

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 16, 2024

NEW ISSUE
SERIAL BONDS – BOOK ENTRY

S&P GLOBAL RATINGS: “ ”
See “Rating”, herein

In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds will not be subject to the alternative minimum tax on individuals. In the further opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See “TAX MATTERS” herein for a description of the opinion of Bond Counsel and certain other tax consequences.

The Bonds will NOT be designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 (the “Code”).

TOWN OF SOUTHAMPTON
SUFFOLK COUNTY, NEW YORK
(the “Town”)

\$34,055,000* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2024
(the “Bonds”)

BOND MATURITY SCHEDULE
(See Inside Front Cover)

Prior Redemption: The Bonds maturing on September 15, 2032 and thereafter are subject to redemption, at the option of the Town, prior to maturity, in any order of maturity and in any amount within a maturity, on any date on or after September 15, 2031 in accordance with the terms described herein. See "Optional Redemption" under "The Bonds," herein.

Security and Sources of Payment: The Bonds are general obligations of the Town of Southampton, Suffolk County, New York 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 Laws of 2011, as amended. See “Tax Levy Limit Law” herein.

Form and Denomination: The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”) as book-entry bonds. Individual purchases of the Bonds may be made in denominations of \$5,000 or integral multiples thereof. Bondholders will not receive certificates representing their respective interests in the Bonds purchased. See “Book-Entry System” herein.

Payment: Payment of the principal of and interest on any Bonds issued in book-entry form will be made by the Town to DTC which will in turn remit such payment to its Participants for subsequent distribution to the Beneficial Owners of the Bonds in accordance with standing instructions and customary practices. Payment to the Beneficial Owners will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. See “Book-Entry System” herein.

The Bonds are offered when, as and if issued and received by the purchasers and subject to the receipt of the legal opinion as to the validity of the Bonds of Norton Rose Fulbright US LLP, Bond Counsel, and certain other conditions. It is anticipated that the Bonds will be available for delivery in Jersey City, New Jersey, through the facilities of DTC on or about October 10, 2024.

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES 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 THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS HEREIN DESCRIBED. FOR A DESCRIPTION OF THE TOWN’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING," HEREIN.

*Preliminary, subject to change.

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

**\$34,055,000* PUBLIC IMPROVEMENT (SERIAL) BONDS – 2024
MATURITIES, RATES AND YIELDS**

Dated: October 10, 2024

**Principal Due: September 15, 2025-2044, inclusive
Interest Due: March 15, 2025, September 15, 2025
and semi-annually thereafter on
March 15 and September 15 in each
year to maturity**

<u>Year</u>	<u>Amount**</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
2025	2,705,000			
2026	2,765,000			
2027	2,845,000			
2028	2,910,000			
2029	2,985,000			
2030	3,010,000			
2031	3,085,000			
2032	3,170,000***			
2033	3,250,000***			
2034	3,335,000***			
2035	490,000***			
2036	490,000***			
2037	495,000***			
2038	495,000***			
2039	500,000***			
2040	300,000***			
2041	300,000***			
2042	305,000***			
2043	305,000***			
2044	315,000***			

*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 substantially level or declining annual debt service as provided in Section 58.00 (c)(2) of the Local Finance Law.

***Subject to optional redemption prior to maturity.



Town of
SOUTHAMPTON
New York

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

Town Hall
116 Hampton Road (Rte. 27A)
Southampton, New York 11968
Telephone: (631) 702-1890
Fax: (631) 287-5709

TOWN BOARD

Maria L. Moore, Town Supervisor

Michael A. Iasilli
Cyndi McNamara
William Pell IV
Tommy John Schiavoni

Theresa Kiernan, Receiver of Taxes
Charles McArdle, Superintendent of Highways
Sundy A. Schermeyer, Town Clerk
James M. Burke, Town Attorney
Dorota Godlewski, Town Comptroller

* * *

BOND COUNSEL

Norton Rose Fulbright US LLP
New York, New York

* * *

MUNICIPAL ADVISOR



Municipal Finance Advisory Service

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.

TABLE OF CONTENTS

	Page
THE BONDS	1
DESCRIPTION OF THE BONDS.....	1
OPTIONAL REDEMPTION.....	1
AUTHORIZATION AND PURPOSE	2
BOOK-ENTRY SYSTEM	2
SECURITY AND SOURCE OF PAYMENT	4
ENFORCEMENT OF REMEDIES UPON DEFAULT	4
THE TOWN	6
GENERAL INFORMATION	6
GOVERNMENT	6
UTILITIES AND OTHER SERVICES.....	7
EMPLOYEES.....	7
ECONOMIC AND DEMOGRAPHIC INFORMATION	7
POPULATION CHARACTERISTICS	7
INCOME DATA	7
SUMMARY OF BUILDING ACTIVITY	8
UNEMPLOYMENT RATE STATISTICS	8
SELECTED LISTING OF LARGER EMPLOYERS	8
INDEBTEDNESS OF THE TOWN	6
CONSTITUTIONAL AND STATUTORY REQUIREMENTS	9
STATUTORY PROCEDURE.....	9
TREND OF TOWN INDEBTEDNESS.....	10
DETAILS OF SHORT-TERM INDEBTEDNESS OUTSTANDING	10
DEBT SERVICE REQUIREMENTS – OUTSTANDING BONDS.....	11
LEASE PURCHASE AGREEMENT.....	11
COMPUTATION OF DEBT LIMIT AND CALCULATION OF NET DEBT CONTRACTING MARGIN.....	12
CALCULATION OF ESTIMATED OVERLAPPING AND UNDERLYING INDEBTEDNESS.....	13
DEBT RATIOS	13
AUTHORIZED AND UNISSUED DEBT.....	13
COMMUNITY PRESERVATION FUND AND COMMUNITY HOUSING FUND.....	13
BEACH EROSION CONTROL DISTRICTS.....	14
SOUTHAMPTON HOUSING AUTHORITY	15
CAPITAL PROJECT PLANS	15
FINANCES OF THE TOWN	15
INDEPENDENT AUDIT PROCEDURES.....	15
<i>Fund Structure and Accounts</i>	15
<i>Basis of Accounting</i>	16
BUDGETARY PROCEDURES	16
THE STATE COMPTROLLER’S FISCAL STRESS MONITORING SYSTEM	16
FINANCIAL OPERATIONS	17
2019 RESULTS OF OPERATIONS (AUDITED).....	17
2020 RESULTS OF OPERATIONS (AUDITED).....	17
2021 RESULTS OF OPERATIONS (AUDITED).....	17
2022 RESULTS OF OPERATIONS (AUDITED).....	17
SUMMARY OF 2023 TOWN BUDGET.....	18
SUMMARY OF 2024 TOWN BUDGET.....	19
INVESTMENT POLICY.....	19
DEBT MANAGEMENT POLICY	20

TABLE OF CONTENTS - CONTINUED

	Page
FUND BALANCE POLICIES	20
REVENUES	20
<i>Real Property Taxes</i>	20
STATE AID.....	20
PENSION SYSTEMS.....	21
CONTRIBUTIONS TO THE RETIREMENT SYSTEMS	23
OTHER POST-EMPLOYMENT BENEFITS.....	23
LENGTH OF SERVICE AWARD PROGRAM	24
REAL PROPERTY TAX INFORMATION	25
REAL PROPERTY TAXES	25
TAX LEVY AND COLLECTION RECORD	25
TAX COLLECTION PROCEDURE.....	26
TAX RATES PER \$1000 OF ASSESSED VALUATION	26
TAX LEVY LIMIT LAW.....	26
SELECTED LISTING OF LARGE TAXABLE PROPERTIES	27
CYBERSECURITY.....	27
LITIGATION	27
RISK FACTORS AND MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE	27
ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING	28
TAX MATTERS	28
TAX EXEMPTION	28
TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN OBLIGATIONS	29
LEGAL MATTERS	30
RATING	30
MUNICIPAL ADVISOR	30
ADDITIONAL INFORMATION.....	30
APPENDIX A: FINANCIAL INFORMATION	
APPENDIX B: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022	
APPENDIX C: FORM OF ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING	
APPENDIX D: FORM OF OPINION OF NORTON ROSE FULBRIGHT US LLP	

OFFICIAL STATEMENT

TOWN OF SOUTHAMPTON SUFFOLK COUNTY, NEW YORK

\$34,055,000* PUBLIC IMPROVEMENT SERIAL BONDS – 2024

[BOOK-ENTRY]

This Official Statement and the appendices hereto present certain information relating to the Town of Southampton, in the County of Suffolk, in the State of New York (the “Town,” “County” and “State,” respectively) in connection with the sale of \$34,055,000* Public Improvement Serial Bonds – 2024 (the “Bonds”) of the Town.

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

Description of the Bonds

The Bonds will be dated October 10, 2024, and will mature on September 15 in each of the years 2025 to 2044, inclusive, in the principal amounts as set forth on the inside cover page hereof.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), as book-entry bonds. Individual purchases of the Bonds may be made in denominations of \$5,000 or integral multiples thereof. For Bonds issued as book-entry bonds through DTC, Bondholders will not receive certificates representing their respective interests in the Bonds purchased. See “Book-Entry System” herein.

Interest on the Bonds will be payable on March 15, 2025, September 15, 2025 and semi-annually thereafter on March 15 and September 15 in each year to maturity. For Bonds issued as book-entry bonds through DTC, principal and interest will be paid by the Town to 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. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Town referred to therein.

The Record Date of the Bonds will be the last business day of the month preceding each interest payment date. The Town’s contact information is as follows: Dorota Godlewski, Town Comptroller, Town of Southampton, Town Hall, 116 Hampton Road, Southampton, New York 11968, telephone number: (631) 702-1890 and email: dgodlewski@southamptontownny.gov.

Optional Redemption

The Bonds maturing on September 15, 2032 and thereafter are subject to redemption, at the option of the Town, prior to maturity, in any order of maturity and in any amount within a maturity, on any date on or after September 15, 2031 in accordance with the terms described herein.

The Bonds shall be redeemable prior to maturity upon the giving of notice which identifies the Bonds to be redeemed, by mailing such notice to the registered holders thereof at their respective addresses as shown upon the registration books of the Fiscal Agent at least 30 days prior to the date set for any such redemption. If notice of redemption shall have been given as aforesaid, the Bonds so called for redemption shall become due and payable at the applicable redemption price on the redemption date designated in such notice, and interest on such Bonds shall cease to accrue from and after such redemption date.

*Preliminary, subject to change.

