

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 5, 2024

NEW ISSUE – SERIAL BONDS

RATING - MOODY'S INVESTOR SERVICE " "
 See "Bond Rating", herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax on individuals. Interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that 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). Bond Counsel expresses no opinion regarding any other tax consequence related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "Tax Matters". The Bonds will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$4,975,000

**TOWN OF RIVERHEAD
SUFFOLK COUNTY, NEW YORK
(the "Town")**

PUBLIC IMPROVEMENT (SERIAL) BONDS, 2024

Dated: December 3, 2024

**Principal Due: December 1, 2026-2039, inclusive
Interest Due: June 1, 2025, December 1, 2025 and
semiannually thereafter in each year to
maturity**

SEE BOND MATURITY SCHEDULE HEREIN

Security and Sources of Payment: The Bonds are general obligations of the Town of Riverhead, Suffolk County, New York (the "Town"), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds 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 (the "Tax Levy Limitation Law"). (See "Tax Levy Limitation Law" herein).

Prior Redemption: The Bonds maturing on December 1, 2032 and thereafter are subject to redemption prior to maturity, at the option of the Town, as a whole or in part, on any date on or after December 1, 2031. (See "Optional Redemption" under "THE BONDS," herein.)

Form and Denomination: At the option of the purchaser, the Bonds may be issued in registered certificated form in the name of the purchaser or 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 in book-entry form. See "Book-entry-only System" under "The Bonds," 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-only System" under "The Bonds," herein. Payment of the principal of and interest on any Bonds registered in the name of the Purchaser will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder, at the bidder's expense.

The Bonds are offered when, as and if issued and received by the Purchaser and subject to the receipt of an approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey on or about December 3, 2024 or as otherwise agreed to by the Town and the Purchaser.

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE TOWN FOR THE PURPOSE OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE") EXCEPT FOR CERTAIN INFORMATION THAT WILL BE UPDATED FOLLOWING THE SALE OF THE BONDS. FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE. SEE "DISCLOSURE UNDERTAKING" HEREIN.

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

\$4,975,000 PUBLIC IMPROVEMENT (SERIAL) BONDS, 2024

BOND MATURITY SCHEDULE

Dated: December 3, 2024

**Principal Due: December 1, 2026-2039, inclusive
Interest Due: June 1, 2025, December 1, 2025 and
semiannually thereafter in each year
to maturity**

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>	<u>CUSIP #</u>
2026	\$355,000			
2027	350,000			
2028	350,000			
2029	350,000			
2030	350,000			
2031	360,000			
2032	360,000*			
2033	360,000*			
2034	360,000*			
2035	360,000*			
2036	360,000*			
2037	360,000*			
2038	360,000*			
2039	340,000*			

*Subject to redemption prior to maturity.



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

Town Hall
4 West Second Street
Riverhead, NY 11901
Telephone: (631) 727-3200

TOWN BOARD

Timothy Hubbard, Town Supervisor

Robert Kern, Councilman
Denise Merrifield, Councilwoman
Kenneth Rothwell, Councilman
Joann Waski, Councilwoman

Jeanette Dipaola, Financial Administrator
James M. Wooten, Town Clerk
Erik C. Howard, Town Attorney
Laurie Zaneski, Receiver of Taxes

* * *

BOND COUNSEL



Orrick, Herrington & Sutcliffe LLP
New York, New York

* * *

MUNICIPAL ADVISOR



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

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

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

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OFFICIAL STATEMENT

\$4,975,000

TOWN OF RIVERHEAD SUFFOLK COUNTY, NEW YORK

PUBLIC IMPROVEMENT (SERIAL) BONDS, 2024

This Official Statement and the appendices hereto present certain information relating to the Town of Riverhead, in the County of Suffolk, in the State of New York (the "Town," "County" and "State," respectively) in connection with the sale of \$4,975,000 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 December 3, 2024, and will mature on December 1, in each of the years 2026 to 2039, inclusive, in the principal amounts as set forth on the inside cover page hereof.

