

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 25, 2024

**SERIAL BONDS
BOOK-ENTRY ONLY BONDS**

RATING – MOODY’S INVESTOR SERVICE: “ ”
See “Bond Rating”, herein

In the opinion of Bond Counsel to the Town, under existing statutes and court decisions and assuming continuous compliance with certain tax covenants and 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, 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. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See “TAX MATTERS” herein.)

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

**TOWN OF HEMPSTEAD
NASSAU COUNTY, NEW YORK
(the “Town”)**

**\$194,547,269* PUBLIC IMPROVEMENT SERIAL BONDS - 2024
(the “Bonds”)**

Dated: Date of Delivery

Principal and Interest Due: As shown on inside cover

SEE BOND MATURITY SCHEDULES HEREIN

The Bonds are general obligations of the Town of Hempstead, Nassau 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 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 subject to redemption, prior to maturity, at the option of the Town, in accordance with terms described herein. (See “Optional Redemption” under “THE BONDS” herein).

The Bonds shall be registered in the name of Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial Owners (as defined herein) will not receive certificates representing their interest in the Bonds. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. A single bond certificate will be issued for each maturity of the Bonds. Principal of and interest on said Bonds will be paid in Federal Funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its Participants (as hereinafter defined) for subsequent distribution to the beneficial owners of the Bonds as described herein. Transfer of principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by Direct Participants (as hereinafter defined) to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. (See “DESCRIPTION OF BOOK-ENTRY SYSTEM” herein).

Sealed bids for the Bonds will be received at 11:00 A.M. (Prevailing Time) on May 8, 2024, in accordance with the Notice of Sale dated April 25, 2024.

The Bonds are offered subject to final receipt of the approving opinion of Phillips Lytle LLP, Bond Counsel to the Town, and certain other conditions. It is expected that delivery of the Bonds in book-entry form will be made through the facilities of DTC in Jersey City, New Jersey, or as otherwise agreed to by the Town and the Purchaser on or about May 23, 2024, in New York, New York.

This cover page contains information for general reference only. It is not intended as a summary of this transaction. Investors are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM “DEEMED FINAL” BY THE TOWN FOR THE PURPOSE OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS. FOR A DESCRIPTION OF THE TOWN’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE, AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING” HEREIN.

, 2024

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**TOWN OF HEMPSTEAD
NASSAU COUNTY, NEW YORK**

\$194,547,269* PUBLIC IMPROVEMENT SERIAL BONDS – 2024

BOND MATURITY SCHEDULE

Dated: May 23, 2024

**Principal Due: May 1, 2025- 2047, inclusive
Interest Due: May 1, 2025, November 1, 2025 and
semiannually thereafter on May 1
and November 1 in each year
to maturity**

<u>Year</u>	<u>Amount**</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #¹</u>
2025	\$ 262,269			
2026	5,620,000			
2027	5,850,000			
2028	6,085,000			
2029	6,335,000			
2030	6,595,000			
2031	6,865,000			
2032	7,140,000			
2033	7,435,000***			
2034	7,740,000***			
2035	8,055,000***			
2036	8,380,000***			
2037	8,725,000***			
2038	9,080,000***			
2039	9,455,000***			
2040	9,840,000***			
2041	10,240,000***			
2042	10,660,000***			
2043	11,095,000***			
2044	11,550,000***			
2045	12,020,000***			
2046	12,505,000***			
2047	13,015,000***			

*Preliminary, subject to change.

** Amounts are subject to adjustment by the Town following the sale, pursuant to the terms of the Notice of Sale relating to the Bonds, to achieve substantial level or declining annual debt service as provided in Section 58.00 (c)(2) of the Local Finance Law.

***Subject to prior redemption

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**TOWN OF HEMPSTEAD
NASSAU COUNTY, NEW YORK**

1 Washington Street
Hempstead, NY 11550
Telephone: (516) 489-5000

TOWN BOARD

Donald X. Clavin, Jr., Town Supervisor

Dorothy L. Goosby – 1st District
Thomas E. Muscarella – 2nd District
Melissa Miller – 3rd District
Laura A. Ryder – 4th District
Christopher Carini – 5th District
Dennis Dunne, Sr. – 6th District

John A. Mastromarino, CPA, Town Comptroller
Kate Murray, Town Clerk
Jeanine C. Driscoll, Receiver of Taxes
John Maccarone, Town Attorney

* * *

BOND COUNSEL

Phillips Lytle LLP
Garden City, New York

* * *

MUNICIPAL ADVISOR



12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
(631) 331-8888

E-mail: info@munistat.com
Website: <https://www.munistat.com>

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 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.

The order and placement of materials in this Official Statement, including the Appendices are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds.

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This Official Statement contains certain "forward-looking statements" concerning the operations and financial condition of the Town. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the Town. The words "may", "would", "could", "will", "expect", "anticipate", "believe", "intend", "plan", "estimate" and similar expressions are meant to identify these forward-looking statements. *The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Town does not plan to issue any updates or revisions to these forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur.*

References to website addresses presented herein are for informational purposes only and may be in the form of hyperlink solely for the reader's convenience. Unless specified otherwise, such website and the information or links contained therein are not incorporated into, and are not part of, this final official statement purposes of, and as that defined in, SEC Rule 15c2-12.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED NOR HAVE THE RESOLUTIONS OR OTHER PROCEEDINGS OF THE TOWN BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. ADDITIONALLY, WHILE THE BONDS MAY BE EXEMPT FROM THE REGISTRATION AND QUALIFICATIONS PROVISIONS OF THE SECURITIES LAWS OF THE VARIOUS STATES, SUCH EXEMPTION CANNOT BE REGARDED AS A RECOMMENDATION OF THE BONDS. NEITHER THE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT
TOWN OF HEMPSTEAD
NASSAU COUNTY, NEW YORK

\$194,547,269* PUBLIC IMPROVEMENT SERIAL BONDS – 2024
(the “Bonds”)

This Official Statement, including the cover page and the appendices hereto, present certain information relating to the Town of Hempstead, in the County of Nassau, in the State of New York (the “Town,” “County” and “State,” respectively) in connection with the sale of \$194,547,269* Public Improvement Serial Bonds – 2024 (the “Bonds”). All quotations from and summaries and explanations of provisions of the Constitution and the laws of the State of 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 acts and proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

THE BONDS

The Bonds will be dated May 23, 2024, and will mature on May 1, in each of the years 2025 to 2047, inclusive, in the principal amounts as set forth herein.

The Bonds shall be registered in the name of Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial Owners (as defined herein) will not receive certificates representing their interest in the Bonds. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. A single bond certificate will be issued for each maturity of the Bonds. Principal of and interest on said Bonds will be paid in Federal Funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the Bonds as described herein. Transfer of principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by Direct Participants (as hereinafter defined) to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. (See “*DESCRIPTION OF BOOK-ENTRY SYSTEM*” herein).

The Record Date of the Bonds will be the fifteenth day of the calendar month immediately preceding each interest payment date.

The Town will act as Fiscal Agent for the Bonds. The Town’s contact information is as follows: John A. Mastromarino, CPA, Town Comptroller, Town of Hempstead, 1 Washington Street, Hempstead, NY 11550, telephone number (516) 489-5000 and email: johnmas@tohmail.org.

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State, including among others, the Local Finance Law, and various bond resolutions duly adopted by the Town Board, authorizing the issuance of serial bonds for the following purposes:

Purpose	Amount to be Issued
General Purposes	\$ 16,281,145
Part Town	621,587
Highway	77,812,015
Parking	3,182,146
Water Districts	81,477,573
Sanitation	3,227,070
Parks	11,594,968
Street Lighting	350,765
Total:	\$194,547,269

*Preliminary, subject to change.

Optional Redemption

The Bonds maturing on or before May 1, 2032 will not be subject to redemption prior to maturity. The Bonds maturing on May 1, 2033 and thereafter will be subject to redemption prior to maturity, at the option of the Town, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after May 1, 2032, at a redemption price 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 prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the Town 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 owner at least thirty (30) days prior to the date set for such 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 for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

DESCRIPTION OF BOOK-ENTRY SYSTEM

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping accounts 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 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town on the 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 (nor its nominee) 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.

Source: The Depository Trust Company, New York, New York.

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the Town takes no responsibility for the accuracy thereof.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANTS, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS; (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

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

Certificated Bonds

Principal of and interest on Bonds that are registered in the name of the purchaser will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder.

If the Bonds are issued as book-entry bonds registered in the name of Cede & Co., DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry transfers through DTC at any time. In the event that such book-entry system is discontinued, the following provisions will apply: The Bonds will be in registered form in denominations of \$5,000, or integral multiples thereof, except for one necessary odd denomination in the first maturity of the Bonds. Principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the Town as the fiscal agent. Certificated Bonds may be transferred or exchanged at no cost to the owner of such Bonds at any time prior to maturity at the corporate trust office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the certificate of the Supervisor authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law.

NATURE OF OBLIGATION

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

The Bonds 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 and interest, 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 Chapter 97 of the New York Laws of 2011, as amended. (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 State is specifically precluded from restricting the power of the Town to levy taxes on real estate therefor. However, Chapter 97 of the New York Laws of 2011, as amended (the "*Tax Levy Limit Law*"), imposes a limitation upon 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).

MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE

The following description summarizes some of the risks associated with an investment in the Bonds and does not purport to be complete. The factors affecting the Town's financial condition described throughout this Official Statement are complex and are not intended to be summarized in any one section. This Official Statement should be read in its entirety.

Additional risks and uncertainties not currently known by the Town, or that the Town does not currently consider to be material, or that are generally applicable to all municipalities and their ability to repay indebtedness, may exist. Any one or more of the factors discussed herein, and other factors not described herein, could lead to a decrease in the market value or liquidity of the Bonds. There can be no assurance that other risk factors not discussed below will not become material in the future.

The Town's credit rating and financial and economic conditions, as well as the market for the Bonds, could be affected by a variety of circumstances, some of which are 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 (or man-made) 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.

If and when an owner of any of the Bonds should elect to sell a Bond prior to its 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. The market value of the Bonds is dependent upon the ability of holder to potentially incur a capital loss if such Bond is 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. 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, 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, 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, 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, for income taxation purposes could have an adverse effect on the market value of the Bonds (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, including the Town, may affect the market price and/or marketability for the Bonds. (See “*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 the Bonds.

REMEDIES UPON DEFAULT

Neither the Bonds, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds should the Town default in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds upon the occurrence of any such default. Each Bond is a general obligation contract 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 bond or note holder’s remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Bonds, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the 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 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 a Bond, the owner of such Bond 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 as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State’s highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the Town, 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 holders of bonds or notes, 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.

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. 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, 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 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 financial 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 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 Counties of Nassau and Erie. 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 by 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.

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.

THE TOWN

Description

The Town is situated in the southwest and south central portions of the County, and with a land mass of 127 square miles makes up approximately 41% of the County's total land area. The Town's boundaries are formed by The City of New York to the west, the Town of North Hempstead to the north, the Town of Oyster Bay to the east, and the City of Long Beach and the Atlantic Ocean to the south. The Town is the most populous town in the State, with a population of 766,765 in 2020, according to the U.S. Census Bureau. The Town accounts for approximately 57% of the total population of the County. There are 22 incorporated villages in the Town, including the villages of Valley Stream, Hempstead, Garden City, Freeport, Cedarhurst, Hewlett Harbor, Lynbrook, Malverne and Rockville Centre, and 33 unincorporated areas, such as: Levittown, East Meadow, Oceanside, Merrick, Baldwin, Uniondale, Wantagh and Elmont.

Form of Government

The Town was established in 1644 as a separate political entity vested with independent taxing and debt authority. The incorporated villages located within the Town have independent governments; however, the taxable real property within these villages is subject to taxation by the Town for town wide purposes. There are also 36 independent school districts within the Town which rely on their taxing powers granted by the State to raise revenues for school district purposes.

Subject to the provisions of the State Constitution, the Town operates pursuant to the Town Law, the Local Finance Law, other laws generally applicable to the Town, and any special laws applicable to the Town. Under such laws, there is no authority for the Town to have a charter but pursuant to the Constitution, the Town Law and other laws generally applicable to home rule, the Town may adopt local laws from time to time. Since January 1, 1966, the Town has enjoyed the status of a suburban town under applicable provisions of the Town Law, enabling it to function with a degree of autonomy not afforded first-class towns in the State.

The legislative power of the Town is vested in the Town Board, consisting of a Supervisor who is elected for a two-year term and six councilmembers who are elected for four-year terms. Elections are held on a staggered basis with three councilmembers running every two years. Councilmembers are elected in accordance with the ward system – 6 wards, one councilperson per ward. There is no limitation as to the number of terms which may be served by a Town Board member.

