax-Exempt Obligations, and Bond Counsel has assumed compliance by the Town 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 Tax-Exempt Obligations from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Tax-Exempt Obligations 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 Tax-Exempt Obligations, 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 Tax-Exempt Obligations.

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 Tax-Exempt Obligations in order that interest on such Tax-Exempt Obligations 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 Tax-Exempt Obligations, 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 Tax-Exempt Obligations 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 Town, in executing the Tax Certificate, will certify to the effect that the Town 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 Tax-Exempt Obligations 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 Tax-Exempt Obligations. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Tax-Exempt Obligation. 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 Tax-Exempt Obligations.

Prospective owners of the Tax-Exempt Obligations 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 Tax-Exempt Obligations 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 Tax-Exempt Obligation (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 Tax-Exempt Obligations. In general, the issue price for each maturity of the Tax-Exempt Obligations 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 Tax-Exempt Obligation 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 Tax-Exempt Obligations.

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 Tax-Exempt Obligations. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that

the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Tax-Exempt Obligation through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Tax-Exempt Obligations 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 Tax-Exempt Obligations under federal or state law or otherwise prevent beneficial owners of the Tax-Exempt Obligations 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 Tax-Exempt Obligations.

Prospective purchasers of the Tax-Exempt Obligations should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and the Notes are subject to the respective approving legal opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. The respective opinions of Bond Counsel will be in substantially the forms attached hereto in Appendices D and E.

DISCLOSURE UNDERTAKINGS

Disclosure Undertaking for the Bonds

In order to assist the purchaser in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”) with respect to the Bonds, the Town will execute a Certificate to Provide Continuing Disclosure, the form of which is attached hereto as Appendix F.

Disclosure Undertaking for the Notes

In order to assist the purchaser(s) in complying with Rule 15c2-12 with respect to the Notes, the Town will execute a Certificate to Provide Notices of Events, the form of which is attached hereto as Appendix G.

Compliance History

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

On August 4, 2022, Moody's Investor Services, Inc. ("Moody's") affirmed the Town's underlying credit rating of 'Aaa' with a stable outlook.

With respect to the Moody's rating applicable to uninsured debt, such rating reflects only the views of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's, 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 the Bonds or the Notes or the availability of a secondary market for the Bonds or the Notes.

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 District in connection with this transaction.

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

ADDITIONAL INFORMATION

Additional information may be obtained from Ms. Rebecca Hansen, Town Budget Officer, 159 Pantigo Road, East Hampton, New York 11937, (631) 324-6888 x2114, or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 487-9817.

The Town will act as Paying Agent with respect to the Bonds and the Notes issued in book-entry form. The Town Clerk, Carole A. Brennan, (631) 324-4142, cbrennan@champtonny.gov should be used as the Paying Agent contact.

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

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and

neither the Town nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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 Town 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 and the Notes by the Town and may not be reproduced or used in whole or in part for any other purpose. The preparation and distribution of this Official Statement has been authorized by the Supervisor of the Town, as Chief Fiscal Officer thereof.

TOWN OF EAST HAMPTON
SUFFOLK COUNTY, NEW YORK

By: _____
Peter Van Scoyoc
Supervisor

DATED: August __, 2023

APPENDIX A

THE TOWN

THE TOWN

General Information

The Town is one of the ten townships in the County and is the easternmost township on Long Island. It encompasses a land area of approximately seventy square miles on Long Island's south fork and has almost seventy 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 Town includes the hamlets of Montauk, Amagansett, Springs, unincorporated East Hampton and Wainscott. The Town also contains the incorporated villages of East Hampton (wholly) and Sag Harbor (partially).

The lands of the Town were purchased from the Montaukett Indians and cover 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. Organized settlement did not take place until 1648. The original name of the Town was Maidstone but fourteen years later it 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 Montauk Lighthouse, the Pollock-Krasner House and Study Center, the Second House Museum, Old Hook Mill, Deep Hollow Ranch (the oldest cattle ranch in America), and Guild Hall, home of the John Drew Theater. Historic preservation has been a mainstay for Town government officials over the years. The Town has adopted various codes that created historic district guidelines throughout the Town and special historic landmark guidelines.