At the option of the purchaser, the Bonds may be either issued in registered certificated form in the name of the purchaser or 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-only System" under "The Bonds," herein.

Interest on the Bonds will be payable June 1, 2025, December 1, 2025 and semi-annually thereafter 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 as the securities depository, 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 fifteenth day of the calendar month preceding each interest payment date.

The Town will act as Paying Agent for the Bonds. The Town's contact information is as follows: Jeanette Dipaola, Financial Administrator, Town of Riverhead, 4 West Second Street, Riverhead, NY 11901, (631) 727-3200 ext. 620, email: dipaola@townofriverheadny.gov. However, payment of the principal of and interest on any Bonds registered in the name of the Purchaser will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder, at the bidders expense.

Optional Redemption

The Bonds maturing on or before December 1, 2031 will not be subject to redemption prior to maturity. The Bonds maturing on December 1, 2032 and thereafter, will be subject to redemption, at the option of the Town, prior to maturity, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after December 1, 2031, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption.

If less than all of any of the Bonds of any maturity are to be redeemed prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the Town by lot in any customary manner of selection as determined by the Town. Notice of such call for redemption shall be given by mailing such notice to the registered owner at least thirty (30) days prior to the date set for such redemption. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

Book-entry-only System

DTC will act as Securities Depository for the Bonds, if the book-entry-only format is chosen by the successful bidder. The Bonds will be issued as fully-registered securities, in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued and deposited with DTC for each maturity of the Bonds.

DTC is limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

of DTC (nor its nominee) or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC), and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

Continuing Disclosure Undertaking for the Bonds

At the time of delivery of the Bonds, the Town will provide an executed copy of its "Undertaking to Provide Continuing Disclosure" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the Town for the benefit of holders of and owners of beneficial interest in the Bonds, to provide, or cause to be provided to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board ("MSRB") established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking:

(1) (i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement relating to the Bonds under the headings "The Town", "Indebtedness of the Town", "Finances of the Town", "Tax Information", "Litigation" and all Appendices (other than Appendix C and any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2024, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2024 is attached; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Town of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Town of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Town; (xiii) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a financial obligation (as defined in the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Issuer, any of which reflect financial difficulties.

Event (iii) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers, dated September 19, 1995. However, event (iii) is not applicable, since no “debt service reserves” will be established for the Bonds.

With respect to event (iv) the Town does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and official 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 Town.

With respect to events (xv) and (xvi), the term “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). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The Town may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Bonds; but the Town does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above; and

(3) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide the annual financial information by the date specified.

The Town’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Rule which require the Undertaking, or such provisions, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Town, and no person or entity, including a holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Town to comply with the Undertaking will not constitute a default with respect to the Bonds.

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

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued and a successor depository is not obtained, the following provisions will apply: The Bonds will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the Town as the fiscal agent. Certificated Bonds may be transferred or exchanged at no cost to the owner of such Bonds at any time prior to maturity at the corporate trust office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the bond determinations certificate of the Town Supervisor authorizing the sale of the Bonds and fixing the details thereof and in accordance with the New York State Local Finance Law.

Authorization and Purpose for the Bonds

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law, and certain bond resolutions duly adopted by the Town Board as described below, authorizing the issuance of serial bonds for certain capital projects in and for the Town.

Such projects, and the allocated principal amount of Bonds to be issued is as follows:

Date of Authorization	Purpose	Total Amount to be Issued
05/07/2019	Installation of well#2A and Plant Rehabilitation at 1144 Pulaski Street	\$ 1,485,000
10/19/2021	Construction/Reconstruction of Elements of the Water Treatment Storage System at Plant #5 and Old Country Road	2,830,000
10/19/2021	Construction/Reconstruction of Elements of the Water Treatment Storage System at Plant #5 and Old Country Road	<u>660,000</u>
Totals:		<u><u>\$4,975,000</u></u>

Nature of Obligation

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

Holder of any series of notes or bonds of the Town may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Town has power and statutory authorization to levy ad valorem taxes on all real property within the Town subject to such taxation by the Town, subject to applicable statutory limitations. See “Tax Levy Limitation Laws”, herein.