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and the Local Finance Law, and various bond resolutions duly adopted by the Town Board of the Town on the date set forth below, authorizing the issuance of bonds for various capital projects in and for the Town. Such purposes are as follows:

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>Total Amount</u> <u>to be Issued</u>
1/23/2024	North Sea Erosion Control District	\$ 310,000	\$ 310,000
1/23/2024	Bridgehampton Erosion Control District	10,500,000	10,500,000
1/23/2024	Sagaponack Erosion Control District	10,500,000	10,500,000
1/23/2024	Park and Recreation Improvements	1,850,000	1,450,000
1/23/2024	Police Headquarters Expansion	500,000	500,000
1/23/2024	Sidewalk Pedestrian Improvements	250,000	250,000
1/23/2024	Town Hall Improvements	750,000	750,000
1/23/2024	Central Garage HVAC Improvements	420,000	220,000
1/23/2024	Shinnecock Commercial Dock Improvements	1,350,000	1,350,000
1/23/2024	Town-Wide Radio Communications	700,000	700,000
1/23/2024	Bulkhead Improvements	300,000	300,000
1/23/2024	Culvert Improvements	200,000	200,000
1/23/2024	Drainage Improvements	500,000	500,000
1/23/2024	Road Improvements	1,415,000	1,415,000
1/23/2024	Acquisition of Equipment	1,000,000	750,000
1/23/2024	Sidewalk Improvements	400,000	400,000
1/23/2024	Baycrest Bulkhead Improvements	500,000	500,000
1/23/2024	Jobs Lane Bridge Improvements	1,000,000	1,000,000
1/23/2024	Waste Management Equipment	500,000	500,000
1/23/2024	Hampton Bays Water District Water Meters	300,000	300,000
1/23/2024	Hampton Bays Water District Wellhead Treatment	3,700,000	1,400,000
1/23/2024	Hampton Bays Water District Test Borings	500,000	260,000
Totals:		<u>\$37,445,000</u>	<u>\$34,055,000</u>

BOOK-ENTRY SYSTEM

So long as the Bonds remain in the Book-Entry-Only System, as described below, the Town will give such notice only to Cede & Co., or other successor nominee of DTC, as sole registered holder.

DTC will act as securities depository for the Bonds and the Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds 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 Participants through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Town, on a 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, dividends and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information 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 OBLIGATIONS 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; OR (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 THE OFFICIAL STATEMENT.

Source: The Depository Trust Company

Security and Source of Payment

The Bonds are general obligations of the Town and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the Town is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011, as amended. See "Tax Levy Limit Law" herein.

ENFORCEMENT OF REMEDIES UPON DEFAULT

The following description of factors affecting the possible enforcement of remedies upon a default by the Town is not intended to constitute legal advice and is not a substitute for obtaining the advice of counsel on such matters. Factors governing the availability of remedies against the Town are complex and the obligations of the Town, under certain circumstances, might not be enforced precisely as written.

General Municipal Law Contract Creditors' Provision. The Bonds when duly issued and paid for will constitute a contract between the Town and the purchaser. Such contracts, if not honored, would generally be enforceable through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Town upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might apply if there were a default in the payment of the principal of and interest on the Bonds.

Unavailability of Remedies of Levy and Attachment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. Under the general rule with respect to municipalities, judgments against the Town may not be enforced by levy and execution against property owned by the Town.

Constitutional Non-Appropriation Provision. The Constitution of the State, Article VIII, Section 2, contains the following provision relating to the annual appropriation of monies for the payment of principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any owner of obligations issued for any such indebtedness." If the Town were to fail to make a required appropriation, however, the ability of affected owners of Town indebtedness to enforce this provision as written could be compromised or eliminated as described below under "Bankruptcy", "State Debt Moratorium Law" and "Possible Priority of Continuation of Essential Public Services".

Bankruptcy. The Federal Bankruptcy Code allows municipalities, such as the Town, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Should the Town file for relief under the Federal Bankruptcy Code there could be adverse effects on the owners of the Bonds.

The State, in Section 85.80 of the Local Finance Law, has authorized any municipality in the State to file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

Under the United States Constitution, federal law is supreme and may be enforced irrespective of contrary state law. Accordingly, proceedings in accordance with the Federal Bankruptcy Code could result in an allocation of funds that fails to honor the faith and credit pledge required by the State Constitution.

No current State law purports to create any collateral or priority for owners 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 Bonds could be deemed unsecured obligations of the Town in a bankruptcy case.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality that is insolvent, which generally means the municipality is unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors. Any plan of adjustment can be confirmed by the court over the objections of creditors if the plan is found to be "fair and equitable" and in the "best interests of creditors." The Town may be able, without the consent and over the objection of owners of the Bonds, to impair and alter the terms and provisions of the Bonds, including the payment terms, interest rates, maturity dates, and payment sources, if the bankruptcy court finds that the alterations are "fair and equitable." If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

The rights of the owners of Bonds to receive interest and principal from the Town and the enforceability of the Town's faith and credit pledge to pay such interest and principal could be adversely affected by the restructuring of the Town's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of debt obligations issued by the Town (including the Bonds) to payment from monies retained in any fund or from other sources would be recognized if a petition were filed by or on behalf of the Town under the Federal Bankruptcy Code. Such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally, or might even be directed to satisfy other claims instead of being paid to the owners of the Bonds.

Regardless of any specific adverse determinations in a bankruptcy proceeding of the Town, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Bonds.

State Debt Moratorium Law. Unless the Federal Bankruptcy Code or other Federal Law applies, as described above, enforcement of the rights of bond owners will generally be governed by State Law. In 1975, a general State law debt service moratorium statute was enacted.

Under that legislation, the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York was suspended. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

Accordingly, State legislation materially limiting the timing or manner of actions to enforce the faith and credit pledge against an issuer of general obligation debt (including that portion of Title 6-A of Article 2 of the Local Finance Law enacted in 1975 authorizing any municipality in a State-declared financial emergency period to petition to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality) could be determined to conflict with the State Constitution and may not be enforceable.

The Constitutional provision providing for first revenue set asides applies to the payment of interest on all indebtedness and to the payment of principal payments or bonds, but does not apply to pay payment of principal due on tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Possible Priority of Continuation of Essential Public Services. In prior years, certain events and legislation affecting an owner's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of note or bond owners, such courts might hold that future events, including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

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

THE TOWN

There follows in this Official Statement a brief description of the Town, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures and general and specific funds.

General Information

The Town encompasses an area of approximately 138 square miles and is located on the south fork of Long Island, in the eastern portion of Suffolk County. Present population is estimated at 69,495 (U.S. Census Bureau - 2022).

The Town is bordered on the north by the Town of Riverhead, the Peconic Bays and Shelter Island Sound; on the east by the Town of East Hampton; on the south by the Atlantic Ocean; and on the west by the Town of Brookhaven. The Town includes the incorporated villages of North Haven, Quogue, Southampton, Westhampton Beach, West Hampton Dunes, and Sagaponack, as well as most of the Village of Sag Harbor.

Located about 70 miles east of Manhattan, the Town is a very popular summer resort area and many of the commercial facilities in the Town - hotels, motels, restaurants and recreational facilities - are associated with this activity. In addition, the Town is historically significant, being the site of the first English settlement (in 1640) in New York State and including the Halsey Homestead, built in 1648 (the oldest English saltbox house in the State); the Windmill at Water Mill, built in 1800; and the Old School House in Quogue, built in 1822. The economy of the Town is augmented by farming and fishing; by the location of the Suffolk County offices at Riverhead (actually situated in the Town); and by being the site of Stony Brook Southampton, a branch of the State University of New York at Stony Brook and the eastern campus of Suffolk County Community College. Suffolk County Community College has an enrollment of about 2,200 full and part-time students in the Town.

Recreational facilities include beaches on the ocean and the bay; various County and Town parks located throughout the Town; and golf courses, tennis courts, swimming pools, etc. Police protection is provided by the Town and fire protection by eight Fire Districts.

Southampton Hospital, the largest employer in the Town, with over 1,200 employees, provides access to a wide variety of medical specialties for a full range of clinical services.

Rail transportation is provided by the Long Island Railroad with stations at Speonk, Westhampton, Hampton Bays, Southampton and Bridgehampton. Highways include State Routes 27, 27A and 24, as well as County and Town roads.

Government

The Town was established in 1801. Thirteen independently governed school districts are located wholly or partially within the Town. These school districts rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as their basis for taxation of property located within the Town.

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 Town Law and other laws generally applicable to home rule, the Town may from time to time adopt local laws.

The legislative power of the Town is vested in the Town Board. The Town Board consists of five members, including the Supervisor. The Supervisor is the chief executive officer of the Town and is elected for a term of two years. The four other members of the Town Board are elected to four-year terms, which terms are staggered such that two councilmembers are elected every two years. All the Town Board members are elected at large and there is an eight-year limitation to the number of years that all elected officials may serve.

The Supervisor is also the chief fiscal officer of the Town. Additional Town officers are the Deputy Supervisor, the Town Clerk, (elected at large for a four year term), the Receiver of Taxes, who is responsible for the collection of taxes (elected at large for a four year term), the Superintendent of Highways (elected at large for a four year term), the Assessor, the Town Attorney, and the Comptroller, all of whom are appointed by the Town Board.

Utilities and Other Services

Electricity and natural gas are supplied to the Town by the Public Service Enterprise Group (PSEG) and National Grid. The Town supplies water to various special assessment water districts and is responsible for the financing and construction of water transmission lines as well as maintenance of the necessary facilities in such areas. The Suffolk County Water Authority also supplies water to various parts of the Town. Police protection is provided by the Town Police Department and various Village Police Departments, and fire protection is provided by eight Fire Districts which serve the entire Town.

Employees

The Town provides services through approximately 17 elected officials, 441 full-time employees including 52 board members and approximately 160 part-time employees. The Town also employs approximately 250 part-time seasonal employees. The Civil Service Employees Association represents approximately 338 employees under a contract which expires on December 31, 2025. The Police Benevolent Association represents approximately 77 employees under a contract which expires on December 31, 2025. The Superior Officers Association represents approximately 21 employees under a contract which expires on December 31, 2025. The Chief of Police is a non-union employee.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

The population of the Town, County and the State since 1990 is represented below:

<u>Year</u>	<u>Town of Southampton</u>	<u>Suffolk County</u>	<u>New York State</u>
1990	45,066	1,321,864	17,990,455
2000	54,712	1,419,369	18,976,457
2010	56,790	1,493,350	19,378,102
2020	59,852	1,525,920	19,514,849
2022	69,495	1,525,465	19,677,152

Source: U.S. Bureau of the Census.

Income Data

	Per Capita Money Income			
	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2022^a</u>
Town of Southampton	\$31,320	\$47,111	\$56,189	\$84,898
County of Suffolk	26,577	35,755	46,466	53,317
State of New York	23,389	30,948	40,898	47,421

	Median Household Income			
	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2022^a</u>
Town of Southampton	\$65,144	\$89,560	\$100,722	\$126,921
County of Suffolk	72,112	96,220	105,362	119,838
State of New York	51,691	67,405	71,117	79,557

Source: United State Bureau of the Census.

a. Based on American Community Survey Five-Year Estimates (2018-2022).

Summary of Building Activity
(Number of Building Permits Issued)

The chart below represents the level of building permit activity for the five most recently completed fiscal years. The figures include residential and commercial activity and with most of the activity coming from additions and renovations to existing homes and facilities. It also includes demolitions, installation of fences, swimming pools, fences, accessory buildings, etc. It does not include renewals of previously issued permits.

<u>Year</u>	<u>Number of Building Permits Issued</u>
2019	5,882
2020	5,487
2021	6,495
2022	6,136
2023	6,923

Source: Town Officials.

Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Town of Southampton (%)</u>	<u>Suffolk County (%)</u>	<u>New York State (%)</u>
2019	4.1	3.7	4.0
2020	7.4	8.5	10.0
2021	5.1	5.1	7.2
2022	3.4	3.1	4.4
2023	3.5	3.2	4.2
2024 (YTD)	5.4	4.0	4.3

Source: Department of Labor, State of New York.