The Atlantic Ocean beaches (often rated the best in the country), various bays, harbors, and scenic open space remain the Town's prime attractions, providing swimming, boating, fishing, hiking, and bicycling for summer visitors and year-round residents alike. In addition, there is a multitude of New York State and County parks, such as Shadmoor, Montauk Downs, and Cedar Point for the public's enjoyment. Montauk is home to a world-renowned and robust commercial and sport fishing industry and is a crucial part of the Town's local economy.

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 and the Town Attorney, who is 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. 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. Street lighting is provided through Town-operated Special Districts and managed 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 182 employees, the East Hampton Police Benevolent Association (the "PBA") represents 51 officers and 12 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. Negotiations for a new CSEA agreement have commenced and are anticipated to be completed prior to the expiration of the current agreement. 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. The Town intends to prepay its 2023 employer contribution in December 2023 as well.

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, 2022 was \$117,016,266 using a discount rate of 4.31% and actuarial assumptions and other inputs as described in the Town's December 31, 2022 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 \$11.9 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. For several years prior to 2010, the Town accumulated substantial deficits in several funds and did not have a General Fund balance reserve (see "*Deficit Financing*" herein.) However, since 2010, the Town began the process of replenishing fund balance and creating dedicated reserves for a portion of its fund balance. (See "*Recent Operating Results*" herein.)

Recent Operating Results

For the fiscal years ended December 31, 2003 to December 31, 2008, the Town accumulated significant deficits in its General Fund (Townwide and Part Town Funds). As a result of the issuance of deficit bonds by the Town in 2010 and 2011, and positive operating results in 2009 and 2010, such accumulated deficits were eliminated. (See "*Deficit Financing*" herein.) As of the fiscal year ended December 31, 2011, the General Fund (Townwide and Part Town) had positive cumulative fund balances. Based upon audited results, this positive trend continued through the fiscal year ended December 31, 2022.

General Fund – Townwide

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.

For the fiscal year ended December 31, 2022, based on audited figures, the Townwide General Fund revenues and other sources were \$43,486,330 and Townwide General Fund expenditures and other uses were \$35,784,098. Based on audited figures, the Town recognized an operating Townwide General Fund surplus, including other sources and uses, of \$7,702,232 which when added to the fund balance at the beginning of the year of \$24,765,277 resulted in a cumulative Townwide General Fund balance of \$32,467,509.

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 \$36,600,212. (See “*Risk Factors*” herein.)

Part Town Fund

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.

For the fiscal year ended December 31, 2022, based on audited figures, the Part Town Fund revenues and other sources were \$31,726,160 and Part Town Fund expenditures and other uses were \$30,443,525. The Town recognized an operating Part Town Fund surplus, including other sources and uses, of \$1,282,635, which when added to the fund balance at the beginning of the year of \$17,258,271 resulted in a cumulative Part Town Fund balance of \$18,540,906.

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*” herein.)

Independent Audits

The Financial Statements for the fiscal years 2007 through and including 2022 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, 2018 through 2022, inclusive.

In the Town’s audited financial statements for the fiscal years ended December 31, 2012 through 2022, 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.”

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 54.5% of total General Fund (Townwide) revenues and 82.0% of total General Fund (Part Town) revenues for the fiscal year ended December 31, 2022, while State aid accounted for 27.8% of total General Fund (Townwide) revenues and 0.7% 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.

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 amount budgeted for the current fiscal year.

Real Property Taxes – Townwide

<u>Fiscal Year Ended December 31:</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
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	40,232,374	21,924,584	54.5
2023 (Adopted Budget)	36,600,212	22,813,767	62.3

Source: Audited Financial Statements and Adopted Budget 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 amount budgeted for the current fiscal year.

Real Property Taxes - Part Town

<u>Fiscal Year Ended December 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
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	31,708,013	26,002,960	82.0
2023 (Adopted Budget)	32,172,859	26,383,099	82.0

Source: Audited Financial Statements and Adopted Budget 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 amount budgeted for the current fiscal year.