The Supervisor is the chief executive officer and chief fiscal officer of the Town. 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. According to the Town Law, the Town Clerk is elected to serve a two-year term. The number of terms that the Town Clerk may serve is not limited. The Receiver of Taxes, unless otherwise provided by law, has the duty to receive and collect all State, County, Town and school district property taxes and all assessments that may be levied in the Town. A four-year elected term for the Receiver of Taxes is prescribed by law and the number of terms is unlimited. The Town Board appoints the Town Comptroller, the Town Attorney, the Town Highway Superintendent and the heads of various Town departments.

At the regularly scheduled election in November of 2023, Donald X. Clavin, Jr. was re-elected as Town Supervisor. Recent legislation that was signed in December 2023 will move local elections, which are normally held on odd-numbered years, to even-numbered years so they align with statewide and legislative races.

Services

The Town is responsible for providing most of the government services to its residents. Education is the responsibility of the State and is provided by 36 independent public school districts operating within the Town. Recreation is provided by approximately 190 public parks and recreational facilities maintained by the Town while other recreational facilities are maintained by the County and various incorporated villages. The Town also maintains inland waterways and marinas and is responsible for the preservation of over 17,000 acres of Atlantic Ocean wetlands.

The construction and maintenance of Town highways is also a Town function; parking facilities are provided by Town public parking areas and 15 public parking districts. Other services performed on the Town level include: building inspection and zoning administration. The County provides police service in the unincorporated areas of the Town. Villages in the Town contract for police service with the County, except for the villages of Rockville Centre, Lynbrook, Garden City, Malverne and Freeport, which maintain their own police departments. Fire protection is provided by 29 fire districts and various village fire departments.

Employees

The Town employs approximately 1,743 full-time employees in 30 separate departments or offices. The following chart provides certain information concerning the collective bargaining unit representing full time Town employees.

<u>Name of Union</u>	<u>Expiration Date of Contract</u>	<u>Approx. No. of Members</u>
Local 880 of the Civil Service Employees Association, Inc.	12/31/2025	1,743

Transportation

The Town is served by all major forms of transportation. East-west highway access is provided by the Southern State Parkway, the Northern State Parkway and the Long Island Expressway, connecting New York City and Eastern Long Island. The Town is also served by a system of 1,600 miles of interconnecting Town roads. Mass transportation is provided by the Long Island Railroad (operated by the Metropolitan Transportation Authority) with one main and five branch commuter train lines and one freight-only line. The MTA LI Bus serves the County and the Town. Several waterways within the Town serve oil storage facilities on the Long Island south shore. Air transportation is provided by nearby John F. Kennedy International Airport, LaGuardia Airport and the Long Island-MacArthur Airport.

Utilities

Prior to May 1998, LILCO, a state regulated and investor-owned utility corporation, provided all of the gas service and most of the electrical service in the Town. In May 1998, LILCO's electrical transmission and distribution system and its 18% share of Nine Mile Point 2 nuclear generating facilities were transferred to a subsidiary of Long Island Power Authority ("LIPA"), a New York State public benefit corporation; LILCO's other electrical generating plants and its natural gas service were transferred to a new company, Keyspan Energy Corp., created by a merger between LILCO and Keyspan Energy Corporation. In 2007, National Grid acquired Keyspan Energy Corp.

National Grid now owns and operates LILCO's electric power plants and manages the electric transmission and distribution system pursuant to contracts with LIPA. Customer billing and customer service is handled by National Grid. National Grid also owns LILCO's gas lines and sells gas to former LILCO customers.

As of January 1, 2014, Public Service Enterprise Group, Inc. ("PSEG") has taken over maintenance and service of the LIPA's electric grid. PSEG Long Island is a subsidiary of the PSEG, a New Jersey-based gas and electric utility which was founded in the early 20th century. PSEG Long Island manages LIPA's system under a \$80 million annual contract which expires in 2025.

LILCO had been the Town's largest real property taxpayer. The LIPA Act requires LIPA to make payments in lieu of taxes ("PILOTs") to municipalities and school districts equal to the property taxes that would have been received by each jurisdiction from LILCO if the acquisition by LIPA had not occurred, and to make PILOTs for certain New York State and local taxes which would otherwise have been imposed on LILCO.

Phone service is supplied by Verizon and AT&T Supplemental service is supplied by numerous private companies that supply phone systems, long distance service and cellular telephone service.

Water and Sewer

Water service for the unincorporated areas of the Town is provided through 6 Town-operated and 7 Commissioner operated water districts. Other areas of the Town receive water from the New York Water Service Corp., Water Authority of Western Nassau County and the Long Island Water Corporation. The villages of Rockville Centre, Freeport and Garden City operate their own water supply and distribution systems. Sewer service is provided by County sewer districts in the western part of the Town, except for the area known as West Long Beach, which is serviced by the West Long Beach Sewer District, a Town improvement district. Certain villages, including the villages of Freeport, Garden City and Rockville Centre, provide for their own collection of sewage and use the County system for treatment and disposal.

Resource Recovery Facility

The Town and the Town on behalf of the Town of Hempstead Refuse Disposal District (the “District”) have entered into a service agreement (the “Covanta Service Agreement”), with an independent company, Covanta Hempstead Company (formerly American Ref-Fuel Company of Hempstead) (the “Company”) that owns and operates a resource recovery facility (the “Facility”) in the Town. The 25-year term of the Covanta Service Agreement commenced upon termination of the prior service agreement in August 2009. Under the Covanta Service Agreement, the Town has committed to deliver certain tonnages of municipal solid waste to the Company, which will use it to generate electricity at the Facility.

The Facility site is owned by the District and has been leased to the Hempstead Industrial Development Agency (the “IDA”) and, in turn, sub-leased to the Company. The Facility was financed through the issuance of tax-exempt industrial development revenue bonds (the “IDBs”) by the IDA and equity contributions from the Company. The IDBs were special limited obligations of the IDA payable from lease revenues of the IDA and such bonds did not constitute a general obligation of the Town or the IDA. The bonds were redeemed in 2009.

In conjunction with the Covanta Service Agreement, the Town, District, IDA and Company, as applicable, executed certain amendments to several agreements so that the respective term of each agreement corresponds with or extends beyond the anticipated term of the Covanta Service Agreement – *i.e.*, August 19, 2034. Those amended agreements include: (1) Second Amendment to District Site Lease between the Town on behalf of the District and the IDA; (2) Second Amendment to Site Lease Agreement between the IDA and the Company; (3) Third Amendment to Facility Lease Agreement between the IDA and the Company; and (4) Payment In Lieu Of Taxes Agreement between the IDA and the Company.

The Town may, under certain circumstances, terminate the new Covanta Service Agreement; however, if the Town terminates the Covanta Service Agreement because the cost to the Town of uncontrollable circumstances (“UCCs”) under the Covanta Service Agreement exceeds a specified amount, the Town is obligated to make a termination payment corresponding to 25% of the Town’s pro rata share (as defined in the Covanta Service Agreement) of the any outstanding indebtedness incurred by the Company to finance the cost of prior UCCs.

Under the Covanta Service Agreement, the Town has incurred certain contingent liabilities with respect to the resource recovery facility. The Town has obligated itself to pay service fees for the processing of a minimum of 420,000 tons (the “Annual Tonnage”) of Town Waste (as defined in the Covanta Service Agreement) each year, whether or not such tonnage is actually delivered to the Facility. The Annual Tonnage is subject to adjustment in accordance with the terms of the Covanta Service Agreement. In the event the Annual Tonnage is not provided, the Town must pay service fees as if the Annual Tonnage had been delivered, although any shortfall payment obligation is subject to reduction through mitigation.

Delivery Obligations of the Town, Generally

Under the Covanta Service Agreement, the Town is obligated to deliver to the Facility Town Waste up to the Annual Tonnage. If the Town delivers less than the Annual Tonnage (whether or not Town Waste in such quantity exists) the Town shall nevertheless be required to pay the Service Fee with respect to the Annual Tonnage (subject to reduction of amounts due to the extent the shortfall is mitigated). Town Waste delivered to the Facility must qualify as Acceptable Waste, as that term is defined in the Covanta Service Agreement. Under the Covanta Service Agreement at least 95% of the Acceptable Waste delivered by the Town to the Facility must originate in the Town of Hempstead, and all Acceptable Waste delivered by the Town must originate in Nassau County or Suffolk County.

The District

Pursuant to the provisions of the Town Law of the State, the Town has established the District for purposes of providing refuse disposal services, including recycling services, within the District. The District is a special improvement district of the Town and as such constitutes an administrative unit of the Town for budgeting and accounting purposes. The Town Board of the Town controls the budget, operations and finances of the District. The Town Board enters into all contracts on behalf of the District.

District Finances and Operations

The District includes all real property in the Town except that which is located within the Villages of Atlantic Beach, Bellerose, East Rockaway, Floral Park, Freeport, Garden City, Island Park, Lynbrook, Malverne, Rockville Centre, Stewart Manor and Valley Stream and in Town of Hempstead Sanitary District No. 1 (“Sanitary District No. 1”).

The District’s operations, which do not include waste collection, are financed through the levy of an ad valorem assessment on all real property located within the District, the collection of revenues derived from fees and charges collected from non-residents and commercial collection firms which make use of the District’s services, from the Inter-Municipal Agreements (“Inter-Municipal Agreements”, or, “IMA’s”) between the Town and the District and certain municipalities including the Village of Island Park, the Village of Stewart Manor, and the Village of Floral Park (collectively the “Participating Municipal Corporations”), and from the sale of recyclable materials.

Under the IMAs, each Participating Municipal Corporation is required to deliver a minimum tonnage of solid waste generated within its boundaries to either one of two Town-operated transfer stations or directly to the Facility, and to pay a fee to the Town for this service based on the amount of solid waste delivered subject to minimum delivery requirements. These IMAs for the Participating Municipal Corporations have different terms ranging from 5 to 25 years.

In addition to the Covanta Service Agreement, and the IMAs, the Town Board, on behalf of the District, enters into contracts, from time to time, with other entities for the acceptance of waste and for the marketing and disposal of recyclable materials.

District expenditures are made in accordance with an annual budget, adopted by the Town Board as part of the Town’s regular budget process. The Town does not subsidize the District pursuant to an agreement or otherwise.

Limitations on the Control of Solid Waste

The Town has enacted an ordinance directing that all solid waste (including privately collected commercial waste) originating within its boundaries be delivered to the Town. However, in 1994, in *C&A Carbone v. Town of Clarkstown* (“*Carbone*”), the United States Supreme Court issued an opinion that had been interpreted as treating laws and ordinances directing the flow of solid waste of the type described above as being impermissible violations of the commerce clause of the United States Constitution, and consequently as being invalid. Accordingly, the Town’s enforcement of its waste flow control ordinance has been limited and, as a result, only a small portion of commercial waste generated in the Town is delivered to Town waste collection facilities. Most commercial waste generated within the Town is collected by private haulers under private arrangements with commercial waste generators.

In April of 2007, in *United Haulers v. Oneida-Herkimer Solid Waste Management Authority* (“*United Haulers*”), the United States Supreme Court clarified its decision in *Carbone* and distinguished the flow control ordinance in *Carbone* which directed that all non-hazardous solid waste within a town be deposited at a transfer facility run by a private contractor from the flow control ordinance in *United Haulers* which directed that all solid waste generated within a two county area be deposited at a public processing facility operated by a public authority. In *United Haulers*, the Supreme Court determined that the flow control ordinance in *United Haulers* benefited a clearly public facility, while treating all private companies exactly the same. The Supreme Court reasoned that such a flow control ordinance does not discriminate against interstate commerce and does not violate the commerce clause of the United States Constitution.

Although the Town’s flow control ordinance has not been tested by the courts, it would appear that the *United Haulers* decision provides municipalities including the Town with greater latitude to regulate the flow of all solid waste to municipally run processing facilities. In addition, the *United Hauler’s* decision appears to limit the scope of *Carbone* and resultant violations of the commerce clause to flow control ordinances which direct the delivery of solid waste to privately run facilities.

Village Minimum Commitments

The Participating Municipal Corporations have agreed under the IMAs to deliver specified minimum commitments each year. The minimum commitments in the aggregate are 11,850 tons per year.

<u>Participant</u>	<u>Annual Tonnage Commitment</u>
Village of Floral Park	7,000 Tons
Village of Island Park	3,400 Tons
Village of Stewart Manor	1,450 Tons

DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables present certain comparative demographic and statistical information regarding the Town, the County, the State and the United States.

Population Statistics

Since 2000, the Town has had a population trend, as compared to the County and the State, as indicated below:

	Population Trend		
	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Hempstead	\$ 755,924	\$ 769,040	\$ 766,765
County of Nassau	1,334,544	1,339,532	1,355,683
State of New York	18,976,457	19,378,102	19,514,849

^a Based on American Community Survey - 5 year Estimates (2016-2020).
Source: U.S. Bureau of the Census.

Income Data

	Per Capita Money Income		
	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Hempstead	\$28,153	\$36,416	\$46,869
County of Nassau	32,151	39,935	53,363
State of New York	23,389	30,011	40,898

	Median Household Income		
	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Hempstead	\$76,518	\$89,722	\$114,822
County of Nassau	80,293	93,613	120,036
State of New York	49,480	55,603	71,117

Source: United States Bureau of the Census.
^a Based on American Community Survey 5-Year Estimates (2016-2020).