Selected Listing of Larger Employers

<u>Name</u>	<u>Type of Business</u>	<u>Estimated Number of Employees</u>
Southampton Hospital	Hospital	1,200
Southampton UFSD	School District	523
Town of Southampton	Local Government	507
Corcoran Group	Real Estate	350
Bridgewater National Bank	Commercial Banks	245
Dunn Engineering	Engineering	100
Southampton Inn	Hotel	90
Maran Corporate Risk Associates	Insurance	93
Southampton Press	Newspaper	50
Hampton Coach	Limousine Service	50
Storms Motors	Automotive Dealer	40

INDEBTEDNESS OF THE TOWN

Constitutional and Statutory Requirements

The State Constitution limits the power of the Town (as well as other municipalities and school districts of the State) to issue obligations and contract indebtedness. Such constitutional 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, 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; 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 payment of principal 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 "Security and Source of Payment", 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. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. See "Legal Matters" and "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 through the enactment of the Local Finance Law, subject to the provisions set forth above. The power to spend money generally derives from other law, including specifically the Town Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Town authorizes the issuance of bonds by the adoption of a bond resolution approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Customarily, the Board has delegated to the Town Supervisor, as chief fiscal officer of the Town, the power to authorize and sell bond anticipation notes in anticipation of the sale of authorized bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) such obligations are authorized for a purpose for which the Town is not authorized to expend money, or
- (2) there has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the date of such publication, or,
- (3) such obligations are authorized in violation of the provisions of the State Constitution.

Except on rare occasions the Town complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but is not an absolute legal requirement.

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

The Board, as the finance board of the Town, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the Town Supervisor, the chief fiscal officer of the Town, pursuant to the Local Finance Law.

Statutory law in New York permits bond anticipation notes to be renewed each year, provided that annual principal installments are made in reduction of the total amount of such notes outstanding. These installments must commence no later than two years from the date of the first issuance of such notes, and such renewals may generally not extend more than five years beyond the original date of borrowing. See “Payment and Maturity” under “Constitutional Requirements” herein.

The Local Finance Law also contains provisions granting the Town power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget notes. See “Indebtedness of the Town” herein.

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 procedures necessary for 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, unless the Town Board overrides the limitation. See “Tax Levy Limit Law” herein.

The following pages set forth certain details with respect to the indebtedness of the Town.

Trend of Town Indebtedness

	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:					
Subject to Debt Limit:					
Bonds	\$80,682,000	\$75,163,322	\$75,407,358	\$73,318,770	\$73,795,648
BANs	0	0	0	4,700,000	4,700,000
Subtotal	<u>\$80,682,000</u>	<u>\$75,163,322</u>	<u>\$75,407,358</u>	<u>\$78,018,770</u>	<u>\$78,495,648</u>
Not Subject to Debt Limit:					
Bonds	\$3,726,032	\$8,951,678	\$8,554,642	\$7,588,230	\$9,619,352
BANs	0	0	0	0	0
Subtotal	<u>\$3,726,032</u>	<u>\$8,951,678</u>	<u>\$8,554,642</u>	<u>\$7,588,230</u>	<u>\$9,619,352</u>
Total Debt Outstanding	<u><u>\$84,408,032</u></u>	<u><u>\$84,115,000</u></u>	<u><u>\$83,962,000</u></u>	<u><u>\$85,607,000</u></u>	<u><u>\$88,115,000</u></u>

Details of Short-Term Indebtedness Outstanding
(As of September 16, 2024)

As of the date of this Official Statement, the Town has bond anticipation notes outstanding in the amount of \$975,000 for improvements to the Southampton Ambulance District and \$1,657,000 for the improvements to the Hampton Bays Water District. Such notes mature on March 7, 2025.

Debt Service Requirements – Outstanding Bonds ^a

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$8,520,000	\$2,566,508	\$11,086,508
2025	7,810,000	2,255,731	10,065,731
2026	7,625,000	1,954,281	9,579,281
2027	7,215,000	1,671,406	8,886,406
2028	6,445,000	1,425,000	7,870,000
2029	6,255,000	1,210,076	7,465,076
2030	5,485,000	1,024,587	6,509,587
2031	5,195,000	868,050	6,063,050
2032	4,650,000	739,200	5,389,200
2033	4,140,000	625,644	4,765,644
2034	3,440,000	526,056	3,966,056
2035	2,970,000	444,419	3,414,419
2036	2,745,000	367,844	3,112,844
2037	2,580,000	293,294	2,873,294
2038	2,350,000	223,894	2,573,894
2039	2,155,000	157,488	2,312,488
2040	1,830,000	103,516	1,933,516
2041	950,000	64,425	1,014,425
2042	585,000	39,075	624,075
2043	470,000	18,800	488,800
Totals	<u>\$83,415,000</u>	<u>\$16,579,292</u>	<u>\$99,994,292</u>

a. Does not include payments made to date.

Lease Purchase Agreement ^a

The Town entered into a lease purchase agreement on August 20, 2019 to upgrade certain street lights in the Town to energy efficient LED lights. The payments are below:

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$254,377	\$12,847	\$267,224
2025	258,977	8,247	267,224
2026	263,659	3,565	267,224
Totals	<u>\$777,013</u>	<u>\$24,659</u>	<u>\$801,672</u>

a. Does not include payments made to date.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of September 16, 2024)

Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate (%)</u>	Full <u>Valuation</u>
2020	\$73,357,936,700	100.00	\$73,357,936,700
2021	74,019,131,074	100.00	74,019,131,074
2022	74,363,915,169	100.00	74,363,915,169
2023	75,809,315,142	79.00	95,961,158,408
2024	76,687,012,045	69.50	<u>110,341,024,525</u>
Total Five Year Full Valuation			\$428,043,165,876
Average Five Year Full Valuation			85,608,633,175
Debt Limit - 7% of Average Full Valuation			5,992,604,322
Inclusions:			
Outstanding Bonds:			
General Purposes			66,029,177
Housing Authority ^a			2,665,000
Water Districts			<u>9,090,823</u>
Sub-Total			77,785,000
Bond Anticipation Notes			<u>2,632,000</u>
Total Inclusions			<u>80,417,000</u>
Exclusions:			
Water Debt (Outstanding Bonds)			9,090,823
Bond Appropriations			135,000
Note Appropriations			<u>0</u>
Total Exclusions			<u>9,225,823</u>
Total Net Indebtedness Before Issuing the Bonds			<u>71,191,177</u>
The Bonds			34,055,000
Less: BANs Being Redeemed by the Bonds			<u>0</u>
Net Effect of Issuing the Bonds			<u>34,055,000</u>
Total Net Indebtedness After Issuing the Bonds			<u>105,246,177</u>
Net Debt Contracting Margin			<u><u>\$5,887,358,145</u></u>
Percent of Debt Limit Exhausted			1.76%

^a. See "Southampton Housing Authority" herein.

Calculation of Estimated Overlapping and Underlying Indebtedness

<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 Suffolk	4/30/2023	23.66	\$336,048,316	\$281,984,696
Villages	5/31/2023 or later	Var.	22,713,584	22,713,584
School Districts	6/30/23 or later	Var.	98,500,121	98,500,121
Fire Districts	12/31/23 or later	Var.	14,331,958	14,331,958
Totals			<u>\$471,593,979</u>	<u>\$417,530,359</u>

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements of said entities.

Debt Ratios (As of September 16, 2024)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$ 80,417,000	\$1,157	0.07
Net Direct Debt	71,191,177	1,024	0.06
Total Direct & Applicable Total Overlapping Debt	552,010,979	7,943	0.50
Net Direct & Applicable Net Overlapping Debt	488,721,536	7,032	0.44

a. The current estimated population of the Town is 69,495.

b. The full valuation of taxable real property in the Town for 2023-24 is \$110,341,024,525.

Authorized and Unissued Debt (As of September 16, 2024)

As of the date of this Official Statement, the Town has authorized but unissued debt in the aggregate amount of \$44,050,000 for various improvements in and for the Town. The Bonds will finance \$34,055,000 of such authorized but unissued amount.

In addition, on May 24, 2024, the Town Board adopted a bond resolution in the amount of \$44,605,706 for the establishment of the Riverside Sewer District in the Hamlet of Riverside at the estimated maximum cost of \$44,605,706. The Town is expecting a significant amount of grant funds to offset the cost, and therefore does not expect to finance the entire amount. The expected grants funds to be received are as follows:

- Suffolk County Water Quality Protection and Restoration Program - \$250,000
- Suffolk County Federal Infrastructure Funding - \$5,000,000
- Federal Consolidated Appropriations Act of 2023 - \$5,000,000
- NYS Environmental Facilities Corporation Clean Water Fund - \$19,242,000
- Community Preservation Fund - \$15,115,295

Community Preservation Fund and Community Housing Fund

In 1998, the voters of the five East End towns (East Hampton, Riverhead, Shelter Island, Southampton, and Southold) approved a referendum creating a Community Preservation Fund (the "Fund") for each Town, which is a conservation program to preserve open space and farmland in the five towns. The fund is financed by a 2% tax on most real estate sales. This is a one-time tax that the buyer of real estate is required to pay when purchasing a new or used home or vacant property. In 2006, the voters in all five towns approved a referendum to extend the collection of the tax through 2030.

On November 10, 2015, Town Law 64-e was amended pursuant to Chapter 551 of the Laws of 2015, extending the effective date of the Community Preservation Fund Real Estate Transfer Tax until December 31, 2050. Since the Fund's inception, over 4,883 acres of land have been acquired and preserved in Southampton alone. As of December 31, 2023, the fund balance totaled \$225,831,859.

Residents of the Town voted to approve the use of the Community Preservation Fund proceeds for water quality improvement projects. The approval allows no more than 20% of the annual revenues generated from the transfer tax to be used for water quality improvement projects. The Town is required to list each project cost and how the project would improve existing water quality.

The Fund facilitates a voluntary program whereby landowners can sell their land or the development rights to the land to the respective towns at fair market value. The towns may issue bonds for purchases to be paid back through the life of the Fund with the 2% tax revenues. When a town finances an acquisition through the issuance of bonds, Section 64-e of the Town Law requires the preparation of a report by or on behalf of the Town Supervisor which demonstrates how such indebtedness will be repaid by the Fund. The repayment report must include an estimate of projected revenues of the Fund during the period of indebtedness, an accounting of all other indebtedness incurred against the Fund to be repaid for the same period, and a finding that there will be sufficient revenue to repay such indebtedness in its entirety from the Fund.

As of the date of this Official Statement, there are no bonds outstanding that have been issued for the preservation of open space and land acquisitions.

The following represents the annual revenues of the Fund for the following fiscal years:

Fiscal Year Ending <u>December 31:</u>	Total <u>Revenues</u>
2019	\$ 43,247,803
2020	81,295,380
2021	121,702,222
2022	95,619,147
2023	68,371,729

Source: Audited Financial Statements of the Town(2019-2023).

On November 8, 2022, the voters of the Town approved a referendum to amend the local law and establish a Community Housing Fund. The public purpose of this local law is to implement the authority given to the Town to establish a dedicated fund to provide needed housing opportunities as authorized by Chapter 445 of the Laws of 2021 to amend the town law and the tax law, in relation to authorizing towns in the Peconic Bay region to establish community housing funds to be funded by a supplemental real estate transfer tax.

Said fund will be financed by a 0.5% supplemental real estate transfer tax, which would be in addition to the existing 2% real estate transfer tax for the Community Preservation Fund.

In addition, pursuant to Chapter 445 of the Laws of 2021, this local law also amends the exemption amounts per real estate transfer from the entire Town real estate transfer tax from \$250,000 to \$400,000. This exemption would only apply to real estate transfers of \$2 million or less. This will ensure that the real estate transfer tax burden will be reduced for property transfers with a consideration under \$1,000,000.