<u>State Aid – Townwide Only</u>			
<u>Fiscal Year</u> <u>Ended December 31</u>	<u>Total</u> <u>Revenues⁽¹⁾</u>	<u>State Aid</u>	<u>Ratio of State Aid to</u> <u>Total Revenues</u>
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	40,232,374	11,192,887	27.8
2023 (Adopted Budget)	36,600,212	5,430,707	14.8

(1) General Fund, Townwide only.

Source: Audited Financial Statements and Adopted Budget 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.

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. AIM was funded at \$656.1 million in the 2021-22 Enacted State Budget. 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 is 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 \$59 million reduction in the AIM program eliminated funding for those municipalities where the State deemed it was not necessary or significant, and provided that funding to those municipalities by intercepting \$59 million of sales tax revenue before any normal revenue share of sales tax occurred. The 2022-23 State Budget maintained the AIM program at its current level; however, the budget did 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. The 2023-24 State budget maintains the AIM program at its current level.

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.

COVID-19 Stimulus and Uses

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 close to all of the resources to the following:

- Local community organizations that were essential during the pandemic, whether through providing meals and food or critical communications to the public;
- Reconstruction of a crucial marine dock location;
- Upgrades to a fisheries storage area to support the essential commercial fishing industry;
- Electrical upgrades at Town owned marina facility;
- Purchase of a replacement response boat for the Town Marine Patrol Division.

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 in August 2022 and formally adopted the CARP on September 1, 2022. Information regarding CARP is available here: <http://ehamptonny.gov/574/Coastal-Assessment-Resiliency-Plan>. The Town also hired a firm to create a new website to promote this plan.

The Town also has an appointed committee known as the Energy and Sustainability Committee. This committee routinely meets and works to address many important issues. One of the committee’s main goals is addressing climate change and its impacts to the community and taking a proactive role in developing both short and long-term solutions to achieve sustainable goals.

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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues	\$32,958,582	\$23,579,479	\$42,882,336	\$71,734,820	\$54,706,848
Debt Service and Land Acquisition Expenses	<u>16,246,046</u>	<u>27,479,876</u>	<u>20,051,248</u>	<u>56,067,126</u>	<u>53,809,834</u>
Ending Fund Balance	<u>\$39,236,174</u>	<u>\$35,335,777</u>	<u>\$58,166,865</u>	<u>\$73,834,557</u>	<u>\$74,731,573</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 considered and approved a proposition to authorize a new, half-percent (0.5%) real estate transfer tax which will 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

The Town has adopted an Investment Policy as per the guidelines set forth in Section 39 of the General Municipal Law. 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" 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 31st, the County allowed taxpayers to pay by June 21st 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 ⁽¹⁾	\$ 49,426,826	\$ 50,870,536	\$ 52,350,822	\$ 54,061,965	\$ 55,365,089
Tax Rate for Town Purposes ⁽²⁾	\$ 291.25	\$ 297.12	\$ 304.51	\$ 312.81	\$ 317.59

(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.

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-one 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, 2023.

<u>Taxable Assessments</u>			
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation⁽¹⁾</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	0.14
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
Keyspan Energy Corp.	Utility	<u>240,362</u>	<u>0.12</u>
Totals		<u>\$3,365,582</u>	<u>1.63%</u>

(1) The Town's total assessed valuation for the 2023 fiscal year is \$207,830,294.
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 a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, stops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement. Except on rare occasions, the Town complied with this estoppel procedure.

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

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

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

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

Constitutional Debt Contracting Limit

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

Constitutional Debt Contracting Limit

Assessment Roll Completed <u>December 31:</u>	For Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate</u>	<u>Full Valuation</u>
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.