Summary of Building Activity
(Number of Building Permits Issued)

The charts below represents the level of residential and commercial building permit activity for the ten most recently completed fiscal years. The figures include both new construction as well as additions, alterations and repairs.

Residential Building Permit Activity in the Town – 2013-2023

<u>Year</u>	<u>New Construction</u>		<u>Additions Alterations And Repairs</u>		<u>Other</u>		<u>Totals</u>	
	<u>No. of Permits</u>	<u>\$ Value</u>	<u>No. of Permits</u>	<u>\$ Value</u>	<u>No. of Permits</u>	<u>\$ Value</u>	<u>No. of Permits</u>	<u>\$ Value</u>
2013	245	57,904,235	5,364	103,653,122	8,617	2,991,091	14,226	164,548,448
2014	197	52,874,890	4,147	102,899,585	8,851	12,799,832	13,195	168,574,307
2015	197	55,130,820	5,545	141,923,942	7,302	8,567,818	13,044	205,622,580
2016	159	38,768,120	5,456	190,239,775	7,765	14,138,662	13,380	243,147,257
2017	528	118,114,102	4,955	473,964,020	9,169	17,782,102	14,652	609,860,224
2018	474	87,553,593	4,629	190,601,889	9,271	16,141,823	14,374	294,297,305
2019	407	68,263,954	4,645	313,800,571	9,126	22,897,791	14,178	404,962,316
2020	163	39,098,249	1,993	97,260,428	3,322	6,663,384	5,478	143,022,061
2021	219	64,062,990	4,081	181,386,342	7,576	22,274,829	11,876	267,724,161
2022	264	80,366,010	3,833	205,697,911	5,040	19,324,426	9,137	305,388,347
2023	254	115,944,824	4,421	261,591,787	3,801	19,796,202	9,325	635,748,774

Source: Town Officials

Industrial and Commercial Building Permit Activity in the Town – 2013-2023

<u>Year</u>	<u>New Construction</u>		<u>Additions Alterations And Repairs</u>		<u>Other</u>		<u>Totals</u>	
	<u>No. of Permits</u>	<u>\$ Value</u>	<u>No. of Permits</u>	<u>\$ Value</u>	<u>No. of Permits</u>	<u>\$ Value</u>	<u>No. of Permits</u>	<u>\$ Value</u>
2013	9	12,772,300	885	191,607,258	582	2,624,410	1,476	207,003,968
2014	8	1,868,300	635	143,492,800	716	1,584,517	1,359	146,945,617
2015	13	7,042,000	779	235,612,906	1,878	4,890,512	2,670	247,545,418
2016	14	6,036,961	751	883,601,321	846	3,078,086	1,611	892,716,368
2017	31	272,891,628	619	83,127,282	799	4,401,572	1,449	360,420,482
2018	29	36,094,085	659	108,105,364	822	2,550,523	1,510	146,749,972
2019	26	71,465,550	591	99,346,297	712	72,437,956	1,329	243,249,803
2020	18	40,647,300	247	134,118,760	337	22,822,977	602	197,589,037
2021	28	108,432,500	410	111,400,270	583	82,137,638	1,021	301,970,408
2022	31	31,680,450	444	154,175,564	519	3,530,250	994	189,386,264
2023	27	60,766,000	475	173,814,976	347	3,384,984	849	238,415,960

Source: Town Officials.

Employment and Unemployment

The following section presents various employment statistics including job types, unemployment rates and major employers.

Major Non-Government Employers Located in Nassau County

<u>Name</u>	<u>Type of Business</u>	<u>Estimated Number of Employees</u>
Verizon Communications	Telecommunications	5,600
Hofstra University	Higher Education	5,545
Nassau Health Care Corp. (NuHealth)	Hospital, Nursing Home	4,110
All Metro Health Care	Home Health Care	4,000
BOCES - Nassau	Education	3,900
South Nassau Communities Hospital	Hospital	3,000
Nassau Community College	Higher Education	2,036
Citi	Commercial Bank	2,000
Adelphi University	Higher Education	1,863
Summit Security Services	Security and Investigations	1,827

Source: Nassau County Planning Dept.; Long Island Business News.

Civilian Labor Forces

The chart below represents the total civilian employed population aged 16 and over.

	<u>Civilian Labor Force</u>		
	<u>2012</u>	<u>2014</u>	<u>2020</u>
Town of Hempstead	372,255	372,671	409,651
County of Nassau	652,807	656,239	722,396
State of New York	9,073,209	9,137,449	10,056,194

Unemployment Rate Statistics

Unemployment statistics are available for the Town as set forth below. The information set forth below with respect to the County and the State is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the Town is necessarily representative of the County or the State or vice versa.

<u>Annual Averages:</u>	<u>Town of Hempstead (%)</u>	<u>Nassau County (%)</u>	<u>New York State (%)</u>
2019	3.6	3.4	4.0
2020	8.9	8.4	10.0
2021	4.7	4.5	6.9
2022	3.0	2.8	4.4
2023	3.4	2.9	4.2
2024 (2 Month Average)	4.4	3.6	4.4

Source: Department of Labor, State of New York.

INDEBTEDNESS OF THE TOWN

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 and statutory limitations include the following, in summary form, and are generally applicable to the Town and the Bonds.

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid 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 has authorized the issuance of indebtedness having 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 on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Town so as to prevent abuses in the exercise of such powers; however, as has been noted under "*Nature of Obligation*", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town's power to increase its annual tax levy, 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).

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 and statutory 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 by the adoption of a bond resolution approved by at least two-thirds of the members of the Town Board, except in the event that the Town determines to subject the bond resolution to voter approval by mandatory referendum, in which case only a three-fifths vote is required.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town has complied with such procedure for the bond resolutions authorizing the issuance of the Bonds.

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, and has delegated, power to issue and sell bonds and notes, to the Town 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, deficiency notes and budget notes.

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the aggregate outstanding principal amount thereof shall not exceed seven per centum of the 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 or appropriations for current debt service. The constitutional and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the New York State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition 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 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. The amount of such increases is limited by the formulas set forth in the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein).

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of April 25, 2024)

Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate (%)</u>	<u>Full Valuation</u>
2020	\$247,067,608	0.22	\$112,303,458,182
2021	178,932,907	0.18	99,407,170,556
2022	229,962,481	0.19	121,032,884,737
2023	215,233,890	0.17	126,608,170,588
2024	229,257,833	0.17	134,857,548,824
Total Five Year Full Valuation			<u>\$594,209,232,886</u>
Average Five Year Full Valuation			<u>\$118,841,846,577</u>
Debt Limit - 7% of Average Full Valuation			<u>\$8,318,929,260</u>
Inclusions:			
Outstanding Bonds:			
	General Purposes		354,610,092
	Water Purposes		87,415,529
	Sewer Purposes		<u>1,262,379</u>
	Sub-Total		443,288,000
	Bond Anticipation Notes		<u>25,206,772</u>
Total Inclusions			<u>468,494,772</u>
Exclusions:			
	Water Debt (Outstanding Bonds)		87,415,529
	Appropriations		<u>34,650,000</u>
Total Exclusions			122,065,529
Total Net Indebtedness			<u>346,429,243</u>
Net Debt Contracting Margin			<u><u>\$7,972,500,017</u></u>
Percent of Debt Limit Exhausted			4.1643%

Bond Anticipation Notes

As of the date of this Official Statement, the Town has bond anticipation notes outstanding in the amount of \$25,206,772 maturing on May 24, 2024, which will be redeemed by the issuance of the Bonds.

Tax and Revenue Anticipation Notes

The Town has not issued tax or revenue anticipation notes in the past five years, nor does it expect to issue such notes in the foreseeable future.

Calculation of Estimated Overlapping and Underlying Indebtedness

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County and various school districts and fire districts situated in the Town. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values. The following table presents the amount of overlapping debt and the Town's taxpayers' share of this debt as of the dates indicated; authorized but unissued debt has not been included.

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Nassau	05/04/2023	44.85	\$1,475,445,699	\$1,332,553,151
Villages	05/31/2022	Var	362,166,807	362,166,807
School Districts	06/30/2022	Var	741,343,063	279,212,810
Fire Districts	12/31/2022	Var	16,017,775	16,017,775
Library Districts:	12/31/2022	Var	11,426	11,426
Water Districts	12/31/2022	Var	41,609,979	41,609,979
Totals			<u>\$2,636,594,749</u>	<u>\$2,031,571,948</u>

a. Applicable net indebtedness includes reimbursement by the State to the school districts for building improvements.

Trend of Town Indebtedness

The following table represents the outstanding indebtedness of the Town at the end of the last five preceding fiscal years.

	Fiscal Year Ending December 31:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Outstanding End of Year:					
Bonds	\$423,692,182	\$377,880,000	\$470,178,572	\$510,721,799	\$456,980,000
Capital Leases	10,775,095	9,407,230	6,947,732	4,497,927	4,639,210
BANs		42,107,700	26,031,844	0	25,206,772
Totals:	<u>\$434,467,277</u>	<u>\$429,394,930</u>	<u>\$503,158,148</u>	<u>\$515,219,726</u>	<u>\$486,825,982</u>

Debt Ratios
(As of April 25, 2024)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage Of Full Value (%)^b</u>
Total Direct Debt	\$ 468,494,772	\$ 611	0.35
Net Direct Debt	346,429,243	452	0.26
Total Direct & Applicable Total Overlapping Debt	3,105,089,521	4,050	2.30
Net Direct & Applicable Net Overlapping Debt	2,378,001,191	3,101	1.76

a. The current estimated population of the Town is 766,765 (2020).

b. The full valuation of taxable real property in the Town for 2023-24 is \$134,857,548,824.

Debt Service Requirements – Outstanding Bonds^a

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$48,345,000	\$16,671,850	\$65,016,850
2025	50,605,000	14,449,100	65,054,100
2026	48,640,000	12,104,800	60,744,800
2027	46,210,000	9,938,750	56,148,750
2028	44,570,000	7,927,813	52,497,813
2029	30,615,000	6,304,663	36,919,663
2030	31,860,000	5,060,963	36,920,963
2031	24,585,000	4,056,038	28,641,038
2032	16,590,000	3,215,088	19,805,088
2033	12,735,000	2,698,313	15,433,313
2034	13,110,000	2,316,447	15,426,447
2035	13,505,000	1,921,563	15,426,563
2036	7,815,000	1,634,713	9,449,713
2037	7,990,000	1,456,313	9,446,313
2038	8,120,000	1,269,550	9,389,550
2039	6,945,000	1,079,334	8,024,334
2040	7,090,000	928,713	8,018,713
2041	7,250,000	774,903	8,024,903
2042	7,410,000	613,025	8,023,025
2043	7,490,000	442,813	7,932,813
2044	7,660,000	272,375	7,932,375
2045	7,840,000	93,100	7,933,100
Totals	<u><u>\$456,980,000</u></u>	<u><u>\$95,230,222</u></u>	<u><u>\$552,210,222</u></u>

a. Does not reflect payments made to date and payments in outstanding capital lease payments.

Capital Lease Payments

During the 2015 and 2016 fiscal years the Town entered into lease agreements for the financing of the acquisition of street lighting equipment. The chart below represents the annual and total debt service requirements until maturity on such lease agreements. A significant portion of the debt service is expected to be offset by savings in utility costs.

<u>Fiscal Year</u> <u>Ending December 31:</u>	<u>Total Debt Service</u>
2024	\$2,153,885.91
2025	1,491,181.35
2026	828,450.28
2027	<u>165,692.71</u>
Totals	<u>\$ 4,639,210</u>

Capital Project Plans

The Town is responsible for providing numerous services to its residents. Major Town functions include highway maintenance, zoning administration, building inspection and the operation of a Town Cemetery. Recreation is provided by 190 public parks and recreational facilities maintained by the Town. The Town maintains inland waterways and marinas and maintains/preserves 17,000 acres of Atlantic Ocean wetlands. The Town also operates 15 senior citizens centers and 60 clubs. Special districts within the Town provide services for street lighting, fire protection, parks, refuse disposal, garbage collection, public parking, water distribution and library funding.

Component Units

The Town is financially accountable for its legally separate nonmajor component units. These organizations include seven separate legal entities: Lakeview Public Library, Roosevelt Public Library, Uniondale Public Library, Cathedral Gardens Water District, Franklin Square Water District, West Hempstead-Hempstead Gardens Water District, and Greater Atlantic Beach Water District Reclamation District. These entities are reported separately in the government-wide statements found in the Town's audited financial statements. Complete financial statements of the individual component units may be obtained from the respective administrative offices.

Each such component unit is governed by an independently elected Board. The respective Boards are responsible for adopting the annual budgets and tax rates, subject to approval by the Town Board. The districts cannot issue bonds. The Town issues debt on behalf of the Districts and the Districts are responsible for the annual debt service on the obligations; however, the Town faith and credit is also pledged for the payment of such bonds. As of December 31, 2023, there are \$27,293,198 in outstanding bonds for the component units.