The purchase price limit for the exemption for first time homebuyers in the Town also increased from 120% to 150% of the purchase price limit as defined by the State of New York Mortgage Agency. The fund balance as of December 31, 2023 in the Community Housing Fund is \$7,409,274.

Beach Erosion Control Districts

The Bridgehampton and Sagaponack Beach Erosion Control Districts (“BECDs”) are special taxing districts within the Town. Each BECD has an advisory board which sets the District’s annual taxing budget and determines how the funds raised will be spent on erosion control projects. The Town Board must pass a resolution in order to authorize any collection or expenditure of BECD monies. Similar to other special districts, the BECD budget is also subject to permissive referendum.

On November 27, 2012, the Town authorized two resolutions to spend an aggregate amount of \$25,307,850 for a beach erosion control project in and for the BECDs, subject to a mandatory referendum by the qualified voters that live within the respective BECDs. On February 2, 2013, a majority of such voters approved the project.

On December 21, 2017, the Town authorized a resolution to spend an aggregate amount of \$406,050 for a beach erosion control project known as the North Sea Beach Colony Erosion Control District, subject to a mandatory referendum by the qualified voters that live within said District. On March 3, 2018, a majority of such voters approved the project. The Town issued 5-year bonds in May of 2019 to finance the project pursuant to a January 8, 2019 resolution of the Town which authorized \$340,000 for the renourishment of the shoreline within the North Sea Beach Colony Erosion Control District. The debt service on the bonds will be included in the annual budget of the District for as long as the bonds are outstanding.

On January 23, 2024, the Town authorized three bond resolutions for the following purposes: the North Sea Beach Colony Beach Erosion Control District in the amount of \$310,000, the Bridgehampton Beach Erosion Control District in the amount of \$10,500,000 and the Sagaponack Beach Erosion Control District in the amount of \$10,500,000. The issuance of the Bonds will finance such amounts.

Southampton Housing Authority

The Southampton Housing Authority (the “Authority”), a body corporate and politic, is a municipal housing authority created and established for the Town under the Public Housing Law of the State for the purpose of providing affordable, decent, safe and sanitary housing for persons of limited income and other related purposes. The Authority is governed by its Board of Directors, which is comprised of five members appointed by the Town.

The Authority’s bonds are payable from the revenues received by the Authority from the operation of its facilities. The Authority’s bonds do not constitute a debt or liability of the State or of any political subdivision thereof, except the Town with respect to a guarantee by the Town of timely payment of principal and interest on those bonds.

As of December 31, 2023, the Authority had \$2,740,000 in bonds outstanding that are guaranteed by the Town.

Capital Project Plans

The Town is generally responsible for providing certain services to the citizens, as required, on a Town-wide basis. The Town maintains a Town road system necessitating a regular road resurfacing and improvement program and the acquisition of machinery and equipment. Additionally, although not a capital expense, such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. The Town is also primarily responsible for the financing and construction of surface and storm water drainage improvements, and the Town is regularly acquiring and improving recreation facilities. The Town generally has provided the financing for water facilities for the Hampton Bays Water District and maintains primary responsibility for this function. The Town is also responsible for the disposal of certain solid waste generated within the Town and will upgrade its four transfer stations as deemed necessary and appropriate. Additionally the Town finances park and community center improvements, and technology infrastructure. In general, needs for capital financing for the above described projects for which the Town has responsibility are anticipated to continue in similar amounts that have been issued in the past. The Town maintains a formal capital improvement plan that includes the priority, cost, and method of financing for each project.

FINANCES OF THE TOWN

Independent Audit Procedures

The financial statements of the Town are audited annually by independent accountants. The last such audit made available for public inspection covers the fiscal year ended December 31, 2023, and is attached as Appendix B. In addition, 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 Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Official Statement are based on the audited Annual Financial Reports of the Town for the 2019-2023 fiscal years.

Fund Structure and Accounts

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

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) enterprise 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 presently maintains the following major governmental funds: General Fund, Police District, Town Outside Village, Community Preservation, Highway, Public Safety and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. There are three enterprise funds - golf course, beaches and marinas, and waste management. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The Town's governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual - that is, when they become "measurable" and "available" to finance expenditures to the current period. Revenues susceptible to accrual include real property taxes, intergovernmental revenues (State and Federal aid) and operating transfers.

Expenditures are generally recognized under the modified accrual basis of accounting - that is, when the related fund liability is incurred. Exceptions to this general rule are (1) payments to employee retirement systems, which are recorded in the General Long-Term Debt Account Group and recognized as an expenditure when due, and (2) unmatured interest on general long-term debt, which is recognized when due.

Budgetary Procedures

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

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 policymakers 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: 0.0% and 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 performed was released in February 2024. The purpose of such audit was to determine if Town Officials properly administered the Peconic Bay Community Preservation Fund (“CPF”) to ensure that all collections were properly supported, recorded and deposited and that disbursements were proper and supported. 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.

Financial Operations

The Town Supervisor functions as the chief fiscal officer as provided in Section 2.00 of the Local Finance Law; in this role, the Supervisor is responsible for the Town’s accounting and financial reporting activities, which are delegated to and carried out under the supervision of the Town Comptroller. In addition, the Supervisor is also the Town’s budget officer and must therefore prepare the annual tentative budget for submission to the Town Board. During the absence of the Supervisor, the Deputy Supervisor may generally exercise the Supervisor’s powers.

The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and the issuance of bonded debt. Pursuant to Section 30.00 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

Town finances are operated primarily through the General, Police and Highway Funds. All real property taxes and most of the other Town revenues are credited to these funds. Current operating expenditures are paid from these funds subject to available appropriations. The Town also has water districts, which are accounted for within separate funds. The primary source of income for these districts comes from special assessments levied against district properties at the same time real estate taxes are levied. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

2019 Results of Operations (Audited)

For the fiscal year ended December 31, 2019, the audited financial statements show the total revenues including transfers in the General Fund were \$54,446,401 and the total expenditures, including transfers, were \$53,900,722. The total overall fund balance in the General Fund increased from \$23,164,320 to \$23,709,999.

2020 Results of Operations (Audited)

For the fiscal year ended December 31, 2020, the audited financial statements show the total revenues including transfers in the General Fund were \$45,358,753 and the total expenditures, including transfers, were \$41,494,711. The total overall fund balance in the General Fund increased from \$23,709,999 to \$27,574,041.

2021 Results of Operations (Audited)

For the fiscal year ended December 31, 2021, the audited financial statements show the total revenues including transfers in the General Fund were \$55,808,343 and the total expenditures, including transfers, were \$48,295,624. The total overall fund balance in the General Fund increased from \$27,574,041 to \$35,086,760.

2022 Results of Operations (Audited)

For the fiscal year ended December 31, 2022, the audited financial statements show the total revenues including transfers in the General Fund were \$60,269,836 and the total expenditures, including transfers, were \$56,268,605. The total overall fund balance in the General Fund increased from \$35,086,760 to \$39,087,991.

2023 Results of Operations (Audited)

For the fiscal year ended December 31, 2023, the audited financial statements show the total revenues including transfers in the General Fund were \$51,219,041 and the total expenditures, including transfers, were \$47,745,864. The total overall fund balance in the General Fund increased from \$39,087,991 to \$42,561,168.

Summary of 2023 Town Budget

Fiscal Year Ending December 31, 2023

	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Application of Surplus</u>	<u>Tax Levy</u>
Fund:				
General Fund	\$ 49,076,417	\$ 17,236,545	\$ 3,177,466	\$ 28,662,406
Police Fund	31,490,704	4,751,754		26,738,950
Part-Town Highway	16,086,695	1,964,764	200,000	13,921,931
Part-Town Land Management	2,584,453	467,111	610,000	1,507,342
Part-Town Land Management	6,252,086	5,000,340		1,251,746
Emergency Dispatch - 911	3,873,137	320,600	150,000	3,402,537
Beaches	2,379,719	2,240,700		139,019
Beaver Creek Marina	20,739	20,739		
Bishop's Marina	20,839	14,100		6,739
Conscience Point Marina	324,916	324,916		
East Quogue Marina	20,208	20,208		
Pine Neck Marina	30,932	30,932		
Poxabogue Golf Course	260,000	260,000		
Waste Management	3,746,780	2,869,992	400,000	476,788
Ambulance Districts	4,603,824	26,400		4,577,424
Erosion Control District	2,681,351	2,700	125,715	2,552,936
Fire Protection Districts	1,284,107	11,955		1,272,152
Park Districts	544,150	6,370		537,780
Parking Districts	122,500	14,450		108,050
Road Improvement Districts	134,292	2,800	22,534	108,958
Street Lighting Districts	407,541	23,050	10,700	373,791
Utility Districts	31,400	0	900	30,500
Water Districts	5,037,126	3,655,200	300,000	1,081,926
CPF Trust	79,290,162	79,290,162		
Total	\$ 210,304,078	\$ 118,555,788	\$ 4,997,315	\$ 86,750,975

Source: Adopted Budget of the Town of Southampton.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Summary of 2024 Town Budget

Fiscal Year Ending December 31, 2024				
	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Application of Surplus</u>	<u>Tax Levy</u>
Fund:				
General Fund	\$ 52,315,221	\$ 19,369,678	\$ 3,489,261	\$ 29,456,282
Part-Town Highway	16,831,560	2,393,012	200,000	14,238,548
Part-Town Land Management	2,481,863	590,180	550,000	1,341,683
Part-Town Land Management	6,783,658	5,673,272		1,110,386
Police Fund	33,126,415	5,398,562		27,727,853
Emergency Dispatch - 911	3,985,922	441,000	150,000	3,394,922
Beaches	2,419,380	2,293,500		125,880
Beaver Creek Marina	21,320	19,060		2,260
Bishop's Marina	21,420	14,400		7,020
Conscience Point Marina	329,333	329,333		
East Quogue Marina	28,895	21,075		7,820
Pine Neck Marina	31,513	30,099		1,414
Poxabogue Golf Course	95,000	93,300		1,700
Waste Management	3,641,655	2,814,100	250,000	577,555
Ambulance Districts	5,005,244	132,100	35,000	4,838,144
Erosion Control District	2,820,200	55,400	111,100	2,653,700
Fire Protection Districts	1,635,337	21,155		1,614,182
Park Districts	563,900	27,420		536,480
Parking Districts	122,500	27,650		94,850
Road Improvement Districts	117,088	2,800	10,739	103,549
Street Lighting Districts	399,523	62,195	12,500	324,828
Utility Districts	30,400	700	2,200	27,500
Water Districts	5,506,209	4,031,600	350,000	1,124,609
CPF Trust	81,145,727	79,290,162	20,000,000	
Total	\$ 219,459,283	\$ 123,131,753	\$ 25,160,800	\$ 89,311,165

Source: Adopted Budget of the Town of Southampton.