Debt Contracting Limitation **(As of July 25, 2023)**

Debt-Contracting Limitation:	\$2,619,550,241
Gross Direct Indebtedness:	
Bonds:	
General Purpose	\$65,690,000
NYS EFC Bonds ⁽¹⁾	<u>2,050,000</u>
Total Bonds	\$67,740,000
Bond Anticipation Notes (“BANs”):	17,024,710
Housing Guarantees ⁽²⁾	<u>6,517,422</u>
Total Gross Direct Indebtedness	<u>\$91,282,132</u>
Less Exclusions and Deductions:	
Appropriations for Non-Exempt Indebtedness During 2023 Fiscal Year	<u>4,860,000</u>
Total Net Direct Indebtedness	<u>\$86,422,132</u>
Debt-Contracting Margin	<u>\$2,533,128,109</u>
Percentage of Debt-Contracting Power Exhausted	<u>3.30%</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:

<u>Bond Anticipation Notes</u>			
<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 ⁽¹⁾

- (1) A portion of the proceeds from the sale of the Bonds in the amount of \$10,556,960, together with a portion of the proceeds from the sale of the Notes in the amount of \$6,000,000 and \$467,750 in available funds, will be used to redeem these notes at maturity.

Tax and Revenue Anticipation Notes

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

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).

	<u>Capital Indebtedness Outstanding</u>				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Bonds ⁽¹⁾	\$ 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) 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.

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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	\$1,191,820,354	6.30%	4/30/2023	\$ 75,084,682
East Hampton Village	8,715,000	100.00	01/03/2023	8,715,000
Sag Harbor Village	2,340,000	33.00	05/02/2023	772,200
School Districts				
Amagansett	0	100.00	6/30/2021	0
East Hampton	34,330,500	100.00	12/14/2022	34,330,500
Montauk	6,230,000	100.00	10/24/2022	6,230,000
Sag Harbor	14,935,000	11.80	09/15/2022	1,762,330
Springs	14,853,700	100.00	12/14/2022	14,853,700
Wainscott	0	90.00	6/30/2022	0
Fire Districts				
Amagansett	890,000	100.00	12/31/2022	890,000
Bridgehampton	1,775,000	75.00	12/31/2021	1,331,250
Montauk	0	100.00	12/31/2021	0
Springs	0	100.00	12/31/2021	0
Total Overlapping Debt				\$143,969,662
Total Net Direct Debt				86,422,132
Total Net Direct and Overlapping Debt				<u>\$230,391,794</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</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$ 86,422,132	\$ 3,045	0.19%
Net Direct and Overlapping Debt	230,391,794	8,117	0.50

(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 the Bonds, refunded bonds of the Town and debt issued by the East Hampton Housing Authority.

Bond Principal and Interest Maturity Table

<u>Fiscal Year</u> <u>Ending December 31:</u>	<u>Principal</u>	<u>Interest</u> ⁽¹⁾⁽²⁾	<u>Total</u> <u>Debt Service</u> ⁽¹⁾
2023 ⁽³⁾	\$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.

In 2023, the Authority issued \$1,690,000 Housing Revenue Bonds – 2023 Series A (the "Authority 2023 Series A Bonds") and \$440,000 Housing Revenue Bonds – 2023 Series B (Federally Taxable) (the "Authority 2023 Series B Bonds" and together with the Authority 2023 Series A Bonds, the "2023 Authority Bonds"). The 2023 Authority Bonds were 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.

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 the reconstruction of the aquatic center at the Montauk Playhouse Community Center, the construction of a new Senior Center, completion of the Second House restoration project and Town constructed affordable housing. In addition, the continued replacement and/or upgrades of vehicles, facilities and

equipment. 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.

Housing Authority Bond Principal and Interest Maturity Table

Fiscal Year <u>Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service</u> ⁽¹⁾⁽²⁾
2023 ⁽³⁾	\$ 255,000	\$ 193,217	\$ 448,217
2024	285,000	216,093	501,093
2025	300,000	202,043	502,043
2026	315,000	187,705	502,705
2027	315,000	173,989	488,989
2028	335,000	160,261	495,261
2029	350,000	145,668	495,668
2030	360,000	130,380	490,380
2031	380,000	114,161	494,161
2032	390,000	97,961	487,961
2033	410,000	82,811	492,811
2034	420,000	67,936	487,936
2035	435,000	52,317	487,317
2036	455,000	35,555	490,555
2037	350,000	19,713	369,713
2038	<u>295,000</u>	<u>6,269</u>	<u>301,269</u>
Totals	<u>\$5,650,000</u>	<u>\$1,886,079</u>	<u>\$7,536,079</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.