Authorized but Unissued Debt

As of April 25, 2024, the Town has authorized but unissued debt in the amount of \$407,297,785 as follows: \$41,466,333 general purposes, \$154,508,880 highway purposes, \$141,761,154 special districts, \$3,160,000 for settlement of TORT litigation and \$66,401,418 for separation pay.

The issuance of the Bonds will finance \$169,340,497 of such authorized but unissued amount. See "Authorization and Purpose" herein.

The Town has offered an in-house retirement incentive to all of its employees. Such employees have until May 1, 2024 to elect to participate in the incentive program. The program will allow the Town to reduce payroll and payroll taxes in the 2025 year. The Town has adopted a bond resolution giving them the authority to finance the amount of the separation pay. The Town expects to borrow the necessary amount during the 4th quarter of the 2024 year. Such amount has yet to be determined.

DISCUSSION OF FINANCIAL MATTERS

Recent Operating Results

In 2020, as a result of the COVID 19 pandemic, the Town received \$133,832,096 in Federal Cares Act Funding that was used for Food Banks, distribution of PPP Kits, Antibody Testing, payroll relief and Facility Upgrades in order to ensure employee public safety while at Town facilities. Several Town initiatives were implemented in the Budgetary Funds that reduced the Operating Budgets for both Employee Costs and Contractual spending.

In 2022, the American Rescue Plan, a \$1.9 trillion COVID-19 relief package, included \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services and recreational capital improvements. The American Rescue Plan also included an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits. The Town received approximately \$51.4 million from the American Rescue Plan.

The Town's major budgetary funds consist of the General Fund, Part Town, Highway, Parking Fields, Sanitation, Parks, Water, Street Lighting, Fire Protection and Library. Along with the public safety measures cited above, the Town was able to provide for tax stabilization for the last several years. However, the Town expects there to be challenges to maintain balanced operations going forward without significant increases in revenues and reduction in expenditures.

For the fiscal year ending December 31, 2022, the Town appropriated \$22.6 million across all Budgetary Funds to help offset any tax increase. The total revenues were approximately \$595.2 million and the total expenditures were approximately \$591.7 million resulting in an increase of total fund balance in the amount of \$3.5 million.

For the Budget for fiscal year ending December 31, 2023, the Town appropriated \$53.2 million across all Budgetary Funds.

For the 2024 Budget, the Town did not increase the property tax levy and appropriated \$56.4 million across all Budgetary Funds. The Town is working with all departments on potential expenditure cuts and has also implemented a retirement incentive to control personnel, healthcare and retirement expenses.

Budgetary Procedure

The Town Comptroller is the Town's budget officer and is required by law to file a tentative budget with the Town Clerk on or before September 30 of each year. The tentative budget is submitted to the Town Board not later than October 5 of the same year, and following review and modification, a preliminary budget hearing is held. 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 20 of the same year, and a copy of the Town's annual budget is then submitted to the County Legislature who levies the amount of taxes and assessments specified in the budget. From time to time, the Town Board may make changes or modifications in the amount of annual appropriations, subject to applicable legal restrictions.

Summaries of Adopted Budgets for the 2023 and 2024 fiscal years are presented in Appendix A. The adopted budgets for the fiscal years ending December 31, 2023 and December 31, 2024 estimate total appropriations of \$504.1 million and \$522.2 million respectively for all operating funds of the Town.

Fund Balance Policy

The Town Board maintains a fund balance policy that applies to all Town Funds in totality exclusive of the Capital Projects, Debt Service, Special Grant and Permanent Funds. The intent of the policy is to designate a portion of the Unassigned Fund Balance in the case of the General Fund, Assigned Fund Balance for all other funds for emergency purposes. Such designation is equal to one-twelfth of annual operating expenses inclusive of debt service and capital transfers as presented in the most recent audited financial statements.

In addition, the Town's intent is to maintain an Assigned/Unassigned fund balance equal to one-sixth of annual operating expenditures inclusive of debt service and capital transfers as presented in the most recent audited financial statements. In the event that the fund balances fall below or above certain thresholds, the Town's intent is to take proactive measures through the budgetary process in the current or ensuing fiscal years to ensure compliance with the policy.

The Town currently is in compliance with its policy and expects to be in compliance at year end 2023 and 2024. See also "Recent Operating Results" herein.

Investment Policy

Pursuant to Section 39 of the State's General Municipal Law, the Town has an investment policy applicable to the investment of all moneys and financial resources of the Town. The responsibility for the investment program has been delegated by the Town Supervisor to the Town Comptroller who was required to establish written operating procedures consistent with the Town's investment policy guidelines. According to the investment policy of the Town, all investments must conform to the applicable requirements of law and provide for: the safety of the principal; sufficient liquidity; and a reasonable rate of return.

Authorized Investments

The Town has designated several banks or trust companies located and authorized to conduct business in the State to receive deposits of money. The Town is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the Town is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America and obligations of the State. Other eligible investments for the Town include: revenue and tax anticipation notes issued by any municipality, school, Town or Town corporation other than the Town (investment subject to approval of the State Comptroller); obligations of certain public authorities or agencies; obligations issued pursuant to Section 109(b) of the General Municipal Law (certificates of participation) and certain obligations of the Town but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The Town may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions, among others: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York; securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State.

Collateral Requirements

All Town deposits in excess of the applicable insurance coverage provided by the Federal Deposit Insurance Act must be secured in accordance with the provisions of and subject to the limitations of Section 10 of the General Municipal Law of the State. Such collateral must consist of the "eligible securities," "eligible surety bonds," or "eligible letters of credit" as described in the law.

Eligible securities pledged to secure deposits must be held by the depository or third party bank or trust company pursuant to written security and custodial agreements. The Town's security agreements provide that the aggregate market value of pledged securities must equal or exceed the principal amount on deposit, the agreed upon interest, if any, and any costs or expenses arising from the collection of such deposits in the event of a default. Securities not registered or inscribed in the name of the Town must be delivered, in a form suitable for transfer or with an assignment in blank, to the Town or its designated custodial bank. The custodial agreements used by the Town provide that pledged securities must be kept separate and apart from the general assets of the custodian and will not, under any circumstances, be commingled with or become part of the backing for any other deposit or liability. The custodial agreement must also provide that the custodian shall confirm the receipt, substitution or release of the collateral, the frequency of revaluation of eligible securities and the substitution of collateral when a change in the rating of a security may cause ineligibility.

An eligible irrevocable letter of credit may be issued, in favor of the Town, by a qualified bank other than the depository bank. Such letters may have a term not to exceed 90 days and must have an aggregate value equal to 140% of the deposit obligations and the agreed upon interest. Qualified banks include those with commercial paper or other unsecured or short-term debt ratings within one of the three highest categories assigned by at least one nationally recognized statistical rating organization or a bank that is in compliance with applicable Federal minimum risk-based capital requirements.

An eligible surety bond must be underwritten by an insurance company authorized to do business in the State which has claims paying ability rated in the highest rating category for claims paying ability by at least two nationally recognized statistical rating organizations. The surety bond must be payable to the Town in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

Independent Audits

The financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller (“OSC”) to ascertain whether the Town has complied with the requirements of various state and federal statutes. The financial statements of the Town are audited each year by an independent public accountant. The last such audit covers the fiscal year ended December 31, 2022 and is attached as Appendix B. Additionally, the Town prepares an Annual Financial Report Update Document (“AUD”) which is filed with the OSC on or before June 30 each year.

Fund Structure and Accounts

The Town utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with regulations, restrictions or limitations.

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Town maintains the following major funds: General Fund, Highway, Parks, Refuse and Garbage, Water, Debt Service and Capital Projects Funds. The Town-Wide General Fund is the operating fund of the Town and accounts for general tax revenues, miscellaneous receipts not allocated by law or contractual agreement to other funds, general operating expenses, and fixed charges. The Town has a fiduciary obligation for its legally separate component units.

Basis of Accounting

The Town maintains its records and reports on the modified accrual basis of accounting for recording transactions in its Governmental Funds. Under this method, (1) revenues are recorded when received in cash except for revenues which are material and susceptible to accrual (measurable and available to finance the year's operations) which are recorded when earned, and (2) expenditures, other than retirement plan contributions, vacation and sick pay and accrued interest on bond anticipation notes and general long-term debt, are recorded at the time liabilities are incurred.

Accounting Software

The Town is in the process of upgrading its accounting software to an Enterprise Resource Planning (“ERP”) system. The ERP system is designed to create a centralized and secure repository to help the Town integrate accounting, procurement, project management and other day to day activities. However, the Town continues to update and revise the configuration to enhance performance. The Town does not expect there to be any disruption to the production of the financial statements as a result of the upgrade.

Certain Information Obtained From Financial Statements

Summary financial statements for the General Fund, Highway Fund, Parks Fund, Refuse and Garbage Fund and Non-Major Funds for the five fiscal years ended December 31, 2018 through December 31, 2022 are presented in Appendix A hereto. Such statements were compiled from the audited financial statements of the Town for the 2018 through 2022 fiscal years. The presentation of these statements has not been audited. The summary statements found in Appendix A are not considered audited under generally accepted accounting principles in that the notes to the statements and the auditors’ report thereon have been omitted.

Revenues

The Town receives most of its revenues from real property taxes and assessments, State Aid, non-property taxes, departmental income, and various interfund revenues. A summary of such revenues for the 2018 through 2022 fiscal years may be found in Appendix A hereto.

Real Property Taxes

The Town receives a significant portion of its General Fund revenues from real property taxes and assessments. See “*REAL PROPERTY TAX INFORMATION*” herein.

State Aid

The Town receives financial assistance from the State, predominantly in the form of mortgage tax receipts. The Town also receives a small portion of State aid through the Aid and Incentives for Municipalities (“AIM”). If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid. Additionally, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in this year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. The Town does not expect a reduction in AIM for the 2024 year.

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. 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 “*Market Factors Affecting Financing of the State and Municipalities of the State*” herein).

Based on the audited report of the Town, the Town received approximately 15.02% of its total General Fund operating revenue from State aid in 2022. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

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

The following table sets forth the percentage of the Town’s General Fund revenue comprised of State aid for each of the fiscal years 2013 through 2022 inclusive and budgeted for 2023 and 2024.

<u>Fiscal Year Ended</u> <u>December 31:</u>	<u>Total General</u> <u>Fund Revenue</u>	<u>State Aid</u>	<u>State Aid to</u> <u>Revenues (%)</u>
2013	\$146,281,424	\$21,673,729	14.82
2014	153,578,485	18,706,784	12.18
2015	170,388,271	22,468,136	13.19
2016	186,139,073	26,335,791	14.15
2017	173,627,131	26,532,821	15.28
2018	175,927,407	26,730,417	15.19
2019	175,213,004	24,964,339	14.25
2020	230,511,622	32,057,533	13.91
2021	237,850,377	42,491,638	17.86
2022	214,524,446	32,224,697	15.02
2023 (Budgeted)	204,569,206	25,265,000	12.35
2024 (Budgeted)	215,874,120	18,275,000	8.47

The State Comptroller’s Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State’s municipalities and school districts are facing significant fiscal challenges. As a result, the Office of the State Comptroller 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”. (Fiscal Score: 3.3%; Environmental Score: 0.0%).

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

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit was released on September 23, 2022. The purpose of the audit was to determine whether Town Officials used competitive methods when procuring professional services and purchases subject to competitive bidding for the period January 1, 2018 – December 31, 2019. The complete report may be found on the State Comptroller’s official website. Reference to this website implies no warranty of accuracy of information therein.

Employee Pension System

Substantially all employees of the Town are members of the New York State and Local Employees’ Retirement System (“ERS”). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the “Retirement System Law”). The Retirement System offers 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, except for “Tier 6” employees, as discussed below, whose benefits vest after ten years or credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 and before January 1, 2010 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, then Governor Paterson signed into law the creation of a new Tier 5, which is effective for new ERS employees hired on or after January 1, 2010. New ERS employees in Tier 5 contribute 3% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

Pension reform legislation changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with required payment until after the budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. Legislation also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

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

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

Due to capital market declines in the past, the State’s Retirement System portfolio has experienced negative investment performance and downward trends in market earnings. Although investment returns have improved recently, the employer contribution rate for the State’s Retirement System may continue to be higher than the minimum contribution rate established in the past. The State calculates contribution amounts based upon a five-year rolling average. To mitigate increases in the employer contribution rate, various forms of legislation has been enacted that permit local governments to borrow a portion of their required payments from the State pension plan.

Although the pension contribution rates under such legislative programs reduce near-term payments, it will require higher than normal contributions in later years. The Town has opted to amortize certain contributions for the 2011, 2012, 2013, 2014 and 2015 years. The Town has not elected to amortize any contributions in the 2016 - 2021 years and does not expect to do so in the foreseeable future. The Town paid off all amortized retirement contribution debt in December 2023.