Investment Policy

Although investment of money is not, in and of itself, a Town Purpose, the Town is permitted to temporarily invest funds pending their application to the Town purposes. Pursuant to State law, including Sections 10 and 11 of the General Municipal Law, and in accordance with its adopted investment policy, the Town is permitted to deposit moneys in banks or trust companies located and authorized to do business in the State, as authorized by the Town Board. The Chief Fiscal Officer of the Town, the Supervisor, has delegated to the Comptroller of the Town the responsibility of depositing and investing Town moneys. The Town's funds may be invested in certificates of deposit, money market deposit accounts, NOW accounts and savings and/or demand deposit accounts placed through a depository institution that has a main office or branch office in the State and that contractually agrees to place funds in federally insured depository institutions through the Insured Cash Sweep service or ICS. Such investments, as well as any other funds of the Town held by banks, must be secured by collateral held in third party custodial accounts in the Town's name; such collateral is to consist of obligations guaranteed by the United States of America; general obligations of the State or obligations of local governments of the State. Banks must supply the Town at least monthly with written evidence of the collateral pledged, and the market value of such collateral must at all times equal or exceed the principal amount of the investment.

Debt Management Policy

The primary objective of the Town's Debt Management Policy is to establish conditions for the use of debt and to create procedures and policies that minimize the Town's debt service and issuance costs. The Debt Management Policy applies to all general obligation debt issued by the Town, debt guaranteed by the Town, and any other forms of indebtedness.

The Town Board has adopted this policy by resolution. The policy is a guideline for general use and allows for exceptions in extraordinary circumstances. Under the recommendations of the Town's Bond Counsel, Financial Advisor and/or Comptroller, the Town will evaluate its experience under this policy and make changes, if needed, at any time by resolution of the Town Board.

In order to maintain appropriate budgetary controls and to prevent imposing excessive burdens on taxpayers of the Town, it is the intention of the Town Board in any given year to limit debt service expenditures supported by local real property taxes to no more than 15% of aggregate budgetary appropriations from the following funds: General Fund, Police Fund, Highway Fund, Part Town Fund and Emergency Dispatching Fund. The Community Preservation Fund is excluded since it is not funded by real property taxes.

Fund Balance Policies

In recognition of sound fiscal policy, the Town Board has adopted a local law to make all reasonable efforts to maintain a fund balance in its General Fund at the end of each fiscal year equal to no less than 17% of the total General Fund operating budget. Such fund balance is inclusive of any reserve funds maintained by the Town for tax stabilization purposes pursuant to Chapter 8 of the Southampton Town Code. For special districts including all enterprise funds and the part-town operating funds, the Town Board adopted a local law to maintain a fund balance level of 7% of the total ensuing year's operating budget. Such funds are reliant on property taxes and are less volatile in terms of revenue projections and therefore a lesser fund balance is adequate for purposes of retaining the Town's sound financial position. The Town Board finds that these thresholds represent a reasonable amount of fund balance to achieve at the end of each fiscal year as unanticipated circumstances during the course of a year, shortfalls in projected revenues, and adverse events can have negative effects on non-tax revenues or expenditures or both.

If an emergency or unanticipated need were to occur that necessitated the appropriation of fund balance that would result in reducing the fund balance below the adopted thresholds, a resolution of the Town Board would be adopted to approve such appropriation. Subsequent to such appropriation, the Town Board would commit to immediately begin the process of reducing expenditures or raising revenues in order to restore the fund balances to adequacy over a reasonable time frame.

Revenues

The Town receives most of its revenues from real property taxes and assessments. A summary of such revenues and other financing sources for the five most recently completed fiscal years for which financial statements are available may be found in the Statements of Revenues, Expenditures and Changes in Fund Balance in Appendix A hereto.

Real Property Taxes

See "Real Property Tax Information," herein.

State Aid

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

The Town received approximately 24.01% of its total operating revenue from State aid in 2023. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

Although the Town cannot predict at this time whether there will be any delays and/or reductions in State aid in the current year or in future fiscal years or whether there will be additional Federal monies made available to pay State aid in future years, the Town may be able to mitigate the impact of any delays or reductions by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or 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 2019 through 2023 and as budgeted, for 2024.

<u>Fiscal Year Ended</u> <u>December 31:</u>	<u>General Fund</u> <u>Total Revenue</u>	<u>State Aid</u>	<u>State Aid To</u> <u>Revenues (%)</u>
2019	\$41,544,009	\$8,971,756	21.60
2020	44,105,647	10,791,680	24.47
2021	50,288,563	15,872,820	31.56
2022	55,430,939	18,636,567	33.62
2023	50,694,002	12,171,318	24.01
2024 (Budgeted)	52,315,221	10,736,506	20.52

Source: Audited financial statements (2019-2023), and Adopted Budget (2024).

Pension Systems

Substantially all employees of the Town are members of the State and Local Employees’ Retirement System (“ERS”) or the State and Local Police and Fire Retirement System (“PFRS” and together with ERS, the “Retirement System”), cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the 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 ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts, which are collected through annual billings to all participating employers. Generally, all full-time employees, participate in the Retirement System. ERS is non-contributory with respect to members hired prior to July 27, 1976. All ERS members hired on or after July 27, 1976, with less than ten years’ experience, must contribute 3% of gross annual salary toward the cost of retirement programs. PFRS is non-contributory for all police and fire fighters.

Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% (percentage dependent on tier) of payroll for ERS and PFRS, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments. While the Town is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for the ERS and PFRS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS and PFRS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the revised system, a contribution for a given fiscal year is based on the valuation of the pension fund on April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in the budget for the ensuing year.

On July 30, 2004, then Governor Pataki signed into law Chapter 260 of the Laws of 2004 (“Chapter 260”). Chapter 260 contains three components which alter the way municipalities and school districts contribute to the state pension system: (1) revision of the payment due date, (2) extension of the period of time for pension debt amortization, and (3) authorization to establish a pension reserve fund. Prior to the effective date of the provisions of Chapter 260, the annual retirement bill sent to municipalities and school districts from the State reflected pension payments due between April 1 and March 31, consistent with the State fiscal year.

Chapter 260 provides for the following changes:

- **Contribution Payment Date Change:** The law changed the date on which local pension contributions are due to the State. The annual required contribution became due February 1 annually instead of December 15.
- **Pension Contributions Reserve Fund:** The law created special authorization to create a new category of reserve fund under the General Municipal Law. Municipalities and school districts may now establish a retirement contribution reserve fund that can be funded from other available current government resources.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the Town’s employees is not subject to the direction of the Town. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the Town, which could affect other budgetary matters. Concerned investors should contact the Retirement Systems’ administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

On December 10, 2009, then Governor Paterson signed into law pension reform legislation that will provide (according to a Division of the Budget analysis) more than \$35 billion in long-term savings to State taxpayers over the next thirty years. The legislation creates a new Tier 5 pension level, the most significant reform of the State’s pension system in more than a quarter-century. Key components of Tier 5 include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributions of 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from five years to ten years, which number has been decreased to five years as of April 9, 2022.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

Additionally, on March 16, 2012, then Governor Cuomo signed into law the new Tier 6 pension program, effective for new ERS and PFRS 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.

The following table presents the payment amounts by the Town to the New York State Retirement Systems for the past five years and the amounts budgeted for 2024.

Contributions to the Retirement Systems

Fiscal Year Ending <u>December 31:</u>	Employees' <u>Retirement System</u>	Policemen's & Firemen's <u>Retirement System</u>	<u>Total</u>
2019	\$3,879,474	\$3,507,431	\$7,386,905
2020	3,987,184	3,628,501	7,615,685
2021	4,475,500	4,264,455	8,739,955
2022	3,968,237	4,159,608	8,127,845
2023	4,119,305	4,324,844	8,444,149
2024 (Budgeted)	4,249,113	4,552,330	8,801,443

Source: Town Officials.

Due to recent poor performance of the investment portfolio of the Retirement System, the employer contribution rates for required pension contributions increased. To help mitigate the impact of such increases, legislation has been enacted that permits local governments and school districts to amortize a portion of such contributions. The Town has elected to amortize certain contribution costs.

Other Post-Employment Benefits

The Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. Accounting rules now require governmental entities, such as the Town, to account for post-retirement health care benefits as it accounts for vested pension benefits. GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”) described below requires such accounting.

GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“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 expenses.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB costs 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 75, 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 expenses/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 costs.

The following table shows the components of the Town’s annual OPEB cost for the 2023 fiscal year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation:

<u>Changes in the Total OPEB Liability</u>	<u>Fiscal Year Ending December 31, 2023:</u>
Total OPEB liability as of December 31, 2022	\$252,723,300
Changes for the year:	
Service Cost	5,718,555
Interest	9,621,353
Benefit payments	(9,500,593)
Change in Assumption	<u>13,673,086</u>
Total Changes	<u>\$19,512,401</u>
 Total OPEB liability as of December 31, 2023	 <u><u>\$272,235,701</u></u>

Source: Actuarial Valuation Report (GASB 75)

The OSC has recently proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments. The Town cannot predict at this time whether such proposed legislation will be enacted into law. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Town has decided to continue funding the expenditure on a pay-as-you-go basis.

Should the Town be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Town’s finances and could force the Town to reduce services, raise taxes or both.

Length of Service Award Program

The Town sponsors four Volunteer Ambulance Workers Service Award Programs (the “Plans”): Westhampton War Memorial Ambulance Corporation, Flanders Northampton Ambulance Corporation, Hampton Bays Ambulance Corporation and Southampton Volunteer Ambulance Corporation. All of the Plans are single-employer defined benefit plans covering the Town’s volunteer ambulance workers.

Any volunteer ambulance worker who completes five years of service and attains age 65 is eligible for normal retirement benefits. Participants acquire a nonforfeitable right to a service award after being credited with five years of ambulatory service or upon attaining the program’s entitlement age. In general, an active volunteer ambulance worker is credited with a year of ambulatory service for each calendar year after the establishment of the program in which he or she accumulated fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of service rendered prior to the establishment of the program.

A participant’s benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person’s total number of years of ambulatory service. Beginning in 2024, the monthly payment for life will increase to \$30 multiplied by the person’s total number of years. The number of years of ambulatory service used to compute the benefit cannot exceed forty. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

The Town is required to retain an actuary to determine the amount of the Sponsor’s contributions to the plan.

Pension contributions are determined based on an annual actuarial calculation. Based upon accepted actuarial methods and the assumptions used, it has been determined that the Town recognized a pension expense in the amount of \$628,451 for the Westhampton War Memorial Ambulance Corporation, the Flanders Northampton Volunteer Ambulance Corporation, the Hampton Bays Volunteer Ambulance Corporation, and the Southampton Volunteer Ambulance Corporation for the year ended December 31, 2022.

REAL PROPERTY TAX INFORMATION

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 A, herein. By local law adopted in 2001, the Town has restricted itself from raising the overall property tax rate more than 5% annually. Property taxes accounted for approximately 56.61% of total General Fund revenues, for the fiscal year ended 2023. 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 2019 through 2023, and, as budgeted, for the fiscal year 2024.

Fiscal Year Ended December 31:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2019	\$41,544,009	\$25,745,385	61.97
2020	44,105,647	27,138,475	61.53
2021	50,288,563	27,395,732	54.48
2022	55,430,939	27,467,181	49.55
2023	50,694,002	28,696,918	56.61
2024 (Budgeted)	52,315,221	29,456,282	56.31

Source: Audited financial statements (2019-2023) and Adopted Budget (2024).