Although the State Legislature is restricted 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” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Town’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “Tax Levy Limitation Law,” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the City’s faith and credit is both a commitment to pay and a commitment of the City’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the City’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean . . . So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders and noteholders are constitutionally protected against an attempt by the State to deprive the town of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the town to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

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

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo). It also applies to independent special districts and to improvements districts as part of their parent municipalities tax levies.

The Tax Levy Limitations Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It was set to expire on June 15, 2020 but has been permanently extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special

districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Each municipality, prior to adoption of each fiscal year budget, must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the tax levy limitation provisions.

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59"), included provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts were eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government were eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any towns with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreement and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they did provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015. The program applied starting in the year 2016 and was fully phased in in 2019 and includes continued tax cap compliance.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision

The Bonds when duly issued and paid for will constitute a contract between the Town and the holder thereof. Under current law, provision is made for contract creditors of the Town to enforce payments upon such contracts, if necessary, 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 be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property

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. In accordance with 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.

Authority to File for Municipal Bankruptcy

The Federal Bankruptcy Code allows public bodies, such as counties, cities, towns or villages, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

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

No current state law purports to create any priority for holders of 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 rights of the owners of Bonds to receive interest and principal from the Town 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 holders of debt obligations issued by the Town (to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the Town under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

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

State Debt Moratorium Law

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend 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. 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, 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 Town of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature, as described below, authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an “emergency financial control board” for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law (“Title 6-A”) effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such “additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder.” Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a “material change in circumstances” the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon

circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

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

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

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

Several municipalities in the State are presently working with the FRB. The Town is presently not working with the FRB, nor does it reasonably anticipate the need to do so. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due 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 holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation

In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders and noteholders, 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. See “Nature of Obligation” and “State Debt Moratorium Law” herein.

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

General Information

The Town of Riverhead is a rural municipality with a population of approximately 35,902, located on the east end of Long Island in Suffolk County. Riverhead is within a commutable distance of all of Suffolk and Nassau County, approximately 75 miles east of Manhattan. It is bounded on the west by the Town of Brookhaven; on the north by Long Island Sound; on the east by the Town of Southold and on the south by the Peconic River and Great Peconic Bay. The Town was established in 1792 and has a land area of 78 square miles. Riverhead is the Suffolk County Seat with the Suffolk County Center and the Suffolk County Courts located within walking distance from Historic Downtown Riverhead's Main Street.

The early settlers in the area were fisherman and farmers, and while farming remains as one of the major industries in the Town, other industries such as electronics plants, construction industry fabricators and manufacturers, food processing plants, professional and service industries and federal, state and local agencies have gained in importance. The farm supply potatoes, cauliflower, cabbage, and other produce, as well as ducks. The industries such as vineyards and thoroughbred and quarter horse breeding farms are increasing in the Town.

The Town has two locally published newspapers in addition to daily Long Island and New York City papers. There are two AM radio stations and two stations on FM. The children of Riverhead are served by five school districts; Mattituck-Cutchogue, Riverhead, South Manor, Shoreham-Wading River and the Eastport-South Manor Central School Districts. A regional trauma center, Peconic Bay Medical Center, with over 1,200 employees, has expanded several times in the past few years and functions as a strategic anchor for the medical industry and supporting businesses in the region.

Motels and hotels accommodate the growing tourism industry with four nationally branded chains (Hilton, Holiday Inn, Residence Inn by Marriot and Hyatt) in the Town and well over 400 rooms. Excellent access to unmatched natural resources in the area are a draw as the Town is in close proximity to Atlantic Ocean and Long Island Sound beaches, Peconic River and Bay (a federally designated estuary of national significance) as well as an abundance of parks, trails and local beaches maintained by Town, County and State sponsorship. The largest, Wildwood State Park, covers 699 acres and offers extensive camping facilities and bathing in Long Island Sound. Police protection is provided by the Town and the State Police. Electric service is provided by an excellent interior network of roads, and by New York State Route 25 and is the eastern terminus of the Long Island Expressway (Route 495). The extension to Riverhead of this latter highway has contributed to the growth of the area.