Contributions to the Retirement System

Fiscal Year Ending <u>December 31:</u>	<u>Amount</u>
2019	\$26,198,373
2020	26,171,366
2021	29,668,720
2022	26,224,279
2023	22,869,450
2024 (Budgeted)	25,807,100

Other Post-Employment Benefits

The Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended December 31, 2018, the Town adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the employer’s current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost.

Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

For the fiscal year ended December 31, 2018, the Town implemented GASB 75. The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other post-employment benefits. The Town's total OPEB liability at December 31, 2022 is as follows:

Total OPEB Liability at Dec 31, 2021	<u>\$1,441,026,026</u>
Charges for the Year:	
Service Cost	\$ 37,292,337
Interest	36,793,047
Assumption changes	(439,492,431)
Difference between expected and actual	(32,526,438)
Benefit Payments	<u>(34,478,187)</u>
Net Changes in total OPEB liability	<u>(432,411,671)</u>
Total OPEB Liability at Dec 31, 2022	<u><u>\$1,008,614,355</u></u>

REAL PROPERTY TAX INFORMATION

The Town is responsible for levying taxes for Town and special district operating purposes and for debt service.

The County determines the assessed valuation for taxable real properties on behalf of the Town. The Office of Real Property Services ("ORPS") determines the assessed valuation of special franchises and the taxable ceiling of railroad property. Special franchises include assessments on certain specialized equipment of utilities under, above, upon or through public streets or public places. Assessments are made on certain properties which are taxable for school purposes but which the Town exempts from general municipal taxation.

Real Property Taxes

The Town derives a significant portion of its annual revenue from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix B, herein.) Based upon unaudited results, property taxes accounted for approximately 11.88% of total budgeted General Fund revenues, for the fiscal year ended 2022. On June 24, 2011, the Tax Levy Limitation Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Town, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Town. (See "Tax Levy Limit Law" herein).

The following table sets forth the percentage of the Town's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2013 through 2022, and, as budgeted, for the year ending December 31, 2023 and 2024.

<u>Fiscal Year Ended December 31:</u>	<u>Total General Fund Revenue</u>	<u>Real Property Taxes^a</u>	<u>Real Property Taxes to Revenues (%)</u>
2013	\$146,281,424	\$23,268,238	15.91
2014	153,578,485	31,739,884	20.67
2015	170,388,271	40,601,872	23.83
2016	186,139,073	61,947,883	33.28
2017	173,627,131	33,062,898	19.04
2018	175,927,407	35,185,454	20.00
2019	175,213,004	29,216,076	16.67
2020	230,511,622	28,087,900	12.19
2021	237,850,377	28,213,297	11.86
2022	214,524,446	25,479,149	11.88
2023 (Budgeted)	204,569,206	24,099,430	11.78
2024 (Budgeted)	215,874,120	24,098,152	11.16

Source: Audited financial statements (2012-2022) and the adopted budget for 2023.

a. The Town increased property taxes in the General Fund in the 2016 year to redeem budget notes originally issued to cover an insufficiency in the Town's Budgets.

State Equalization Ratios

The ORPS annually establishes state equalization ratios for all assessing jurisdictions in the State, including the Town, which are determined by statistical sampling of market/assessment studies. The equalization ratios are used in the calculation and distribution of certain State aids and are used by many localities in the calculation of debt contracting and real property taxing limitations. The Town is not subject to constitutional real property taxing limitations but does have a debt contracting limitation equal to seven percent (7%) of the five-year average full valuation. In addition, the Town is subject to the Tax Levy Limit Law as described herein.

Tax Collection Procedures

The assessment and collection of real property taxes levied by the Town is governed by the Real Property Tax Law of the State and the Nassau County Government Law and the Nassau County Administrative Code. The Town collects all real property taxes and assessments for Town and County purposes during the times prescribed by law. Although the Town collects taxes on behalf of the County, the County enforces the collection thereof. The Town retains the first moneys collected on the combined Town and County tax bills and therefore generally receives 100% of its levy.

Town and County real property taxes and assessments are levied on January 1 and become a lien against the property on this date. The tax bill sent to property owners includes all real property taxes and assessments due to the Town and County. Taxes and assessments are collected in two installments due on January 1 and July 1 of each year, which installments may be paid without penalty until February 10 and August 10, respectively. Payments made subsequent to these dates are assessed a penalty at a rate of 1% per month.

Tax bills uncollected at the expiration of the tax warrant are returned to the County for collection and enforcement. The County continues to collect unpaid taxes until any such remaining unpaid taxes are included in the County's tax sale.

The Receiver of Taxes collects school taxes for the school districts situated in the Town. Such taxes are due and payable in equal installments on October 1 and April 1, but may be paid without penalty by November 10 and May 10, respectively. The Receiver transmits the school tax rolls together with a listing of unpaid taxes to the appropriate school authorities. The school districts must certify such listing of unpaid taxes and transmit said listing to the County. Unpaid school taxes are relieved as part of the County tax bill due on January 1 of the next calendar year and thereafter collected and enforced in the same manner as County real property taxes. The County must pay the schools 100% of the amount included in the listing of unpaid taxes by June 15 of the year following the levy of such taxes.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the Town had 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 May 31, 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 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 the 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 Tax Levy Limit Law also provides for adjustments to be made to the Town's tax levy based upon changes in the assessed value of the taxable real property in the Town. Additionally, the Town will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision described 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 tort judgments payable by the Town. The governing board of the Town may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Town first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, 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.

The Town’s budgets for the 2013 through 2024 fiscal years did not exceed the limitation set forth in the Tax Levy Limit Law.

Property Tax, Levies, Rates and Assessments

The table below shows the trend during the last five years for Townwide property values and for real property taxes and tax rates for Townwide, Part-Town, Highway and Special District purposes.

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed Value	\$247,067,608	\$178,932,907	\$229,962,481	\$215,233,890	\$229,257,833
Equalization Rate	0.22%	0.18%	0.19%	0.17%	0.17%
Full Value	\$112,303,458,182	\$99,407,170,556	\$121,032,884,737	\$126,608,170,588	\$134,857,548,824
Real Property Tax:					
Townwide	27,653,416	27,652,774	25,101,314	24,099,430	24,098,152
Part Town	3,531,583	3,530,719	5,845,230	6,844,975	6,843,937
Highway	58,598,300	58,235,382	55,920,235	55,919,554	55,917,727
Special District	163,343,886	163,708,103	163,707,360	163,683,884	260,020,297
Tax Rates:					
Townwide	\$140.85	\$311.31	\$175.05	\$211.33	\$195.01
Part Town	27.60	60.87	62.18	91.55	84.41
Highway	457.90	100.32	594.81	747.88	689.62

- a. Computed by dividing the taxable assessed valuation by the State Equalization Rate shown.
- b. The County guarantees all Town taxes; therefore, the Town receives 100% of its tax levy (See “Tax Collection Procedures” herein).
- c. A special assessment on benefited property in the following areas: Fire Protection Districts, Lighting Districts, Refuse and Garbage Districts, Public Parking Districts and Water Districts.
- d. Tax rate per \$1,000 assessed value. (Class 1 Property)

Source: Office of the Town Comptroller.

Selected Listing of Large Taxable Properties

The following table presents the taxable assessments of the Town's larger real property taxpayers listed on the 2021 assessment roll for taxes levied in 2022. The list represents approximately 8.70% of the total assessed valuation of the Town.

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Keyspan East	Energy System Operator	\$10,859,994
Retail Property Trust	Commercial	4,042,039
State of New York	Various	1,307,921
Verizon	Utility	1,003,334
New York Water	Water Utility	1,107,108
Reckson Association	Commercial	865,970
Long Island Water	Water Utility	700,869
LIPA	Utility	867,631
Rexcorp Plaza SPE LLC	Office Building	787,670
JMM Raceway Inc	Race Track	530,666
Total		\$22,073,202

Source: Nassau County Assessor's Office.

Real Property Tax Levy and Collection Record

The following table presents a history of real property tax collections for the period 2013-2023.

<u>Fiscal Year Ended December 31:</u>	<u>Tax Levy for Town</u>	<u>Total Tax Levy</u>	<u>Amount Collected</u>	<u>Percent Collected (%)</u>
2013	\$403,219,348	\$873,133,904	\$851,218,810	97.49
2014	404,365,161	871,358,665	849,081,831	97.44
2015	415,612,561	900,449,579	862,632,848	95.80
2016	409,300,986	876,516,694	854,543,063	97.49
2017	421,489,999	941,021,327	915,875,730	97.33
2018	430,209,799	966,887,691	939,464,071	97.16
2019	424,392,643	929,615,219	907,602,465	97.63
2020	417,684,975	935,599,818	907,771,093	97.03
2021	419,724,297	944,254,249	919,070,267	97.33
2022	421,349,158	917,628,502	897,929,643	97.85
2023	430,626,783	933,754,667	915,311,121	98.02

- (a) Gross levy for Town purposes. (Includes all Town controlled funds, Commissioner operated funds, Fire Districts and Library Districts).
 (b) Includes all Town and County taxes.
 (c) During year of levy.
 (d) Uncollected taxes are returned to the County for collection. The Town retains 100% of its levy. (See "Tax Collection Procedures" herein.)

Tax Certiorari Claims

In common with other municipalities, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of Town taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money. (See "Tax Collection Procedure" and "LITIGATION" herein.)

Nassau County Property Reassessment

Nassau County has completed a countywide property reassessment for the first time since 2011. The reassessment affects more than 400,000 residential and commercial properties on the tax rolls. The new values took effect in the 2020-21 tax year. The County has mailed notices to homeowners, showing the new market values of their homes under reassessment. The impact of the reassessment cannot presently be determined.

LITIGATION

The Town in the normal course of business is involved in various matters of litigation. In the opinion of the Town Attorney, there is no litigation by or pending against the Town that is not covered by insurance, budgetary appropriations or other reasons which could have a materially adverse impact on the financial condition of the Town.

Garbage Taxes and Local Utilities

There were five (5) cases against the Town regarding garbage taxes and local utilities. Plaintiff utility companies sued the Town and its garbage districts on the theory that the ad valorem levies imposed upon plaintiff's transmission and distribution properties to fund the Town's garbage collection and disposal services are illegal because these properties do not and cannot generate any garbage. [See New York Telephone Company v. Oyster Bay, 4 N.Y.3d 387 (2005)]. The Town vigorously defended all these claims. The Town brought Nassau County into the proceedings by means of a third-party summons and complaint. In March 2014, the Appellate Division directed the Town to pay plaintiffs in the first instance and directed the County to reimburse the Town for the sums the Town pays plaintiffs.

In October of 2016, the Town and County entered into an agreement where the County would reimburse the Town for 70% of the sums the Town has already paid to all utility plaintiffs and the County would reimburse the Town 70% of all future sums the Town pays to any utility plaintiffs in these cases, and the Town and County would cooperate with each other to try to limit the future liabilities in these cases (including the below mentioned interest rate litigation).

The trial court issued judgments using pre-judgment interest in the 5-6.02% range in the matters, and the Town satisfied those judgments subject to pending appeals and cross-appeals regarding the appropriate rate of interest. The Appellate Division reversed the trial court on those appeals, and the Town has been ordered to pay interest at 9% on those judgments. The Town moved to reargue and for leave to appeal from the lead Verizon case and has settled the remaining cases. In addition, the Town settled the MCI litigation at a reduced interest rate and the Court executed a Consent Judgment which the Town has satisfied out of operating funds.

The Town issued bonds in July 2018, to satisfy the Verizon, KeySpan, Long Island Water, and New York Water judgments. During 2018, the Town paid \$82,863,155 to the aforementioned utility companies to satisfy the judgments (at the lower interest rates). The Town issued bond anticipation notes on October 28, 2021, in the amount of \$26,031,844.00 to satisfy the remaining liability (accrual in claims and judgments payable).

Pursuant to the executed Town/County Agreement dated September 27, 2016, the County agreed to reimburse the Town 70% of these judgments. The Town has recorded a receivable (due from other governments) of \$43,579,936.43 as of December 31, 2023, of which \$7,622,649.87 is current and \$35,957,286.56 is long term.

The Town filed a motion for leave to appeal to the Court of Appeals in the Verizon Action challenging the rate of interest, which was denied. No further legal action is currently required on these cases.

FIT Tuition Charge Back

The Town instituted an action against the County asserting a claim for unjust enrichment and for an accounting of monies being held by the County from sales tax payments due to the Town as a setoff against monies that the County asserts the Town is responsible to pay to the County for payments made by the County to the Fashion Institute of Technology ("F.I.T."). The monies being held by the County were done so as a result of the New York State Court of Appeals decision in Matter of Town of N. Hempstead v. County of Nassau, 24 N.Y.3d 67, wherein the Court determined that: (1) the County is entitled to chargeback Towns for payments made for Town students attending any program at F.I.T. and (2) the County is entitled to off-set the amounts due from Towns to the County by withholding the sales tax revenues that the County collected on behalf of the Towns.