Tax Levy and Collection Record

	Fiscal Year Ending December 31:				
	2020	2021	2022	2023	2024
Tax Levy:					
General Town ^a	\$27,995,547	\$28,022,057	\$27,901,774	\$29,284,952	\$30,176,817
Police	24,381,888	25,186,624	26,095,662	26,738,950	27,727,853
Emergency Dispatching - E911	2,685,945	2,775,501	3,058,860	3,402,537	3,394,922
Zoning	1,333,488	2,545,871	2,927,155	2,759,088	2,452,069
Highway ^b	13,398,578	13,302,073	13,636,652	13,921,931	14,238,548
Fire & Fire Protection	16,644,969	16,938,910	17,385,574	17,953,143	18,661,201
Lighting	514,517	483,622	486,895	373,791	324,828
Water	1,398,563	1,492,578	1,130,581	1,081,926	1,124,609
Miscellaneous ^c	7,680,829	7,852,060	8,032,804	8,588,839	8,942,039
School and Library Districts	281,504,776	287,040,495	290,407,147	297,079,080	302,857,849
County	14,308,468	14,988,067	14,375,567	19,380,821	20,126,222
Other Items ^d	531,922	645,726	962,389	1,260,121	1,350,138
Total Tax Levy	\$392,379,490	\$401,273,584	\$406,401,060	\$421,825,179	\$431,377,095
Amount Collected	376,315,961	382,113,008	386,764,712	403,081,574	N/A
Percentage Collected	95.91%	95.23%	95.17%	95.56%	N/A
Amount Uncollected	16,063,529	19,160,576	19,636,348	18,924,888	N/A
Percent Uncollected	4.09%	4.77%	4.83%	4.49%	N/A

a. Includes Farmland.

b. Incorporated villages are not subject to levies for these items except for the Village of North Haven, which pays Police taxes.

c. Includes Ambulance District, Park Districts, Public Parking District, Street Improvements, Sagaponack Highway and Coastal Erosion Districts.

d. Includes apportioned exemptions for water arrears, unpaid security alarms, omitted assessments, etc.

Tax Collection Procedure

Property taxes for the Town, together with county, fire and school district taxes are collected by the Town Tax Receiver on a single tax bill. Such taxes are due and payable on December 1, but may be paid without penalty in equal installments by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and payable and 10% after May 31.

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

Tax Rates Per \$1000 of Assessed Valuation^a

	Fiscal Year Ending December 31:				
	2020	2021	2022	2023	2024
General Town	\$0.38	\$0.38	\$0.38	\$0.39	\$0.39
Police	0.50	0.51	0.53	0.53	0.54
Part Town Outside Villages	0.03	0.06	0.07	0.07	0.06
Highway	0.33	0.33	0.33	0.33	0.34
County	0.16	0.20	0.20	0.26	0.26
School and Library Districts	0.02-19.68	.0.02-21.92	.0.02-21.66	.0.02-22.78	0.02-23.03
Special Districts:					
Fire & Fire Protection	0.18-0.90	0.18-0.92	0.18-1.01	0.18-1.02	0.18-1.07
Lighting	0.01-0.16	0.01-0.15	0.01-0.19	0.004-.25	0.004-0.08
Water	0.26-0.43	0.28-0.43	0.27	0.26	0.27
Miscellaneous	0.01-0.66	0.01-1.26	0.01-1.09	.004-1.09	0.003-1.08

a. If more than one rate, indicates range.

Tax Levy Limit Law

Although the State Legislature is limited by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted”, the State Legislature may from time to time impose additional limitations on the ability to issue new indebtedness or to raise taxes therefor.

Chapter 97 of the Laws of 2011, as amended (the “Tax Levy Limit Law” or the “Law”), generally applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities to levy certain year-to-year increases in real property taxes.

The Town is subject to the Tax Levy Limit Law, beginning with the Town's budget for its fiscal year beginning January 1, 2012. Pursuant to the Tax Levy Limit Law, additional procedural requirements are imposed if a municipality seeks to increase the tax levy by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index, over the amount of the Town's prior year tax levy (the “Tax Levy Increase Limit”). In the event the Town seeks to adopt a budget requiring a tax levy exceeding the Tax Levy Increase Limit, a favorable vote of at least three members of the five-member Town Board would be required. The Town Board would also be required to act by Local Law rather than simply by resolution, and a public hearing would be required.

The Law permits certain exceptions to the Tax Levy Increase Limit. The Town may levy taxes exceeding the Tax Levy Increase Limit, if necessary, to support the following expenditures: (i) funds needed to pay judgments arising out of tort actions that exceed five percent of the total tax levied by the Town in the prior fiscal year and (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points). Taxes necessary for these expenditures will not be included in the calculation of the Tax Levy Increase Limit.

The Law also provides for adjustments to be made to the Town’s Tax Levy Increase Limit 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.

Selected Listing of Large Taxable Properties
2023 Assessment Roll^a

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Blue Turtles, Inc.	Estate	\$267,858,500
PSEG Long Island	Utility	229,570,489
National Grid	Utility	167,278,468
JPD2021 Ltd.	Commercial	74,797,600
Stem Partners, LLC	Commercial	69,134,400
Leon D Black	Estate	68,418,600
Daniel Sundhein	Estate	58,344,000
370North Ferry Road LP	Commercial	58,093,600
1280 Meadow Lane LLC	Commercial	57,538,600
Three Ponds Farm Owner LLC	Estate	<u>57,252,300</u>
	Total ^b	<u>\$1,108,286,557</u>

a. Assessment Roll established in 2023 for levy and collection of taxes during 2024 Fiscal Year.
b. Represents 1.15% of the total taxable assessed valuation of the Town for 2023.

CYBERSECURITY

The Town, like many other public and private entities, relies on technology to conduct its operations. As a result, the Town faces multiple cyber threats to its systems and data including, but not limited to, hacking, viruses, ransomware, malware and phishing attacks. To mitigate the risk of business operations impact and/or damage from cyber attacks, the Town invests in various forms of cybersecurity systems, monitoring 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 the Town’s network and systems and the costs of remediating any such damage could be substantial.

LITIGATION

In common with other towns, the Town from time to time receives notices of claim and is party to litigation. In the opinion of the Town Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Town has not asserted a substantial and adequate defense, nor which, if determined against the Town, would have an adverse material effect on the financial condition of the Town, in view of the Town’s ability to fund the same through use of appropriate funding mechanisms provided by the Local Finance Law.

**RISK FACTORS
AND
MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND
MUNICIPALITIES OF THE STATE**

The financial condition of the Town and the market price of and the market for the Bonds could be affected by a variety of factors, many of which are beyond the Town’s control, including, for example: (i) certain adverse events in the domestic and world economy; (ii) a significant default or other financial crisis occurring in the affairs of the State or its agencies or political subdivisions; and (iii) a seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code. These events may affect the acceptability of obligations issued by borrowers within the State or the ability of the Town to arrange for additional borrowings. In addition, the market for and the market value of the Bonds could be adversely affected if the Town encountered real or perceived difficulty in marketing bonds or notes to pay principal on outstanding bonds at maturity. The Town, like other issuers, is dependent on the orderly functioning of the municipal debt markets to refinance existing debt coming due, and could be unable to pay its bonds at maturity if market access proved unavailable.

The Town is dependent in part on financial assistance from the State. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State in order to make State aid payments to the Town. See also “State Aid”.

The State’s Annual Information Statement and other information about the State’s finances are provided by the State Division of the Budget on its website.

ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the “Rule”) promulgated by the Securities and Exchange Commission, the Town has agreed to provide, at the time of delivery of the Bonds, an executed Annual and Continuing Disclosure Undertaking Certificate in substantially the form attached as Appendix C.

The following table sets forth the annual filing information for each of the five preceding fiscal years.

<u>Fiscal Year Ending December 31:</u>	<u>Financial & Operating Information</u>	<u>Audited Financial Statements</u>
2019	06/26/2020	06/25/2020
2020	06/23/2021	06/23/2021
2021	06/29/2022	06/29/2022
2022	06/28/2023	06/28/2023
2023	06/28/2024	06/10/2024

TAX MATTERS

Tax Exemption

The delivery of the Bonds (the “Obligations”) is subject to the opinion of Bond Counsel to the effect that interest on the Obligations for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the “Code”), pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be an item of tax preference for purposes of the alternative minimum tax on individuals. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the Town made in a certificate (the “Tax Certificate”) dated the date of delivery of the Obligations pertaining to the use, expenditure, and investment of the proceeds of the Obligations and will assume continuing compliance by the Town with the provisions of the Tax Certificate subsequent to the issuance of the Obligations. The Tax Certificate contains covenants by the Town with respect to, among other matters, the use of the proceeds of the Obligations and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Obligations are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Obligations to be includable in the gross income of the owners thereof from the date of the issuance.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Town described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Obligations is commenced, under current procedures the IRS is likely to treat the Town as the “taxpayer,” and the owners of the Obligations would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Obligations, the Town may have different or conflicting interests from the owners of the Obligations. Public awareness of any future audit of the Obligations could adversely affect the value and liquidity of the Obligations during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Bond Counsel, under existing law interest on the Obligations is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of tax-exempt obligations such as the Obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a Financial Asset Securitization Investment Trust (“FASIT”), corporations subject to the alternative minimum tax on adjusted financial statement income, 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. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change so as to reduce or eliminate the benefit to holders of the Obligations of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors with respect to any proposed changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Obligations

The initial public offering price of certain Obligations (the “Discount Obligations”) may be less than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Discount Obligations 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 Obligation. A portion of such original issue discount allocable to the holding period of such Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Obligations described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation 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 the tax year.

However, such 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, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, corporations subject to the alternative minimum tax on adjusted financial statement income, 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. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Obligation was held) is includable in gross income. Owners of Discount Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Obligations.

The purchase price of certain Obligations (the “Premium Obligations”) paid by an owner may be greater than the amount payable on such Obligations at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Obligation over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Obligation in the hands of such 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. 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 Obligation. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Obligations should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Obligations.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds will be covered by the unqualified legal opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Such legal opinion of Bond Counsel will be delivered in substantially the form attached hereto as Appendix D.

RATING

The Town has applied to S&P Global Ratings (“S&P”), 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153 for a rating on the Bonds and such rating 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 Moody’s. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse effect on the market price of the Bonds or the availability of a secondary market for such 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 municipal advisor to the Town on matters relating to debt management. The Municipal Advisor is a municipal 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 Town or the information set forth in this Official Statement or any other information available to the Town 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 business office of the Town by mail to Dorota Godlewski, Town Comptroller, Town of Southampton, Town Hall, 116 Hampton Road, Southampton, New York 11968, telephone number (631) 702-1890 and email: dgodlewski@southamptontownny.gov or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888.

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.

Except for its review of the descriptions of the terms of the Bonds and its approving legal opinion to be rendered on the Bonds as Bond Counsel to the Town, Norton Rose Fulbright US LLP, has not participated in the preparation of this Official Statement, nor verified the accuracy, completeness or fairness of the information contained herein, and accordingly, expresses no opinion with respect thereto.