ECONOMIC AND DEMOGRAPHIC DATA

Population

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

	<u>Population Trends</u>			
	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>Percentage Change 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.

	<u>Median Household Income</u>			
	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>Percentage Change 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.

Employment and Unemployment

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

Major Employers in the Town

<u>Name of Employer</u>	<u>Number of Employees⁽¹⁾</u>	<u>Nature of Business</u>
Town of East Hampton	704	Municipality
Public Schools (4 Districts)	639	Education
Gurney's Inn Resort	250	Restaurant & Hotel
Dune Management	241	Hotel
Village of East Hampton	230	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: U.S. Census Bureau Civilian Work Force Statistics.

Yearly Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2018	3.8%	4.1%
2019	3.5	3.9
2020	8.1	9.8
2021	4.6	7.0
2022	3.1	4.3

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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
County	793,700	798,400	783,500	785,300	800,800
State	9,826,100	9,854,000	9,580,800	9,557,900	9,617,000

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

Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
June 2022	3.0%	4.1%
July	3.4	4.3
August	3.5	4.2
September	2.8	3.6
October	2.6	3.7
November	2.8	3.8
December	2.7	3.8
January 2023	3.7	4.6
February	3.5	4.5
March	3.1	4.0
April	2.4	3.7
May	2.8	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

The Town provides many artistic, cultural, and historic points of interest including the Montauk Lighthouse, the Pollock-Krasner House and Study Center, the Second House Museum, Old Hook Mill, Deep Hollow Ranch (the oldest cattle ranch in America), and Guild Hall, home of the John Drew Theater. Historic preservation has been a mainstay for Town government officials over the years. The Town has adopted various codes that created historic district guidelines throughout the Town and special historic landmark guidelines. 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.

The Atlantic Ocean beaches (often rated the best in the country), various bays, harbors and scenic open space remain the Town's prime attractions, providing swimming, boating, fishing, hiking and bicycling for summer visitors and year-round residents alike. In addition, there is a multitude of State and County parks, such as Shadmoor, Montauk Downs and Cedar Point for the public's enjoyment. Montauk is home to a world-renowned and robust commercial and sport fishing industry and is a crucial part of the Town's local economy.

Educational and Medical Institutions

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. In addition, Stony Brook – Southampton Hospital is in the midst of constructing a new satellite emergency room facility located in the Town which will provide services to those located on the East End that do not require trauma or specialized treatment. It is anticipated the project will be completed in the summer of 2024.

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. In addition, the Town funds a seasonal shuttle program specifically for the Montauk hamlet. This is an equally successful program.

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 M&T 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.

END OF APPENDIX A

APPENDIX B
SUMMARY OF FINANCIAL STATEMENTS

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	666,619
Licenses and Permits	853,000	931,000
Fines and Forfeitures	915,000	1,015,500
Miscellaneous Local Sources	173,900	478,100
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>\$36,600,212</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	\$1,580,614
Public Safety	23,204,735	23,973,206
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>2021</u>	<u>2022</u>
<u>Assets</u>		
Cash and Investments	\$20,078,331	\$25,522,655
Restricted Cash	3,223,569	6,400,300
Accounts Receivable, net	512,256	573,028
Prepaid expenses	345,158	264,262
Due From Other Funds	2,840,866	5,306,578
State and Federal Aid Receivable	2,628,296	2,528,373
Leases Receivable	0	3,512,560
Due from Other Governments	81,064	73,374
	<u>\$29,709,540</u>	<u>\$44,181,130</u>
<u>Liabilities</u>		
Accounts Payable	\$1,838,496	\$1,138,034
Accrued Liabilities	581,329	433,403
Due to Other Funds	539,205	63,000
Due to Other Governments	56,581	42,484
Other Liabilities	1,855,932	4,245,304
	<u>\$4,871,543</u>	<u>\$5,922,225</u>
<u>Deferred Inflows of Resources</u>		
Property Taxes	\$72,720	\$2,328,718
Leases Related	0	3,462,678
<u>Fund Balance:</u>		
Nonspendable	\$345,158	\$264,262
Restricted	3,223,569	6,400,300
Assigned	369,469	367,952
Unassigned	20,827,081	25,434,995
	<u>\$24,765,277</u>	<u>\$32,467,509</u>
Total Liabilities and Fund Balance	<u>\$29,709,540</u>	<u>\$44,181,130</u>

Source: Audited financial statements.