Form of Government

The chief executive of the Town is the Supervisor who is elected for a term of two years and is eligible for re-election. The Supervisor is also a member of the Town Board. In addition to the Supervisor, there are four members of the Town Board who are elected to four year terms. The Supervisor may not be re-elected after serving for 12 consecutive years, be it six two-year terms, three four-year terms, or any such combination thereof, as the case may be. Both the Supervisor and board members are elected at large.

The Board of Assessors, consisting of three positions, is elected with assessors serving four-year terms. The Town Clerk and Superintendent of Highways are elected to four year terms; the Receiver of Taxes is elected to a four year term; Town Justices are elected to four year terms.

Services

The Town is responsible for providing most governmental services to its residents. Water service is provided by the Riverhead Water District and sewerage is provided by the Riverhead and Calverton Sewer Districts to both residential and commercial property owners. The Town does accept sewage from private haulers for processing at its own treatment facility. Highway construction and maintenance is a Town function. In addition, recreation is provided via parks and beaches which are maintained through Town government. Other services performed at the Town level include: property assessment, building inspection, zoning administration and the local justice court system. The Town furnishes police protection, while the State police provide intermittent patrols of highways and the County police supply special police services. Fire protection is contracted for through the Town's several fire protection districts. Education is the responsibility of the school districts located in whole or in part in the Town. The County provides various social and health services. Certain services are provided through Town-operated Special Districts. Town-operated Special Districts are managed and operated by the Town Board.

Employees

The Town employs approximately 328 full-time and 138 part-time employees. There are three collective bargaining organizations representing Town employees as follows:

<u>Name of Union</u>	<u>Approximate Membership</u>	<u>Contract Expiration Date</u>
Civil Service Employees Association	193	12/31/2025
Police Benevolent Association	82	12/31/2026
Superior Officers Association	12	12/31/2026

Selected Wealth and Income Indicators

	Per Capita Income			
	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2022^a</u>
Town of Riverhead	\$24,647	\$31,275	\$41,022	\$47,628
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 Riverhead	\$46,195	\$66,000	\$75,625	\$88,097
County of Suffolk	65,288	84,235	105,362	119,838
State of New York	43,393	55,217	71,117	79,557

a. Based on American Community Survey 5-Year Estimates (2018-2022)

Source: United States Bureau of the Census

Population

<u>Year</u>	<u>Town of Riverhead</u>	<u>County of Suffolk</u>	<u>State of New York</u>
2000	27,680	1,419,369	18,976,457
2010	33,506	1,482,548	19,378,102
2020	35,902	1,525,920	20,201,249
2022 ^a	35,759	1,525,465	19,677,152

a. Based on American Community Survey 5-Year Estimates (2018-2022)

Source: United States Bureau of the Census

Major Employers in the Town ^a

<u>Name</u>	<u>Type of Business</u>	<u>Estimated Number of Employees</u>
Tanger Factory Outlet	Retail	1,600
Peconic Bay Medical Center	Hospital	1,500
Riverhead Central School District	Public Schools	1,100
Splish Splash Water Park	Amusement Park	700
Island International	Manufacturing	427
Atlantis Marine World and Hyatt Place East End	Aquarium	425
Town of Riverhead	Government	384
East Wind Caterers & Inn	Catering Restaurant	300
Riverhead Building Supply	Manufacturing	278
Home Depot	Retail	230
Reilly Woodwork	Custom Woodworking	190
Eastern Wholesale Fence	Manufacturing	166
Lowes	Retail	150
Ivy Acres	Farming	150
Berry Global	Engineering/Manufacturing	105
Hampton Jitney	Transportation	85
Trutech, Inc.	Manufacturing	75
Miller Environmental Group	Environmental Cleanup	61
Marriot	Hotel	40
Suffolk County National Bank	Bank	38

a. Some of the employment figures include part-time positions.
 Source: Town of Riverhead Community Development Department.