APPENDIX A

FINANCIAL INFORMATION

Balance Sheets
Governmental Funds

Fiscal Year Ending December 31, 2023

	General <u>Fund</u>	Police District <u>Fund</u>	Highway <u>Fund</u>	Nonmajor Governmental <u>Funds</u> ⁽¹⁾
Assets:				
Cash and Cash Equivalents	\$ 39,002,485	\$ 6,330,172	\$ 5,982,555	\$ 12,463,489
Cash - Restricted	5,477,440		242,690	6,872,457
Accounts Receivable	1,127,151	389,620	9,389	5,509,377
State and Federal Aid Receivables	562,543	14,135	687,015	
Lease Recieveable	177,024			125,330
Due from Other Funds	4,270,832		1,130,531	
Due from Other Governments		36,861	5,262	
Prepaid Charges	3,017,022	1,761,744	393,453	93,613
Total Assets	\$ 53,634,497	\$ 8,532,532	\$ 8,450,895	\$ 25,064,266
Liabilities:				
Accounts Payable	\$ 914,841	\$ 70,598	\$ 313,285	\$ 170,262
Accrued Liabilities	229,792	118,294	18,104	166,075
Due to Other Funds	1,130,531	28,693		1,398,419
Due from Proprietary Funds	1,436,323			
Due to Other Governments	308,957			
Total Liabilities	4,020,444	217,585	331,389	1,734,756
Deferred Inflows of Resources	7,052,885	4,354,771	2,367,181	1,858,913
Fund Balances (Deficits):				
Nonspendable	3,017,022	1,761,744	393,453	93,613
Restricted	5,477,440		242,690	5,413,957
Committed				19,000
Assigned	3,547,356	2,198,432	5,116,182	15,944,027
Unassigned	30,519,350			
Total Fund Balances (Deficits)	42,561,168	3,960,176	5,752,325	21,470,597
Total Liabilities and Fund Balances (Deficits)	\$ 53,634,497	\$ 8,532,532	\$ 8,450,895	\$ 25,064,266

(1) Includes Special Grant Fund, Special Fund, Trustees, and Special District Funds.

Source: Audited Financials of the Town (2023)

NOTE: This schedule is NOT audited

Balance Sheets
Governmental Funds

Fiscal Year Ending December 31, 2022

	General Fund	Police District Fund	Highway Fund	Nonmajor Governmental Funds ⁽¹⁾
Assets:				
Cash and Cash Equivalents	\$ 33,815,470	\$ 5,477,346	\$ 5,805,536	\$ 8,957,137
Cash - Restricted	5,251,280		277,360	5,815,606
Accounts Receivable	1,060,117	268,713	8,050	672,409
State and Federal Aid Receivables	801,926	33,062	1,559,701	
Lease Recieveable	164,763			410,066
Due from Other Funds	5,627,788			
Due from Other Governments	19,632	74,184	26,594	
Prepaid Charges	2,694,506	1,570,255	301,246	67,019
Total Assets	\$ 49,435,482	\$ 7,423,560	\$ 7,978,487	\$ 15,922,237
Liabilities:				
Accounts Payable	\$ 1,258,671	\$ 114,677	\$ 361,673	\$ 343,619
Accrued Liabilities	153,232	111,856	16,481	206,747
Due to Other Funds		55,458	24,031	2,761,368
Due from Proprietary Funds	1,364,214			
Due to Other Governments	223,582			
Total Liabilities	2,999,699	281,991	402,185	3,311,734
Deferred Inflows of Resources	7,347,792	4,221,330	2,323,091	2,046,353
Fund Balances (Deficits):				
Nonspendable	2,694,506	1,570,255	301,246	67,019
Restricted	5,251,280		277,360	2,952,272
Committed				19,000
Assigned	3,223,788	1,349,984	4,674,605	7,525,859
Unassigned	27,918,417			
Total Fund Balances (Deficits)	39,087,991	2,920,239	5,253,211	10,564,150
Total Liabilities and Fund Balances (Deficits)	\$ 49,435,482	\$ 7,423,560	\$ 7,978,487	\$ 15,922,237

(1) Includes Special Grant Fund, Special Fund, Trustees, and Special District Funds.

Source: Audited Financials of the Town (2022)

NOTE: This schedule is NOT audited

**Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund**

	Fiscal Year Ending December 31:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues:					
Real Property Taxes	\$ 25,745,385	\$ 27,138,475	\$ 27,395,733	\$ 27,467,181	\$ 28,696,918
Other Real Property Tax Items	301,759	291,975	282,766	434,724	448,098
Non-Property Tax Items	1,866,166	1,828,755	1,887,450	1,812,416	1,877,182
Special Assessments	88,194	88,194	82,099	82,099	74,446
Departmental Income	1,006,462	643,000	913,439	998,915	1,687,383
Intergovernmental Charges	403,024	527,531	460,989	494,737	517,921
Use of Money & Property	580,538	230,317	95,842	381,541	1,873,061
Licenses and Permits	321,765	263,653	407,030	448,592	439,901
Fines and Forfeitures	1,154,924	1,023,607	948,475	1,495,020	1,498,664
Sale of Property & Compensation for Loss				421,674	
Miscellaneous Local Sources	680,432	709,614	770,147	654,377	634,687
State Aid	8,971,756	10,791,680	15,872,820	18,636,567	12,171,318
Federal Aid	423,604	568,846	1,171,773	2,103,096	774,423
Total Revenues	<u>41,544,009</u>	<u>44,105,647</u>	<u>50,288,563</u>	<u>55,430,939</u>	<u>50,694,002</u>
Expenditures:					
General Government Support	15,055,689	15,466,340	16,731,314	19,024,567	17,158,552
Public Safety	3,391,231	3,084,079	3,153,708	3,839,151	4,037,193
Transportation	1,013,357	928,160	976,138	1,094,853	1,137,823
Econ. Assistance & Opportunity	3,189,365	3,535,148	3,076,488	3,360,288	3,474,686
Culture & Recreation	2,774,023	2,469,153	2,660,910	2,991,143	3,310,864
Home & Community Service	730,044	622,137	584,377	687,305	707,625
Employee Benefits	10,269,577	9,975,794	10,085,596	10,849,232	12,052,576
Debt Service	4,247,226	4,599,084	4,768,221	5,457,471	4,459,545
Total Expenditures	<u>40,670,512</u>	<u>40,679,895</u>	<u>42,036,752</u>	<u>47,304,010</u>	<u>46,338,864</u>
Excess (Deficiency) of Revenues over Expenditures	873,497	3,425,752	8,251,811	8,126,929	4,355,138
Other Sources (Uses)					
Payment to Refunded Bond Escrow Agent	(12,109,000)		(4,865,000)	(4,190,000)	
Proceeds of Refunding Debt	11,186,320		4,565,000	3,796,957	
Premium of Debt Issuance	1,039,184	471,833	454,476	607,038	142,250
Leases Issued				146,379	92,896
Subscriptions Issued					51,117
Operating Transfers In	676,888	781,273	500,304	288,523	238,776
Operating Transfers Out	(1,121,210)	(814,816)	(1,393,872)	(4,774,595)	(1,407,000)
Total Other Sources (Uses)	<u>(327,818)</u>	<u>438,290</u>	<u>(739,092)</u>	<u>(4,125,698)</u>	<u>(881,961)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	545,679	3,864,042	7,512,719	4,001,231	3,473,177
Fund Balance Beginning of Year	23,164,320	23,709,999	27,574,041	35,086,760	39,087,991
Prior Period Restatement					
Fund Balance End of Year	<u>\$ 23,709,999</u>	<u>\$ 27,574,041</u>	<u>\$ 35,086,760</u>	<u>\$ 39,087,991</u>	<u>\$ 42,561,168</u>

Sources: Audited Financial Reports (2019-2023)

NOTE: This schedule is NOT audited

Statement of Revenues, Expenditures and Changes in Fund Balances
Police District

	Fiscal Year Ending December 31:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues:					
Real Property Taxes	\$ 23,986,927	\$ 24,379,273	\$ 25,183,117	\$ 26,095,662	\$ 26,738,950
Other Real Property Tax Items	164,556	166,709	170,155	261,572	255,931
Departmental Income	434,057	277,906	401,058	492,370	575,654
Use of Money & Property	288,651	105,195	37,039	86,545	520,783
Licenses and Permits	144,054	21,727	172,352	334,514	389,402
Compensation for Loss		1,044	42,416		
Miscellaneous Local Sources	201,151	221,089	317,683	339,883	393,569
State Aid	2,833,061	3,044,662	3,410,801	3,333,176	3,926,004
Federal Aid	218,366	64,423	55,423	69,711	20,130
Total Revenues	<u>28,270,823</u>	<u>28,282,028</u>	<u>29,790,044</u>	<u>31,013,433</u>	<u>32,820,423</u>
Expenditures:					
Public Safety	16,997,005	17,718,861	18,407,375	19,117,205	18,580,150
Employee Benefits	10,447,126	10,569,749	10,950,658	11,544,864	12,484,157
Debt Service	318,103	342,795	354,033	447,937	380,229
Total Expenditures	<u>27,762,234</u>	<u>28,631,405</u>	<u>29,712,066</u>	<u>31,110,006</u>	<u>31,444,536</u>
Excess (Deficiency) of Revenues over Expenditures	508,589	(349,377)	77,978	(96,573)	1,375,887
Other Sources (Uses)					
Leases Issued				8,795	
Premium from Issuance of Debt	1,079	12,990	76,522	74,200	
Operating Transfers In	98,000		559,685	150,559	190,050
Operating Transfers Out	(60,000)	(344,000)			(526,000)
Total Other Sources (Uses)	<u>39,079</u>	<u>(331,010)</u>	<u>636,207</u>	<u>233,554</u>	<u>(335,950)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	547,668	(680,387)	714,185	136,981	1,039,937
Fund Balance Beginning of Year	2,201,792	2,749,460	2,069,073	2,783,258	2,920,239
Prior Period Restatement					
Fund Balance End of Year	<u>\$ 2,749,460</u>	<u>\$ 2,069,073</u>	<u>\$ 2,783,258</u>	<u>\$ 2,920,239</u>	<u>\$ 3,960,176</u>

Sources: Audited Financial Reports (2019-2023)

NOTE: This schedule is NOT audited

**Statement of Revenues, Expenditures and Changes in Fund Balances
Highway Fund**

	Fiscal Year Ending December 31:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues:					
Real Property Taxes	\$ 13,017,085	\$ 13,398,054	\$ 13,300,370	\$ 13,636,652	\$ 13,921,931
Other Real Property Tax Items	92,363	94,835	94,992	150,977	148,264
Departmental Income	33,600	35,700	68,550	54,300	42,150
Intergovernmental Charges	734,603	712,280	744,400	807,741	828,885
Use of Money & Property	185,033	79,450	29,484	71,960	374,867
Licenses and Permits				8,820	9,558
Miscellaneous Local Sources	87,074	107,092	82,847	93,276	138,789
Federal Aid				33,340	3,369
State Aid	1,248,628	955,245	1,849,043	1,563,406	1,830,685
Total Revenues	<u>15,398,386</u>	<u>15,382,656</u>	<u>16,169,686</u>	<u>16,420,472</u>	<u>17,298,498</u>
Expenditures:					
Transportation	7,277,556	6,506,942	7,877,843	8,930,869	9,230,530
Employee Benefits	2,970,002	2,992,028	3,073,427	3,277,587	3,462,725
Debt Service	4,329,618	4,341,785	4,418,491	4,439,053	3,616,772
Total Expenditures	<u>14,577,176</u>	<u>13,840,755</u>	<u>15,369,761</u>	<u>16,647,509</u>	<u>16,310,027</u>
Excess (Deficiency) of Revenues over Expenditures	821,210	1,541,901	799,925	(227,037)	988,471
Other Sources (Uses)					
Leases Issued				2,458	
Premium from Issuance of Debt	7,874	247,884	329,599	227,387	60,693
Operating Transfers In	13,507			212,202	9,950
Operating Transfers Out	(274,000)	(344,000)		(1,711,600)	(560,000)
Total Other Sources (Uses)	<u>(252,619)</u>	<u>(96,116)</u>	<u>329,599</u>	<u>(1,269,553)</u>	<u>(489,357)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	568,591	1,445,785	1,129,524	(1,496,590)	499,114
Fund Balance Beginning of Year	3,605,901	4,174,492	5,620,277	6,749,801	5,253,211
Prior Period Restatement					
Fund Balance End of Year	<u>\$ 4,174,492</u>	<u>\$ 5,620,277</u>	<u>\$ 6,749,801</u>	<u>\$ 5,253,211</u>	<u>\$ 5,752,325</u>