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

	<u>2021</u>	<u>2022</u>
<u>Assets</u>		
Cash	\$16,064,755	\$19,249,410
Restricted Cash	154,347	699,474
Accounts Receivable, net	639,291	584,651
Prepaid Expenses	813,100	756,785
State and Federal Aid Receivable	233,872	251,750
Due From Other Funds	26,355	48,183
Leases Receivable	0	1,131,370
Due From Other Governments	120,376	67,787
	<u>\$18,052,096</u>	<u>\$22,789,410</u>
 <u>Liabilities</u>		
Accounts Payable	\$462,261	\$326,920
Accrued Liabilities	264,287	147,303
Due to Other Funds	55,633	317,463
	<u>\$782,181</u>	<u>\$791,686</u>
 <u>Deferred Inflows of Resources</u>		
Property Taxes	\$11,644	\$2,344,712
Leases Related	0	1,112,106
 <u>Fund Balance:</u>		
Nonspendable	\$813,100	\$756,785
Restricted	154,347	699,474
Assigned	16,290,824	17,084,647
Unassigned	0	0
	<u>\$17,258,271</u>	<u>\$18,540,906</u>
 Total Fund Balance	<u>\$17,258,271</u>	<u>\$18,540,906</u>
 Total Liabilities and Fund Balance	<u>\$18,052,096</u>	<u>\$22,789,410</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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues					
Real Property Taxes	\$19,421,332	\$20,377,628	\$20,849,494	\$20,818,797	\$21,924,584
Other Real Property Tax Items	220,341	269,685	274,044	293,469	293,173
Non-Property Taxes	1,123,071	1,100,890	1,095,866	1,208,144	1,038,237
Departmental Income	1,362,852	1,254,861	796,294	1,649,805	1,645,948
Intergovernmental Charges	21,163	21,000	22,913	32,426	28,600
Use of Money and Property	592,596	809,054	502,888	516,175	877,688
Licenses and Permits	9,747	10,432	8,525	9,641	9,465
Fines and Forfeitures	1,175,879	976,113	961,125	834,099	795,909
Sale of Property and Compensation for Loss	263,458	425,315	97,602	71,280	116,570
Miscellaneous Local Sources	666,923	1,329,815	448,612	2,436,398	1,462,192
State Aid	5,530,260	4,977,243	7,584,216	10,406,493	11,192,887
Federal Aid	152,774	133,798	630,586	249,614	847,121
Total Revenues	<u>\$30,540,396</u>	<u>\$31,685,834</u>	<u>\$33,272,165</u>	<u>\$38,526,341</u>	<u>\$40,232,374</u>
Expenditures					
General Government Support	\$11,430,591	\$12,178,516	\$11,855,381	\$12,214,610	\$12,812,371
Public Safety	2,477,396	2,714,546	1,828,286	3,075,794	2,552,974
Health	50,000	50,000	49,227	50,000	50,000
Transportation	751,032	882,107	780,579	847,166	838,527
Economic Assistance & Opportunity	1,726,345	1,783,830	1,760,563	1,856,340	1,875,617
Culture and Recreation	2,869,978	2,954,535	3,507,717	3,688,509	4,145,015
Home and Community Service	2,366,159	2,307,475	2,139,272	2,253,351	2,355,215
Employee Benefits	1,504,152	1,219,722	1,242,796	1,311,127	1,294,917
Debt Service - Principal & Interest	8,393,637	7,997,592	7,903,648	7,284,260	7,422,645
Total Expenditures	<u>\$31,569,290</u>	<u>\$32,088,323</u>	<u>\$31,067,469</u>	<u>\$32,581,157</u>	<u>\$33,347,281</u>
Excess (Def.) of Revenues Over (Under) Expenditures	<u>(1,028,894)</u>	<u>(402,489)</u>	<u>2,204,696</u>	<u>5,945,184</u>	<u>6,885,093</u>
Other Financing Sources (Uses):					
Debt Proceeds	55,152	6,373,747	301,934	71,075	0
Payment to Refunded Bond Escrow Account	0	(6,083,388)	0	0	0
Premium on Debt Issuance	0	0	0	0	144
Operating Transfers In	1,284,656	1,257,477	1,409,655	1,138,308	3,253,812
Operating Transfers Out	(369,018)	(470,045)	(418,145)	(362,260)	(2,436,817)
Total Other Financing Sources (Uses)	970,790	1,077,791	1,293,444	847,123	817,139
Excess (Def.) of Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>(58,104)</u>	<u>675,302</u>	<u>3,498,140</u>	<u>6,792,307</u>	<u>7,702,232</u>
Fund Balances - Beginning of Year, as restated ¹⁾	13,857,632	13,799,528	14,474,830	17,972,970	24,765,277
Fund Balances - End of Year	<u>\$13,799,528</u>	<u>\$14,474,830</u>	<u>\$17,972,970</u>	<u>\$24,765,277</u>	<u>\$32,467,509</u>