Civilian Labor Force

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Town of Riverhead	16,200	16,200	16,200	15,800	16,200
County of Suffolk	282,700	777,800	778,200	764,600	776,400
State of New York	9,704,700	9,574,700	9,514,400	9,289,200	9,441,500

Source: New York State Department of Labor.

Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Town of Riverhead (%)</u>	<u>County of Suffolk (%)</u>	<u>State of New York (%)</u>
2018	4.5	3.8	4.1
2019	4.0	3.6	3.8
2020	8.2	8.1	9.9
2021	5.0	4.6	6.9
2022	3.6	3.1	4.4
2023	3.6	3.1	4.2
2024 (YTD)	5.7	4.0	4.3

Source: New York State Department of Labor.

Monthly Unemployment Rates

<u>Month</u>	<u>Town of Riverhead (%)</u>	<u>County of Suffolk (%)</u>	<u>State of New York (%)</u>
January	5.1	3.7	4.6
February	5.0	3.2	4.5
March	4.2	3.1	4
April	2.8	2.4	3.7
May	2.9	2.8	3.8
June	2.8	2.9	4.3
July	3.0	3.1	4.1
August	3.4	3.5	4.4
September	3.0	3.0	4.0
October	3.4	3.4	4.4
November	3.8	3.5	4.0
December	3.7	3.4	4.4
January 2024	5.8	4.0	4.3
February 2024	5.9	4.2	4.5
March 2024	5.3	3.8	4.2

Source: New York State Department of Labor.

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or the weighted average period of probable usefulness thereof; and no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Town so as to prevent abuses in the exercise of such powers; however, as has been noted under "Nature of Obligation", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limitation 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 "Tax Levy Limitation Law," herein.

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness by the adoption of a bond ordinance approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Certain such resolutions may be subject to permissive referendum, or may be submitted to the Town voters at the discretion of the Town Board.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. Except on rare occasions, the Town complies with this estoppel procedure. The Town is in compliance with such requirements with respect to the other bond ordinances authorizing the issuance of the Bonds.

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

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

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

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

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the Office of Real Property Tax Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition by five.

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limitation Law, imposes a statutory limitation on the power of the Town to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the Tax Levy Limitation Law. See "Nature of Obligation" and "Tax Levy Limitation Law," herein.

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Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of November 5, 2024)

Fiscal Year Ending <u>December 31:</u>	<u>Assessed</u> <u>Valuation</u>	State Equalization <u>Rate (%)</u>	Full <u>Valuation</u>
2020	\$852,443,387	12.35	\$6,902,375,603
2021	852,379,623	12.3	6,929,915,634
2022	835,469,096	11.8	7,080,246,576
2023	835,849,965	10.14	8,243,096,302
2024	841,256,307	9.29	9,055,503,843
Total Five Year Full Valuation			\$38,211,137,958
Average Five Year Full Valuation			7,642,227,592
Debt Limit - 7% of Average Full Valuation			534,955,931
Inclusions:			
Outstanding Bonds:			
General Purpose Bonds			16,281,792
Sewer Purpose Bonds			11,644,898
Water Purpose Bonds			11,398,208
Bond Anticipation Notes			22,800,000
Total Inclusions			<u>62,124,898</u>
Exclusions:			
Water Debt			11,398,208
Sewer Debt			11,644,898
BAN Appropriations			0
Bond Appropriations			0
Total Exclusions			<u>23,043,106</u>
Total Net Indebtedness			<u>39,081,792</u>
Net Debt Contracting Margin			<u><u>\$495,874,139</u></u>
Percent of Debt Limit Exhausted			7.31%