Sources: Audited Financial Reports (2019-2023)

NOTE: This schedule is NOT audited

Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds ⁽¹⁾

	Fiscal Year Ending December 31:				
	2019	2020	2021	2022	2023
Revenues:					
Real Property Taxes	\$ 9,598,537	\$ 9,924,390	\$ 10,163,704	\$ 10,050,933	\$ 10,414,123
Other Real Property Tax Items	116,579	114,933	117,022	231,698	245,150
Non-Property Tax Items					7,386,741
Departmental Income	2,363,569	2,748,539	3,306,741	3,625,211	3,571,147
Use of Money & Property	628,449	403,629	330,955	437,501	992,367
Fines and Forfeitures	19,000	20,900	26,200	26,475	20,825
Compensation for Loss	336,038			12,840	1,455,311
Miscellaneous Local Sources	382,598	696,960	441,614	286,453	1,284,127
State Aid	88,528			116	
Federal Aid	3,467,780	3,265,296	2,712,959	2,544,014	3,281,616
Total Revenues	17,001,078	17,174,647	17,099,195	17,215,241	28,651,407
Expenditures:					
General Government Support	1,341,169	161,397	42,809	17,238	53,437
Public Safety	1,143,595	1,126,734	1,166,440	1,253,212	1,281,258
Health	3,339,280	3,386,562	3,511,657	3,686,630	4,020,405
Transportation	334,000	341,420	172,297	230,466	247,719
Econ. Assistance & Opportunity	394,292	350,956	761,977	51,918	39,703
Culture & Recreation	617,754	688,492	517,989	592,503	543,096
Home & Community Service	6,099,420	5,410,838	5,248,806	5,373,852	5,038,076
Employee Benefits	866,643	806,956	767,530	723,985	823,515
Debt Service	3,432,032	3,595,045	4,227,906	4,133,929	4,196,906
Total Expenditures	17,568,185	15,868,400	16,417,411	16,063,733	16,244,115
Excess (Deficiency) of Revenues over Expenditures	(567,107)	1,306,247	681,784	1,151,508	12,407,292
Other Sources (Uses)					
Operating Transfers In	6,363	108,913	154,014	651,827	1,800
Operating Transfers Out	(2,438,165)	(728,552)	(1,222,006)	(399,761)	(1,553,703)
Premium on Obligations	749	280,753	45,645	165,784	51,058
Total Other Sources (Uses)	(2,431,053)	(338,886)	(1,022,347)	417,850	(1,500,845)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,998,160)	967,361	(340,563)	1,569,358	10,906,447
Fund Balance Beginning of Year	11,366,154	8,367,994	9,335,355	8,994,792	10,564,150
Prior Period Restatement					
Fund Balance End of Year	\$ 8,367,994	\$ 9,335,355	\$ 8,994,792	\$ 10,564,150	\$ 21,470,597

(1) Includes Special Grant Fund, Special Fund, Trustees, and Special District Funds.

Sources: Audited Financial Reports (2019-2023)

NOTE: This schedule is NOT audited

Budget Summaries
Governmental and Other Operating Funds

Fiscal Year Ending December 31, 2023

Fund:	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Application of Surplus</u>	<u>Tax Levy</u>
General Fund	\$ 49,076,417	\$ 17,236,545	\$ 3,177,466	\$ 28,662,406
Police Fund	31,490,704	4,751,754		26,738,950
Part-Town Highway	16,086,695	1,964,764	200,000	13,921,931
Part-Town Land Management (03)	2,584,453	467,111	610,000	1,507,342
Part-Town Land Management (22)	6,252,086	5,000,340		1,251,746
Emergency Dispatch - 911	3,873,137	320,600	150,000	3,402,537
Beaches	2,379,719	2,240,700		139,019
Beaver Creek Marina	20,739	20,739		
Bishop's Marina	20,839	14,100		6,739
Conscience Point Marina	324,916	324,916		
East Quogue Marina	20,208	20,208		
Pine Neck Marina	30,932	30,932		
Poxabogue Golf Course	260,000	260,000		
Waste Management	3,746,780	2,869,992	400,000	476,788
Ambulance Districts	4,603,824	26,400		4,577,424
Erosion Control District	2,681,351	2,700	125,715	2,552,936
Fire Protection Districts	1,284,107	11,955		1,272,152
Park Districts	544,150	6,370		537,780
Parking Districts	122,500	14,450		108,050
Road Improvement Districts	134,292	2,800	22,534	108,958
Street Lighting Districts	407,541	23,050	10,700	373,791
Utility Districts	31,400	0	900	30,500
Water Districts	5,037,126	3,655,200	300,000	1,081,926
CPF Trust	79,290,162	79,290,162		
Total	<u>\$ 210,304,078</u>	<u>\$ 118,555,788</u>	<u>\$ 4,997,315</u>	<u>\$ 86,750,975</u>

Source: Adopted Budget of the Town of Southampton

Budget Summaries
Governmental and Other Operating Funds

Fiscal Year Ending December 31, 2024

	<u>Appropriations</u>	<u>Estimated Revenues</u>	<u>Application of Surplus</u>	<u>Tax Levy</u>
Fund:				
General Fund	\$ 52,315,221	\$ 19,369,678	\$ 3,489,261	\$ 29,456,282
Part-Town Highway	16,831,560	2,393,012	200,000	14,238,548
Part-Town Land Management (03)	2,481,863	590,180	550,000	1,341,683
Part-Town Land Management (22)	6,783,658	5,673,272		1,110,386
Police Fund	33,126,415	5,398,562		27,727,853
Emergency Dispatch - 911	3,985,922	441,000	150,000	3,394,922
Beaches	2,419,380	2,293,500		125,880
Beaver Creek Marina	21,320	19,060		2,260
Bishop's Marina	21,420	14,400		7,020
Conscience Point Marina	329,333	329,333		
East Quogue Marina	28,895	21,075		7,820
Pine Neck Marina	31,513	30,099		1,414
Poxabogue Golf Course	95,000	93,300		1,700
Waste Management	3,641,655	2,814,100	250,000	577,555
Ambulance Districts	5,005,244	132,100	35,000	4,838,144
Erosion Control District	2,820,200	55,400	111,100	2,653,700
Fire Protection Districts	1,635,337	21,155		1,614,182
Park Districts	563,900	27,420		536,480
Parking Districts	122,500	27,650		94,850
Road Improvement Districts	117,088	2,800	10,739	103,549
Street Lighting Districts	399,523	62,195	12,500	324,828
Utility Districts	30,400	700	2,200	27,500
Water Districts	5,506,209	4,031,600	350,000	1,124,609
CPF Trust	81,145,727	79,290,162	20,000,000	
Total	<u>\$ 219,459,283</u>	<u>\$ 123,131,753</u>	<u>\$ 25,160,800</u>	<u>\$ 89,311,165</u>

Source: Adopted Budget of the Town of Southampton

TOWN OF SOUTHAMPTON

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

[▶ Click Here For 2023 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. CONSENT OF THE AUDITORS HAS NOT BEEN REQUESTED OR OBTAINED.

APPENDIX C

FORM OF ANNUAL AND CONTINUING DISCLOSURE UNDERTAKING

**ANNUAL AND CONTINUING DISCLOSURE
UNDERTAKING CERTIFICATE
PURSUANT TO RULE 15c2-12 OF THE
SECURITIES AND EXCHANGE COMMISSION**

On the date hereof, the Town of Southampton, Suffolk County, New York (the “Issuer”) is issuing its Bonds (as defined herein). To facilitate compliance with Rule 15c2-12 of the Securities and Exchange Commission (the “SEC”) promulgated under the Securities Exchange Act of 1934, as amended by the underwriter (as defined in the Rule), the Issuer hereby undertakes for the benefit of the owners of record and beneficial owners from time to time of the Obligations (the “Holders”) to provide:

A. Definitions. As used in this Undertaking, the following terms have the meanings ascribed to such terms below:

“*Bonds*” means the Issuer’s Public Improvement (Serial) Bonds – 2024, dated October 10, 2024.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Rule*” means SEC Rule 15c2-12, as amended from time to time.

“*SEC*” means the United States Securities and Exchange Commission.

“*Undertaking*” means this Annual and Continuing Disclosure Undertaking Certificate.

B. Annual Reports. With respect to the Bonds, the Issuer shall electronically file annually with the MSRB, (1) within six months after the end of each fiscal year ending after the date hereof, financial information and operating data with respect to the Issuer of the general type contained in or cross referenced in the Issuer’s final Official Statement, dated September 25, 2024 under the headings “**THE TOWN**”, “**ECONOMIC AND DEMOGRAPHIC INFORMATION**”, “**INDEBTEDNESS OF THE TOWN**”, “**FINANCES OF THE TOWN**”, “**REAL PROPERTY TAX INFORMATION**”, and “**LITIGATION**”, and in **APPENDIX A**, and (2) if not provided as part of such financial information and operating data, audited financial statements of the Issuer, when and if available. If audited financial statements are not available at that time the Town will electronically file unaudited financial statements when available. Any financial statements so to be electronically filed shall be prepared in accordance with the accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and shall be audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

If the Issuer changes its fiscal year, it will electronically file with the MSRB notice of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Undertaking.

The financial information and operating data to be electronically filed pursuant to this Undertaking may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's website or filed with the SEC.

C. *Event Notices.* With respect to the Bonds, the Issuer shall electronically file with the MSRB notice of any of the following events with respect to the Bonds in a timely manner and not more than ten business days after occurrence of the event:

- (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 or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (12) 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 United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental 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.

The Issuer shall electronically file with the MSRB, in a timely manner, notice of any failure by the Issuer to provide financial information or operating data in accordance with this Undertaking by the time required by this Undertaking.

D. Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Undertaking shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

E. Limitations, Disclaimers, and Amendments. The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Bonds within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Undertaking shall constitute a breach of or default on the Bonds.

Nothing in this Undertaking is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Undertaking may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Undertaking, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of the Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Issuer may also repeal or amend the provisions of this Undertaking if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Undertaking in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer so amends the provisions of this Undertaking, the Issuer shall include with any amended financial information or operating data next provided in accordance with this Undertaking an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

IN WITNESS WHEREOF, I have hereunto set my hand this October 10, 2024.

Supervisor

APPENDIX D

FORM OF OPINION OF NORTON ROSE FULBRIGHT US LLP

October 10, 2024

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

Norton Rose Fulbright US LLP
1301 Avenue of the Americas
New York, New York 10019-6022
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

Re: Town of Southampton, Suffolk County, New York
\$34,055,000* Public Improvement (Serial) Bonds – 2024

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of 34,055,000* Public Improvement (Serial) Bonds – 2024 (the “Obligation”), of the Town of Southampton, County of Suffolk, State of New York (the “Obligor”), dated October 10, 2024.

We have examined:

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

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

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion in certain cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said state or the federal government affecting the enforcement of creditors' rights.
- (c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for Federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners 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, corporations subject to the alternative minimum tax on adjusted financial statement income, 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.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are

not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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

Very truly yours,