¹⁾ See Appendix C - Notes to the Financial Statements, herein.
 Source: Audited financial statements

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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues					
Real Property Taxes	\$22,233,729	\$22,909,103	\$23,966,280	\$25,413,645	\$26,002,960
Other Real Property Tax Items	138,014	138,985	141,765	154,020	214,898
Non-Property Taxes	157,888	158,698	160,673	161,008	122,837
Departmental Income	2,950,670	2,853,911	2,491,710	3,578,449	3,388,962
Intergovernmental Charges	18,522	16,720	7,498	9,084	9,800
Use of Money and Property	257,210	508,463	268,210	213,441	295,519
Fines and Forfeitures	0	0	5,454	30,187	0
Sale of Property and Compensation for Loss	59,238	318,310	586,895	119,488	262,426
State Aid	1,013,190	1,014,633	1,015,574	1,013,777	204,915
Federal Aid	27,651	63,049	247,214	11,529	1,176,288
Miscellaneous Local Sources	522,283	759,642	259,555	131,235	29,408
Total Revenues	<u>\$27,378,395</u>	<u>\$28,741,514</u>	<u>\$29,150,828</u>	<u>\$30,835,863</u>	<u>\$31,708,013</u>
Expenditures					
General Government Support	\$1,507,317	\$1,365,159	\$1,317,461	\$1,383,963	\$1,406,034
Public Safety	19,361,492	20,431,219	20,574,530	21,928,384	23,112,689
Home and Community Service	1,459,337	1,690,204	1,635,469	1,699,798	1,749,938
Employee Benefits	1,964,812	1,911,319	2,078,772	1,784,735	1,852,039
Debt Service - Principal & Interest	1,758,525	2,356,378	2,709,593	2,245,772	2,316,318
Total Expenditures	<u>26,051,483</u>	<u>27,754,279</u>	<u>28,315,825</u>	<u>29,042,652</u>	<u>30,437,018</u>
Excess (Def.) of Revenues					
Over (Under) Expenditures	<u>1,326,912</u>	<u>987,235</u>	<u>835,003</u>	<u>1,793,211</u>	<u>1,270,995</u>
Other Financing Sources (Uses):					
Debt Proceeds	76,926	454,389	31,354	45,379	0
Premium on Debt Issuance	0	0	0	0	30
Operating Transfers In	15,258	2,475	11,447	1,471	18,117
Operating Transfers Out	(53)	(299)	(211,443)	0	(6,507)
Total Other Financing Sources (Uses)	92,131	456,565	(168,642)	46,850	11,640
Excess (Def.) of Revenues and					
Other Financing Sources Over					
Expenditures and Other Uses	<u>1,419,043</u>	<u>1,443,800</u>	<u>666,361</u>	<u>1,840,061</u>	<u>1,282,635</u>
Fund Balances - Beginning of Year, as restated⁽¹⁾	11,889,006	13,308,049	14,751,849	15,418,210	17,258,271
Fund Balances - End of Year	<u>\$13,308,049</u>	<u>\$14,751,849</u>	<u>\$15,418,210</u>	<u>\$17,258,271</u>	<u>\$18,540,906</u>