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,626,040	\$1,611,220	\$7,237,260
2025	5,536,040	1,363,417	6,899,457
2026	5,606,040	1,119,774	6,725,814
2027	5,495,778	872,368	6,368,146
2028	3,476,040	655,435	4,131,475
2029	3,516,040	529,163	4,045,203
2030	3,556,040	399,655	3,955,695
2031	2,031,040	272,165	2,303,205
2032	1,801,040	209,321	2,010,361
2033	1,846,040	155,527	2,001,567
2034	1,386,040	99,573	1,485,613
2035	1,411,040	67,479	1,478,519
2036	1,436,040	34,279	1,470,319
2037	111,040		111,040
2038	111,040		111,040
2039	111,040		111,040
2040	111,040		111,040
2041	111,040		111,040
2042	111,040		111,040
2043	111,040		111,040
2044	111,040		111,040
2045	111,040		111,040
2046	111,040		111,040
2047	111,040		111,040
2048	111,040		111,040
2049	111,040		111,040
2050	111,040		111,040
2051	111,040		111,040
2052	111,040		111,040
2053	111,040		111,040
Totals	<u><u>\$44,610,938</u></u>	<u><u>\$7,389,376</u></u>	<u><u>\$52,000,314</u></u>

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	\$67,760,000	\$58,080,000	\$56,000,000	\$46,595,000	\$41,280,000
BANs	0	0	5,000,000	5,000,000	23,900,000
Total Debt Outstanding	<u><u>\$67,760,000</u></u>	<u><u>\$58,080,000</u></u>	<u><u>\$61,000,000</u></u>	<u><u>\$51,595,000</u></u>	<u><u>\$65,180,000</u></u>

Details of Short-Term Indebtedness Outstanding

On August 15, 2024, the Town issued \$2,800,000 Bond Anticipation Notes, 2024 Series B which mature on August 15, 2025. In addition on February 21, 2024, the Town issued \$20,000,000 Bond Anticipation Notes, 2024 Series A which mature on February 21, 2025.

Authorized but Unissued Indebtedness

As of the date of this Official Statement, the Town has authorized but unissued debt outstanding in the amount of \$31,599,917 for various projects. The Bonds will use \$4,975,000 of the authorized but unissued indebtedness.

Capital Project Plans

The Town is generally responsible for providing services as required to the citizens on a Town-wide basis. The Town maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and equipment. Such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Town owns, operates, maintains and improves recreation facilities. The Town generally has provided the financing for water supply and distribution facilities and maintains primary responsibility for these functions, through special assessment districts. Other future expenditures may be authorized to be funded from time to time as the Town Board deems necessary.

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	10/08/2024	2.10	\$24,578,889	\$21,766,348
School Districts:				
Eastport-South Manor CSD	09/16/2024	0.01	1,076,850	242,291
Mattituck-Cutchogue	10/08/2024	0.95	61,750	56,810
Riverhead CSD	08/14/2024	90.05	40,289,208	28,202,446
Shoreham-Wading River CSD	06/30/2024	12.34	2,227,370	2,227,370
Fire Districts (Est.)	12/31/2023	Var.	<u>4,225,000</u>	<u>4,225,000</u>
Totals			<u><u>\$72,459,067</u></u>	<u><u>\$56,720,265</u></u>

Sources: State Comptroller's Special Report on Municipal Affairs for 2022 or more recently published Official Statements.

Debt Ratios (As of November 5, 2024)

	<u>Amount</u>	<u>Per Capita</u> ^a	<u>Percentage Of Full Value (%)</u> ^b
Total Direct Debt	\$62,124,898	\$1,737	0.69
Net Direct Debt	39,081,792	1,093	0.43
Total Direct & Applicable Total Overlapping Debt	134,583,965	3,764	1.49
Net Direct & Applicable Net Overlapping Debt	95,802,057	2,679	1.06

a. The current estimated population of the Town is 35,902.

b. The full valuation of taxable real property in the Town for 2023-24 is \$9,055,503,843.