The County held back over \$17 million dollars as a set off from sales tax monies otherwise payable to the Town. The basis of the Town's action against the County was the fact that New York State Education Law directs the County to follow certain procedural requirements prior to providing payment to F.I.T. for tuition costs associated with Town residents enrolled at F.I.T.

In early 2018, the Town made a motion for summary judgment based on the County's failure to comply with Education Law when making certain payments to F.I.T. In July 2018, the Supreme Court denied the Town's motion for summary judgment and granted the County's cross-motion for summary judgment, finding that the County has acted in accordance with the law when charging back the Town.

In August 2018, the Town appealed from the Supreme Court’s decision. On December 23, 2020, the Appellate Division reversed that decision and granted the Town's motion for summary judgment and remitted the matter back to the Supreme Court to calculate the amount due to the Town. The Appellate Division also awarded the Town costs and a judgment in the amount of \$5,013.09 was entered against the County, plus interest, which is still outstanding.

The County filed a motion to reargue or, in the alternative, for leave to appeal to the Court of Appeals. That motion was denied.

On or about August 10, 2023, this matter was resolved pursuant to a Stipulation of Settlement. Pursuant to the settlement, the Town received the \$3,900,000 payment on August 24, 2023, and a stipulation of discontinuance was filed August 31, 2023. There is no further action required on this matter.

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.

ENVIRONMENTAL FACTORS

The Town has an elevated risk due to rising sea levels and extreme weather events such as hurricanes and nor’easters. The Town and other levels of government have been active in addressing environmental risk and mitigating exposure to weather events. The Town has also prioritized renewable energy and sustainability initiatives and has demonstrated this commitment through action by completing a number of progressive clean energy projects that utilize solar, wind, geothermal, hydrogen, battery storage, electric vehicles and energy efficiency.

In 2012, the Town completed its first Energy and Sustainability Master Plan and it continues to be a living document modified when necessary to ensure ongoing results. The Plan discusses energy saving actions, infrastructure hardening, coastal flooding and storm risk management, and the conservation of the coastal waterways.

In 2016, the Town of Hempstead achieved Clean Energy Community status as a part of the New York State Energy Research and Development Authority (NYSERDA) program, focused on a range of High Impact Action, including clean energy upgrades, clean fleets, unified solar permits, energy code enforcement training, LED street lighting and facility benchmarking.

In 2020, the Town was awarded Bronze Certification from the New York State Department of Conservation's Climate Smart Communities program, a rigorous and challenging programs for municipalities to achieve a large range of goals and projects related to shifting to renewable energy, implementing energy efficiency technologies, climate-smart materials management, resiliency and land use and community outreach.

The Town has a number of projects completed and ongoing that will further strengthen their ability to handle future weather events. The magnitude of the impact on the Town’s operations, economy and financial condition of rising sea levels, coastal flooding and more frequent and extreme weather events is indeterminate and unpredictable; however, over the past several years, the Town has been able to meet the financial demands of significant weather events without the need for any borrowing due to more than adequate reserves levels.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Phillips Lytle LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuous compliance with certain tax covenants and 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, such interest is included in calculating the “adjusted financial statement income” both when determining (i) whether a corporation is an “applicable corporation”, as defined in Section 59(k) of the Code; and (ii) the amount of the alternative minimum tax. The Certificate as to Non-Arbitrage and other Tax Matters of the Town (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain covenants, representations, certifications of fact, and statements of reasonable expectations made by the Town in connection with the Bonds, and Bond Counsel has assumed current and continuing 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 Bonds 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 Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

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

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income of the holders thereof under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The 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 Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

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

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

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Bonds will **NOT** be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Tax Accounting Treatment of Discount Bonds

The initial public offering to be paid for certain Bonds may be less than the amount payable on such Bonds at maturity ("Discount Bonds"). An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bonds. A portion of such original issue discount, allocable to the holding period of a Discount Bond by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Bonds. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year. However, such accrued interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, S corporations with subchapter C earnings and profits, holders of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax

credit and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. In the event of the sale or other taxable disposition of a Discount Bond prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

Tax Accounting Treatment of Premium Bonds

The initial public offering price for certain Bonds may be greater than the amount payable at maturity (“Premium Bonds”). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium with respect to the Premium Bonds. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of the law firm of Phillips Lytle LLP, Bond Counsel to the Town. Said opinion will be available at the time of delivery of the Bonds, and is substantially in the form set forth in Appendix C.

The final approving opinion to be delivered by Bond Counsel to the Town concurrently with the delivery of the Bonds expresses the professional judgment of Bond Counsel to the Town as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of the parties to the transaction. In addition, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

DISCLOSURE UNDERTAKING

At the time of the delivery of the Bonds, the Town will provide an executed copy of its Undertaking to Provide Continuing Disclosure substantially in the form set forth in Appendix D.

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

Compliance History

The Town filed a material event notice on December 27, 2019 upon filing the audited financial statements for the fiscal year ended December 31, 2018. Such audit was filed less than one year after the end of such previous fiscal year but more than 360 days after the end of such year. On November 5, 2021 the Town filed a material event notice related to the upgrade by Standard & Poor's on September 3, 2021 of the Town's underlying credit rating from "AA-" to "AA".

BOND RATING

The Town has applied to Moody's Investors Service ("Moody's"), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, for a rating on the Bonds. Such application is pending at this time. The rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from the respective rating agency. There can be no assurance that such rating will continue for any given period of time, or that such rating will not be revised or withdrawn, if in the judgement of agency circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price and the availability of a secondary market for the outstanding bonds and notes of the Town, including the Bonds.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of John A. Mastromarino, CPA, Town Comptroller, Town of Hempstead, 1 Washington Street, Hempstead, NY 11550, telephone number (516) 489-5000 and email: johnmas@tohmail.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: <http://www.munistat.com>.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. 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. Munistat Services, Inc. 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 Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. 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. Munistat Services, Inc. and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

The attached Appendices are integral parts of this Official Statement and should be read together with all foregoing statements.

The preparation and distribution of this Official Statement has been authorized by the resolutions of the Town which delegate to the Town Supervisor the power to sell and issue the Bonds.

TOWN OF HEMPSTEAD, NEW YORK

By: s/s DONALD X. CLAVIN, JR.
Town Supervisor and Chief Fiscal Officer
Town of Hempstead
Hempstead, New York

May , 2024

APPENDIX A

FINANCIAL INFORMATION

**BALANCE SHEET
GENERAL FUND**

Fiscal Years Ending December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets:					
Cash & Investments	\$ 7,039,821	\$ 3,041,220	\$ 78,822,601	\$ 66,661,454	\$ 61,052,111
Restricted Cash		964,916		35,454,258	22,656,751
Accounts Receivable	425,798	785,321	756,727	167,354	
Other Receivables					322,619
Due From Other Funds	6,588,876	7,257,991	8,165,489	6,778,338	13,100,348
Due From Other Governments	14,588,660	16,518,040	19,319,165	19,866,245	31,388,748
Due from Component Units				150,498	
Inventory of Material and Supplies	3,474,462	2,961,543	2,995,195	2,681,589	2,452,180
Prepaid Items	2,799,893	2,183,393	2,376,382	2,533,062	3,156,762
Other Assets	224,491	205,600	146,382		
Total Assets	\$ 35,142,001	\$ 33,918,024	\$ 112,581,941	\$ 134,292,798	\$ 134,129,519
Liabilities:					
Accounts Payable & Accrued Liabilities	\$ 6,793,771	\$ 8,302,006	\$ 24,566,743	\$ 17,630,276	\$ 10,893,347
Due to Other Funds	604,312	1,741,826	14,999,019	1,826,569	23,892,163
Due to Other Governments	811,540	625,509	3,792,683	1	1,349,076
Unearned Revenue			18,846,882	34,999,176	21,255,811
Other Liabilities			2,638,157		7,237,323
Guarantee, Bid & Escrow Deposit Liabilities			5,719,771	6,993,749	86,619
Total Liabilities	8,209,623	10,669,341	70,563,255	61,449,771	64,714,339
Deferred Inflows of Resources:					
Unavailable Revenue	186,764	593,522	326,764	119,000	
Fund Balance:					
Nonspendable	6,574,355	5,144,936	5,371,577	5,214,651	5,608,942
Restricted	922,819	967,416	0	516,182	1,494,274
Assigned	1,762,738	1,073,620	14,587,151	9,635,468	21,483,654
Unassigned	17,485,702	15,469,189	21,733,194	57,357,726	40,828,310
Total Fund Balance	26,745,614	22,655,161	41,691,922	72,724,027	69,415,180
Total Liabilities and Fund Balances	\$ 35,142,001	\$ 33,918,024	\$ 112,581,941	\$ 134,292,798	\$ 134,129,519

Sources: Audited Financial Reports of the Town (2018-2022)

NOTE: This Schedule is NOT audited.

The financial statements presented are preliminary unaudited for the year ended December 31, 2022. Not all required adjustments have been entered causing variances in account values. The financial statements will be subject to revision and any such revisions are expected to be reflected in the audited financial statements of the Town.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUND

Fiscal Years Ending December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 35,185,454	\$ 29,216,076	\$ 28,087,900	\$ 28,213,297	\$ 25,479,149
Other Property Tax Items	2,271,913	2,362,364	2,077,570	2,497,702	2,363,481
Non-Property Tax items	40,156,541	41,588,290	39,757,751	47,973,081	27,983,502
Departmental Income	7,351,480	7,069,497	7,679,524	7,400,680	7,696,906
Intergovernmental Charges	46,234	45,029	97,397	95,237	46,711
Use of Money and Property	1,380,089	1,157,564	1,800,249	1,088,701	2,145,261
Licenses and Permits	2,093,889	2,664,226	1,781,435	1,955,803	2,364,505
Fines and Forfeitures	27,350	20,800	14,650	53,200	99,594
Sale of Property	45,820	151,992	259,388	110,205	169,722
Miscellaneous Local Sources	84,352	3,792,793	3,757,159	4,173,113	3,990,072
Interfund Revenues	60,354,087	61,946,337	61,699,686	63,710,546	66,891,179
State Aid	26,730,417	24,964,339	32,057,533	42,491,638	32,224,697
Federal Aid	199,781	233,697	51,441,380	38,087,174	43,069,667
Total Revenues	<u>175,927,407</u>	<u>175,213,004</u>	<u>230,511,622</u>	<u>237,850,377</u>	<u>214,524,446</u>
Expenditures:					
General Government Support	85,595,542	89,671,926	121,850,929	117,412,534	125,335,510
Education	9,131,823	9,343,393	8,686,505	8,184,675	7,909,322
Public Safety	15,072,949	15,544,782	14,025,031	14,735,087	16,042,000
Transportation	1,214,119	1,198,557	1,215,826	1,382,707	1,427,842
Economic Assistance & Opportunity	4,256,066	4,269,817	3,957,170	4,269,940	4,620,931
Culture and Recreation	80,691	49,133	11,180	6,123	34,056
Home & Community Services	9,248,280	10,010,592	12,281,868	11,645,366	12,673,804
Employee Benefits	39,259,279	40,206,350	39,666,019	40,688,817	41,968,295
Debt Service	113,273	243,624	88,389	88,388	88,388
Total Expenditures	<u>163,972,022</u>	<u>170,538,174</u>	<u>201,782,917</u>	<u>198,413,637</u>	<u>210,100,148</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>11,955,385</u>	<u>4,674,830</u>	<u>28,728,705</u>	<u>39,436,740</u>	<u>4,424,298</u>
Other Financing Sources (Uses):					
Premium on Obligations	1,144,129	964,916			
Premium on Bonds				515,682	1,494,274
Debt Issuance					
Transfers In	207,098	48,293	9,731	454,047	44,554
Transfers (Out)	<u>(9,566,280)</u>	<u>(9,778,492)</u>	<u>(9,701,675)</u>	<u>(9,374,364)</u>	<u>(9,271,973)</u>
Total Other Financing Sources (Uses)	<u>(8,215,053)</u>	<u>(8,765,283)</u>	<u>(9,691,944)</u>	<u>(8,404,635)</u>	<u>(7,733,145)</u>
Excess (Deficiency) of Revenues and					
Other Financing Sources Over (Under)					
Expenditures and Other Financing Uses	<u>3,740,332</u>	<u>(4,090,453)</u>	<u>19,036,761</u>	<u>31,032,105</u>	<u>(3,308,847)</u>
Fund Balance, Beginning of Year	<u>23,005,282</u>	<u>26,745,614</u>	<u>22,655,161</u>	<u>41,691,922</u>	<u>72,724,027</u>
Prior Period Adjustments					
Fund Balance, End of Year	<u>\$ 26,745,614</u>	<u>22,655,161</u>	<u>41,691,922</u>	<u>72,724,027</u>	<u>69,415,180</u>

Sources: Audited Financial Reports of the Town (2018-2022)

NOTE: This Schedule is NOT audited.

The financial statements presented are preliminary unaudited for the year ended December 31, 2022. Not all required adjustments have been entered causing variances in account values. The financial statements will be subject to revision and any such revisions are expected to be reflected in the audited financial statements of the Town.