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

APPENDIX C
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022*

**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/P11721727.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

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL FOR
THE BONDS**

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

August 17, 2023

The Town Board of the
Town of East Hampton, in the
County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of East Hampton (the “Town”), in the County of Suffolk, New York, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$22,282,419 Public Improvement Serial Bonds-2023 Series A (the “Bonds”) of the Town, dated and delivered on the date hereof.

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

Concurrently with the issuance of the Bonds, the Town is issuing its \$19,931,900 Bond Anticipation Notes – 2023 Series A (the “Notes”). The Bonds are treated, together with the Notes, as a single issue for federal tax purposes. We have served as bond counsel with respect to the issuance of the Notes. On the date hereof, we have rendered our opinion with respect to the exclusion of interest on the Notes from gross income for federal income tax purposes subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Bonds and the Notes to become subject to federal income taxation retroactive to their respective dates of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

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

1. The Bonds are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

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

On the date of issuance of the Bonds, the Town 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 Town 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 Town'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 Town with the procedures and representations set forth in the Tax Certificate as to such tax matters.

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

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

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

Very truly yours,
Hawkins Delafield & Wood LLP

APPENDIX E

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL
FOR THE NOTES**

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

August 17, 2023

The Town Board of the
Town of East Hampton, in the
County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of East Hampton (the “Town”), in the County of Suffolk, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$19,931,900 Bond Anticipation Note-2023 Series A (the “Note”) of the Town, dated and delivered on the date hereof.

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

Concurrently with the issuance of the Note, the Town is issuing its \$22,282,419 Public Improvement Serial Bonds – 2023 Series A (the “Bonds”). The Note is treated, together with the Bonds, as a single issue for federal tax purposes. We have served as bond counsel with respect to the issuance of the Bonds. On the date hereof, we have rendered our opinion with respect to the exclusion of interest on Bonds from gross income for federal income tax purposes subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Bonds and the Note to become subject to federal income taxation retroactive to the respective dates of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

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

1. The Note is a valid and legally binding general obligation of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to the Note may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

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

financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

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

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

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

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

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

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

Very truly yours,
Hawkins Delafield & Wood LLP

APPENDIX F

FORM OF DISCLOSURE UNDERTAKING FOR THE BONDS

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

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

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

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

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

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

“Issuer” shall mean the **Town of East Hampton**, in the County of Suffolk, a municipal corporation of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the Supervisor as of August 3, 2023.

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

“Securities” shall mean the Issuer’s **\$22,282,419 Public Improvement Serial Bonds-2023 Series A**, dated August 17, 2023, maturing in various principal amounts on August 15 in each of the years 2024 through 2034, inclusive, and delivered on the date hereof.

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

- (i) (A) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2023, the Annual Information relating to such fiscal year, and (B) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2023, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and

then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (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 events affecting the tax status of the Securities;
 - (7) modifications to rights of Securities holders, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Securities, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following

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

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

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

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

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

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

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

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

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of August 17, 2023.

TOWN OF EAST HAMPTON

By _____
Supervisor and Chief Fiscal Officer

APPENDIX G

**FORM OF CERTIFICATE TO PROVIDE NOTICES OF EVENTS
FOR THE NOTES**

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

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

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

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

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

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

“Purchaser” shall mean the financial institution(s) referred to in the Certificate of Determination, executed by the Town Supervisor as of August 17, 2023.

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

“Securities” shall mean the Issuer’s \$19,931,900 Bond Anticipation Notes-2023 Series A, dated August 17, 2023 maturing on August 16, 2024, and delivered on the date hereof.

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

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;

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

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

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

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

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

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

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

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

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

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of August 17, 2023.

TOWN OF EAST HAMPTON, NEW YORK

By _____
TOWN SUPERVISOR