**BALANCE SHEET
HIGHWAY FUND**

Fiscal Years Ending December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets:					
Cash & Investments	\$ 8,060,328	\$ 12,582,451	\$ 12,760,849	\$ 18,959,049	\$ 11,128,065
Restricted Cash		2,352,349		3,350,782	1,862,869
Accounts Receivable	685,936	637,671	548,495	505,180	328,205
Due From Other Funds	3,504,688	6,362,524	10,814,017	1,304,281	4,460,003
Due From Other Governments		543,794	132,681	260,812	
Inventory of Material and Supplies	4,757,417	2,793,237	2,804,630	2,750,350	3,175,758
Prepaid Items	714,943	631,870	589,938	590,799	667,027
Other Assets	45,900	45,900	256,695		
Total Assets	<u>\$ 17,769,212</u>	<u>\$ 25,949,796</u>	<u>\$ 27,907,305</u>	<u>\$ 27,721,253</u>	<u>\$ 21,621,927</u>
Liabilities:					
Accounts Payable & Accrued Liabilities	\$ 1,053,086	\$ 1,715,712	\$ 1,170,803	\$ 2,063,369	\$ 1,645,863
BANs payable			1,365,000		830,347
Payroll Liabilities					
Due to Other Funds	704,202	716,688	1,095,631	557,955	
Other Liabilities			190,498	164,720	174,484
Total Liabilities	<u>1,757,288</u>	<u>2,432,400</u>	<u>3,821,932</u>	<u>2,786,044</u>	<u>2,650,695</u>
Deferred Inflows of Resources:					
Unavailable Revenue	585,404	540,649	454,972	414,093	244,745
Fund Balance:					
Nonspendable	5,472,360	3,425,107	3,394,568	3,341,149	3,842,785
Restricted	808,497	2,352,349		3,350,782	1,862,869
Assigned	9,145,663	17,199,291	20,235,833	17,829,185	13,020,834
Unassigned					
Total Fund Balance	<u>15,426,520</u>	<u>22,976,747</u>	<u>23,630,401</u>	<u>24,521,116</u>	<u>18,726,488</u>
Total Liabilities and Fund Balances	<u>\$ 17,769,212</u>	<u>\$ 25,949,796</u>	<u>\$ 27,907,305</u>	<u>\$ 27,721,253</u>	<u>\$ 21,621,927</u>

Sources: Audited Financial Reports of the Town (2018-2022)

NOTE: This Schedule is NOT audited.

The financial statements presented are preliminary unaudited for the year ended December 31, 2022. Not all required adjustments have been entered causing variances in account values. The financial statements will be subject to revision and any such revisions are expected to be reflected in the audited financial statements of the Town.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HIGHWAY FUND

Fiscal Years Ending December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 62,806,210	\$ 61,814,740	\$ 58,598,310	\$ 58,235,159	\$ 55,920,215
Other Property Tax Items	2,528,931	2,371,746	2,330,322	2,244,148	2,164,393
Intergovernmental Charges	3,000	6,250	45,016	8,500	3,000
Use of Money and Property	555,384	943,145	351,954	194,129	454,538
Sale of Property	21,626	62,582	103,601	144,495	193,365
Miscellaneous Local Sources	779,850	240,094	205,206	414,401	183,694
State Aid	156,543				
Federal Aid	589		37,072	71,825	
Total Revenues	<u>66,852,133</u>	<u>65,438,557</u>	<u>61,671,481</u>	<u>61,312,657</u>	<u>58,919,205</u>
Expenditures:					
Transportation	31,029,506	32,081,710	28,571,377	32,362,340	34,195,444
Employee Benefits	12,392,799	12,136,645	10,952,024	11,284,956	11,599,648
Debt Service				249,525	
Total Expenditures	<u>43,422,305</u>	<u>44,218,355</u>	<u>39,523,401</u>	<u>43,896,821</u>	<u>45,795,092</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,429,828</u>	<u>21,220,202</u>	<u>22,148,080</u>	<u>17,415,836</u>	<u>13,124,113</u>
Other Financing Sources (Uses):					
Premium on Bonds	2,757,412	2,500,000	277,747	3,350,782	1,862,869
Debt Issuance		2,352,349		1,665,000	735,000
Transfers In	3,038,933	6,421,038	5,017,872	3,131,865	4,080,457
Transfers (Out)	(26,939,798)	(24,943,362)	(26,790,045)	(24,672,768)	(25,597,067)
Total Other Financing Sources (Uses)	<u>(21,143,453)</u>	<u>(13,669,975)</u>	<u>(21,494,426)</u>	<u>(16,525,121)</u>	<u>(18,918,741)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>2,286,375</u>	<u>7,550,227</u>	<u>653,654</u>	<u>890,715</u>	<u>(5,794,628)</u>
Fund Balance, Beginning of Year	<u>13,140,145</u>	<u>15,426,520</u>	<u>22,976,747</u>	<u>23,630,401</u>	<u>24,521,116</u>
Prior Period Adjustments					
Fund Balance, End of Year	<u>\$ 15,426,520</u>	<u>22,976,747</u>	<u>23,630,401</u>	<u>24,521,116</u>	<u>18,726,488</u>

Sources: Audited Financial Reports of the Town (2018-2022)

NOTE: This Schedule is NOT audited.

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**BALANCE SHEET
PARKS FUND**

Fiscal Years Ending December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets:					
Cash & Investments	\$ 12,782,231	\$ 16,985,103	\$ 19,547,550	\$ 18,831,842	\$ 13,257,642
Restricted Cash		453,656		346,469	737,977
Accounts Receivable	247,838	321,014	475,762	431,170	265,060
Due From Other Funds	64,087	183,663	6,650,995	308,749	16,568,786
Due From Other Governments	947,499	2,134,009	2,482,908	860,273	1,067,925
Due from Component Units				277,994	
Inventory of Material and Supplies	687,843	539,986	612,217	422,316	241,383
Prepaid Items	1,115,319	1,093,139	1,104,925	1,208,150	1,390,176
Other Assets	<u>150,900</u>	<u>150,900</u>	<u>260,422</u>		
Total Assets	<u>\$ 15,995,717</u>	<u>\$ 21,861,470</u>	<u>\$ 31,134,779</u>	<u>\$ 22,686,963</u>	<u>\$ 33,528,949</u>
Liabilities:					
Accounts Payable & Accrued Liabilities	\$ 1,993,592	\$ 2,035,910	\$ 8,931,060	\$ 2,426,445	\$ 2,714,452
BANs payable					2,627,229
Due to Other Funds	63,535	180,495	458,790	484,644	
Payroll Liabilities					
Other Liabilities			<u>339,752</u>	<u>317,842</u>	<u>268,775</u>
Total Liabilities	<u>2,057,127</u>	<u>2,216,405</u>	<u>9,729,602</u>	<u>3,228,931</u>	<u>5,610,456</u>
Deferred Inflows of Resources:					
Unavailable Revenue		<u>35,000</u>	<u>262,077</u>	<u>262,077</u>	
Fund Balance:					
Nonspendable	1,803,162	1,633,125	1,717,142	1,630,466	1,631,559
Restricted		453,656		346,469	737,977
Assigned	12,135,428	17,523,284	19,425,958	17,219,020	25,548,957
Unassigned					
Total Fund Balance	<u>13,938,590</u>	<u>19,610,065</u>	<u>21,143,100</u>	<u>19,195,955</u>	<u>27,918,493</u>
Total Liabilities and Fund Balances	<u>\$ 15,995,717</u>	<u>\$ 21,861,470</u>	<u>\$ 31,134,779</u>	<u>\$ 22,686,963</u>	<u>\$ 33,528,949</u>

Sources: Audited Financial Reports of the Town (2018-2022)

NOTE: This Schedule is NOT audited.

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PARKS FUND

	Fiscal Years Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 56,518,503	\$ 54,911,218	\$ 51,716,038	\$ 51,715,004	\$ 51,714,978
Other Property Tax Items	2,825,308	2,849,057	2,779,841	2,641,981	2,555,236
Non-Property Tax Items					15,400,000
Departmental Income	2,699,085	2,604,941	1,248,229	1,949,059	2,366,811
Intergovernmental Charges	871,625	811,666	864,562	860,273	901,821
Use of Money and Property	442,140	573,214	360,496	262,023	474,550
Fines and Forfeitures	1,200	1,150	2,500		3,550
Sale of Property	45,777	49,373		9,310	4,752
Miscellaneous Local Sources	239,772	605,205	33,835	285,358	596,873
Interfund Revenues	31,664,977	32,677,641	33,059,668	34,576,486	36,172,559
State Aid	213,707	115,719	151,393	240,719	418,581
Federal Aid			9,134,886	2,183,109	
Total Revenues	<u>95,522,094</u>	<u>95,199,184</u>	<u>99,351,448</u>	<u>94,723,322</u>	<u>110,609,711</u>
Expenditures:					
Culture and Recreation	61,841,150	61,926,399	70,161,753	68,907,000	73,306,013
Employee Benefits	23,429,642	23,640,602	22,874,819	23,709,021	24,691,839
Debt Service					
Total Expenditures	<u>85,270,792</u>	<u>85,567,001</u>	<u>93,036,572</u>	<u>92,616,021</u>	<u>97,997,852</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,251,302</u>	<u>9,632,183</u>	<u>6,314,876</u>	<u>2,107,301</u>	<u>12,611,859</u>
Other Financing Sources (Uses):					
Premium on Obligations	217,905	453,656			
Premium on Bonds				346,469	737,977
Debt Issuance					
Transfers - In			185	199,355	
Transfers - Out	(6,012,852)	(4,414,364)	(4,782,026)	(4,600,270)	(4,627,298)
Total Other Financing Sources (Uses)	<u>(5,794,947)</u>	<u>(3,960,708)</u>	<u>(4,781,841)</u>	<u>(4,054,446)</u>	<u>(3,889,321)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>4,456,355</u>	<u>5,671,475</u>	<u>1,533,035</u>	<u>(1,947,145)</u>	<u>8,722,538</u>
Fund Balance, Beginning of Year	<u>9,482,235</u>	<u>13,938,590</u>	<u>19,610,065</u>	<u>21,143,100</u>	<u>19,195,955</u>
Prior Period Adjustments					
Fund Balance, End of Year	<u>\$ 13,938,590</u>	<u>19,610,065</u>	<u>21,143,100</u>	<u>19,195,955</u>	<u>27,918,493</u>

Sources: Audited Financial Reports of the Town (2018-2022)

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**BALANCE SHEET
REFUSE AND GARBAGE FUND**

Fiscal Years Ending December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets:					
Cash & Investments	\$ 43,476,579	\$ 43,368,418	\$ 81,204,837	\$ 77,895,901	\$ 70,240,827
Restricted Cash		204,511		325,063	266,743
Accounts Receivable	1,978,151	1,708,068	2,744,201	2,182,392	2,916,312
Due From Other Funds	2,341,276	3,052,958	7,462,860	1,633,065	7,018,636
Due From Other Governments	585,348	1,754,209	375,512	585,992	612,857
Due from Component Units				326,292	
Inventory of Material and Supplies	40,798	29,484	24,085	62,402	86,574
Prepaid Items	996,318	917,484	910,617	973,559	1,125,967
Other Assets	57,300	57,300	532,767		
Total Assets	<u>\$ 49,475,770</u>	<u>\$ 51,092,432</u>	<u>\$ 93,254,879</u>	<u>\$ 83,984,666</u>	<u>\$ 82,267,916</u>
Liabilities:					
Accounts Payable & Accrued Liabilities	\$ 8,200,430	\$ 8,223,546	\$ 12,065,074	\$ 9,169,347	\$ 8,660,289
Due to Other Funds	333,616	340,237	476,346	303,955	1,612,485
Due to Other Governments	1,257	1,257			
Unearned Revenue	3,983	8,246	10,589	21,198	12,920
Other Liabilities			384,002	138,870	74,643
Total Liabilities	<u>8,539,286</u>	<u>8,573,286</u>	<u>12,936,011</u>	<u>9,633,370</u>	<u>10,360,337</u>
Deferred Inflows of Resources:					
Unavailable Revenue					
Fund Balance:					
Nonspendable	1,037,116	946,968	934,702	1,035,961	1,212,541
Restricted	21,974	204,511		325,063	266,743
Assigned	39,877,394	41,367,667	79,381,166	72,990,272	70,428,295
Unassigned					
Total Fund Balance	<u>40,936,484</u>	<u>42,519,146</u>	<u>80,315,868</u>	<u>74,351,296</u>	<u>71,907,579</u>
Total Liabilities and Fund Balances	<u>\$ 49,475,770</u>	<u>\$ 51,092,432</u>	<u>\$ 93,251,879</u>	<u>\$ 83,984,666</u>	<u>\$ 82,267,916</u>

Sources: Audited Financial Reports of the Town (2018-2022)

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
REFUSE AND GARBAGE

Fiscal Years Ending December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 90,364,815	\$ 88,408,888	\$ 86,447,574	\$ 86,446,777	\$ 85,472,068
Other Property Tax Items	1,528,496	1,472,330	1,303,723	1,630,910	1,315,720
Non-property Tax Items					4,000,000
Departmental Income	13,066,681	13,096,625	10,851,067	13,275,225	14,503,345
Intergovernmental Charges	3,318,458	3,363,409	1,795,656	2,012,225	2,179,056
Use of Money and Property	4,684,274	5,437,804	4,662,627	4,461,174	5,310,469
Licenses and Permits	39,884	38,520	27,009	35,971	32,494
Sale of Property	345,621	229,962	259,170	563,619	824,213
Miscellaneous Local Sources	698,596	6,686,440	6,676,190	6,632,932	8,104,434
Interfund Revenues	848,245	869,918	1,335,030	912,507	1,010,056
State Aid					
Federal Aid			43,838,629	71,443	
Total Revenues	<u>114,895,070</u>	<u>119,603,896</u>	<u>157,196,675</u>	<u>116,042,783</u>	<u>122,751,855</u>
Expenditures:					
Home & Community Services	164,421,629	83,614,834	83,473,849	112,831,008	88,731,663
Employee Benefits	23,933,463	23,139,924	23,521,753	23,483,483	24,794,874
Debt Service					26,162,003
Total Expenditures	<u>188,355,092</u>	<u>106,754,758</u>	<u>106,995,602</u>	<u>136,314,491</u>	<u>139,688,540</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(73,460,022)</u>	<u>12,849,138</u>	<u>50,201,073</u>	<u>(20,271,708)</u>	<u>(16,936,685)</u>
Other Financing Sources (Uses):					
Premium on Obligations	9,514,781	204,511			
Premium on Bonds				368,406	2,428,746
Debt Issuance	72,895,000	800,000		26,031,844	24,000,000
Transfers - In	141,397			8,994	
Transfers - Out	<u>(3,499,549)</u>	<u>(12,270,987)</u>	<u>(12,404,351)</u>	<u>(12,102,108)</u>	<u>(11,935,778)</u>
Total Other Financing Sources (Uses)	<u>79,051,629</u>	<u>(11,266,476)</u>	<u>(12,404,351)</u>	<u>14,307,136</u>	<u>14,492,968</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>5,591,607</u>	<u>1,582,662</u>	<u>37,796,722</u>	<u>(5,964,572)</u>	<u>(2,443,717)</u>
Fund Balance, Beginning of Year	<u>35,344,877</u>	<u>40,936,484</u>	<u>42,519,146</u>	<u>80,315,868</u>	<u>74,351,296</u>
Prior Period Adjustments					
Fund Balance, End of Year	<u>\$ 40,936,484</u>	<u>42,519,146</u>	<u>80,315,868</u>	<u>74,351,296</u>	<u>71,907,579</u>

Sources: Audited Financial Reports of the Town (2018-2022)

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**BALANCE SHEET
NON-MAJOR FUNDS***

Fiscal Years Ending December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets:					
Cash & Investments	\$ 13,050,303	\$ 13,481,644	\$ 14,205,216	\$ 10,357,253	\$ 12,104,384
Restricted Cash	2,549,427	2,795,669	2,407,000	2,512,589	3,062,820
Accounts Receivable	2,341,821	2,423,543	2,018,082	2,212,362	2,169,930
Due From Other Funds	264,267	338,323	376,779	383,512	4,361,835
Due From Other Governments	1,177,410	2,297,506	1,965,655	2,353,134	3,897,716
Due From Component Units				166,875	
Inventory of Material and Supplies	277,967	275,539	465,819	469,687	479,105
Prepaid Items	428,261	418,260	262,331	279,310	323,484
Length of Service Award Plan Assets	3,020,273	3,192,678	3,526,007	3,455,693	3,483,598
Other Assets	<u>25,100</u>	<u>25,100</u>	<u>163,733</u>		
Total Assets	<u>\$ 23,134,829</u>	<u>\$ 25,248,262</u>	<u>\$ 25,390,622</u>	<u>\$ 22,190,415</u>	<u>\$ 29,882,872</u>
Liabilities:					
Accounts Payable & Accrued Liabilities	\$ 1,690,625	\$ 2,747,501	\$ 3,706,008	\$ 2,959,497	\$ 4,742,476
Due to Other Funds	1,521,394	718,939	1,138,161	1,235,593	6,200,079
Payroll Liabilities			233,880	101,011	123,059
Other Liabilities					
Total Liabilities	<u>3,212,019</u>	<u>3,466,440</u>	<u>5,078,049</u>	<u>4,296,101</u>	<u>11,065,614</u>
Deferred Inflows of Resources:					
Unavailable Revenue					
Fund Balance:					
Nonspendable	2,044,095	2,031,666	2,066,017	2,086,864	2,140,456
Restricted	3,735,068	4,007,121	4,479,222	5,512,160	4,701,656
Assigned	14,143,647	15,743,035	13,767,334	10,295,290	11,975,146
Unassigned			<u>0</u>		
Total Fund Balance	<u>19,922,810</u>	<u>21,781,822</u>	<u>20,312,573</u>	<u>17,894,314</u>	<u>18,817,258</u>
Total Liabilities and Fund Balances	<u>\$ 23,134,829</u>	<u>\$ 25,248,262</u>	<u>\$ 25,390,622</u>	<u>\$ 22,190,415</u>	<u>\$ 29,882,872</u>

Sources: Audited Financial Reports of the Town (2018-2022)

*Includes following: Special Grant, Permanent, Fire, Lighting, Miscellaneous and Parking funds.

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS*

	Fiscal Years Ending December 31:				
	2018	2019	2020	2021	2022
Revenues:					
Real Property Taxes	\$ 23,396,524	\$ 23,666,056	\$ 23,084,570	\$ 23,445,618	\$ 26,736,827
Other Property Tax Items	1,632,979	1,110,121	1,092,012	1,005,852	1,963,228
Non-Property Tax items	11,151,659	11,052,576	10,554,868	10,734,969	14,070,902
Departmental Income	13,357,513	15,345,144	12,220,217	14,227,404	13,007,246
Intergovernmental Charges		465,786			
Use of Money and Property	346,450		290,223	53,756	383,024
Fines and Forfeitures	1,729,427	1,311,550	421,930	273,831	454,913
Sale of Property	60,081	25,794	137,093	16,371	207,006
Miscellaneous Local Sources	1,389,592	1,622,418	1,131,707	1,407,954	1,056,158
Interfund Revenues	2,552,560	2,878,272	2,388,040	2,473,323	2,311,117
State Aid	204,512	54,512	54,453	54,512	54,512
Federal Aid	9,617,916	10,375,619	860,525	8,256,414	7,899,782
Total Revenues	<u>65,439,213</u>	<u>67,907,848</u>	<u>59,980,363</u>	<u>61,950,004</u>	<u>68,144,715</u>
Expenditures:					
General Government Support	401,184	322,283	153,091	363,495	93,291
Public Safety	23,514,952	25,029,412	23,606,119	26,017,216	25,603,192
Transportation	11,682,264	11,722,820	10,952,057	12,127,469	13,578,350
Economic Assistance & Opportunity	3,747,876	6,635,983	3,984,840	4,721,421	5,713,433
Culture and Recreation	1,593,995	1,440,228	1,417,043	1,432,474	1,424,988
Home & Community Services	11,931,184	11,194,116	8,980,268	7,989,876	8,786,297
Employee Benefits	6,916,631	6,933,271	7,633,722	8,259,822	8,282,854
Debt Service	1,974,276	1,974,276	1,974,276	1,974,276	1,974,276
Total Expenditures	<u>61,762,362</u>	<u>65,252,389</u>	<u>58,701,416</u>	<u>62,886,049</u>	<u>65,456,681</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,676,851</u>	<u>2,655,459</u>	<u>1,278,947</u>	<u>(936,045)</u>	<u>2,688,034</u>
Other Financing Sources (Uses):					
Premium on Obligations	10,987	583,252		106,730	202,741
Transfers from Business-Type Activities				750,000	
Debt Issuance					400,000
Transfers - In	762,880	1,210,000	300,000	325,840	174,089
Transfers - Out	(4,044,927)	(2,589,699)	(3,048,196)	(2,664,784)	(2,541,920)
Total Other Financing Sources (Uses)	<u>(3,271,060)</u>	<u>(796,447)</u>	<u>(2,748,196)</u>	<u>(1,482,214)</u>	<u>(1,765,090)</u>
Fund Balance Adjustments**					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>405,791</u>	<u>1,859,012</u>	<u>(1,469,249)</u>	<u>(2,418,259)</u>	<u>922,944</u>
Fund Balance, Beginning of Year	<u>19,517,018</u>	<u>19,922,809</u>	<u>21,781,821</u>	<u>20,312,573</u>	<u>17,894,314</u>
Fund Balance, End of Year	<u>\$ 19,922,809</u>	<u>21,781,821</u>	<u>20,312,573</u>	<u>17,894,314</u>	<u>18,817,258</u>

*Includes following: Special Grant, Permanent, Fire, Lighting, Miscellaneous and Parking funds.

Sources: Audited Financial Reports of the Town (2018-2022)

NOTE: This Schedule is NOT audited.

The financial statements presented are preliminary unaudited for the year ended December 31, 2022. Not all required adjustments have been entered causing variances in account values. The financial statements will be subject to revision and any such revisions are expected to be reflected in the audited financial statements of the Town.

Summary of Adopted Budgets - All Funds (\$ Millions)

	Fiscal Year Ending December 31:	
	2023	2024
Revenues:		
Real Property Taxes	\$ 250.5	\$ 250.5
Sales Tax	52.0	54.0
Mortgage Tax	25.0	16.5
Per Capita	3.5	3.5
Bus Captrol		9.0
Refuse Disposal	16.0	15.2
Garbage Tax Judgement	7.6	7.6
Host Fee (Covanta)	4.5	4.6
Franchise Fee	10.5	9.8
Interest Income	1.8	12.5
Building Dept Fees	12.9	13.6
Zoning Fees	0.6	0.5
Park Fees	5.9	6.8
Water Fees	18.8	20.3
Marina Fees	0.9	0.7
Cemetary fees		2.7
LIPA PILOT	5.8	5.4
PILOT (Other)	3.5	4.1
Other	31.1	28.4
Use of Fund Balance:	53.2	56.4
Total Revenues	\$ 504.1	\$ 522.2
Expenditures:		
Salaries	\$ 188.0	\$ 193.6
Refuse Disposal Fees	48.8	46.0
Debt Service	69.7	64.0
Utilities	11.3	11.0
Fire Hydrant Rentals		0.5
Fire Protection	5.0	5.2
Library Funding	1.5	1.5
Snow Removal	1.5	2.0
College Chargeback	9.0	8.8
Pension Cost	25.7	25.8
Health Insurance	61.7	74.4
Employee Benefits	28.1	28.9
Other	53.8	60.5
Total Expenditures	\$ 504.1	\$ 522.2

Source: Adopted Budgets of the Town

TOWN OF HEMPSTEAD

APPENDIX B

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

[Click Here For 2022 Audit](#)

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT.

APPENDIX C

FORM OF BOND COUNSEL OPINION

[__ __], 2024

The Town Board of the
Town of Hempstead, in the
County of Nassau, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Hempstead (the “Town”), in the County of Nassau, 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 \$194,547,269 Public Improvement Serial Bonds - 2024 (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.

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 continuous 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, 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) continuing 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,

Phillips Lytle LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

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 Rule 15c2-12, which definition, subject to certain exceptions, as of the date hereof defines Financial Obligation to mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of a financial obligation described in (a) or (b) of this clause. The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"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 the Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

"Issuer" shall mean the Town of Hempstead, in the County of Nassau, 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 under this Undertaking.

"Purchaser" shall mean the financial institutions referred to in the Certificate of Award, executed by the Supervisor of the Issuer as of [____], 2024.

"Rule 15c2-12" shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, 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.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities" shall collectively mean the Issuer's \$194,547,269 Public Improvement Serial Bonds - 2024, dated May 23, 2024 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 Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, to the EMMA System or to any successor thereto or to the functions of MSRB under this Undertaking:

- (i) (A) no later than six (6) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2024, 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, 2024, 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;
- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
 - (7) modifications to rights of Holders of the Securities, 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 Holders of the Securities, 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 headings: "THE TOWN", "DEMOGRAPHIC AND STATISTICAL INFORMATION", "INDEBTEDNESS OF THE TOWN", "DISCUSSION OF FINANCIAL MATTERS", "REAL PROPERTY TAX INFORMATION" and "LITIGATION" and in Appendix A thereto.

(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 Rule 15c2-12 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 15c212 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 Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Undertaking, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of Rule 15c2-12 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 conflicts of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of May 23, 2024.

TOWN OF HEMPSTEAD

By: _____
Donald X. Clavin, Jr.
Supervisor and Chief Fiscal Officer

[SIGNATURE PAGE TO UNDERTAKING TO
PROVIDE CONTINUING DISCLOSURE]