Anticipated Future Borrowings

Landfill Closure and Postclosure Care Costs

State and Federal Laws and Regulations require the Town to place a final cover on its Youngs Avenue Landfill Site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill site stopped receiving waste on December 31, 1996. The Town reports a portion of these closure and postclosure care costs as a liability in each period based on landfill capacity used as of each balance sheet date. As the liability is based on 100% capacity there are no estimated costs for closure and postclosure remaining to be recognized. Postclosure care costs and monitoring activities for the site are estimated to be approximately between \$60,000 to \$100,000 each year for the remaining eighteen years, with an inflation factor built in. Accordingly, as of December 31, 2023, the Town has recorded an estimated liability of \$1,391,990 in the government-wide financial statements, which represents the provision to be made in future budgets for unfunded postclosure care costs and monitoring activities. Actual costs for postclosure monitoring and maintenance are recorded in the General fund and may be higher or lower due to inflation, changes in technology, or changes in regulations or conditions on the ground. The Town does not anticipate borrowing for this purpose in the near future.

Open Space/Farmland Preservation Program

The voters of the Town approved the implementation of a real estate transfer tax in the amount of 2% against the proceeds of the sale of real property in excess of \$150,000 for improved real property and in excess of \$75,000 for unimproved real property. The tax is to be collected on every transaction through the year 2050. The proceeds of such tax are to be set aside and used to pay the cost of the acquisition of real property, or development rights in farmland, for the preservation of open space in the Town. Such proceeds are deposited in the Community Preservation Fund; through December 31, 2023, the amount deposited in the fund is \$97.8 million.

The Town has authorized an aggregate amount of \$79,595,000 of bonds for the acquisition of real property and/or the acquisition of development rights in real property, pursuant to three separate bond resolutions. The bond resolutions require the Town to use the proceeds of the real estate transfer tax to offset the debt service on the portion of any bond issue being issued for this purpose; however, by law, such obligations must remain general obligations of the Town with the pledge of the faith and credit. Such revenues cannot be pledged to bonds issued for this purpose. As of the date of this Statement, the Town has issued bonds in the total amount of \$78,841,000 for such purposes.

FINANCES OF THE TOWN

Financial Operations

The Town Supervisor functions as the chief fiscal officer as provided in Section 2 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 by the Financial Administrator. 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. Budgetary control during the year is the responsibility of the Financial Administrator. Pursuant to Sections 30 and 50 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes and issue bonds. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

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 bonded debt.

Town finances are operated primarily through the General, Highway and Street Lighting 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 a water district and two sewer districts, which are accounted for within separate funds. The primary source of income for these districts is user fees based on water consumption. 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.

Budgetary Procedure

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. After reviewing these estimates, the budget officer prepares a tentative budget which includes his 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, if any, as approved by the Board 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 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 Financial Administrator. However, any changes or modifications to the annual budget including the transfer of appropriations among line items over \$30,000 must be approved by resolution of the Town Board. Any transfers above \$15,000 and less than \$30,001 must be signed off by the Town Supervisor.

State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller ("OSC") has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various level 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". 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, for 2023 data, of the State Comptroller designates the Town as "No Designation," with a fiscal score of 0.0% and an environmental score of 3.3%.

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. The last audit conducted by OSC was released on June 4, 2021. The purpose of the audit was to provide an independent evaluation of the Town's adopted budget for the 2021 fiscal year. The review found that officials adequately assessed the impact of the pandemic on financial operations while developing estimates for significant revenue and expenditures in the 2021 adopted budget. The complete report can be obtained from OSC's website.

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

Basis of Accounting

The Town's governmental funds and fiduciary trust funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when measurable and available. Available is defined as collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within sixty days of the close of the fiscal year. Material revenues that are accrued include state and federal aid and certain user charges.

Expenditures are recorded when incurred except that:

- a. Expenditure for prepaid expenses and inventory-type items are recognized at the time of the purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences such as vacation and sick leave which vest or accumulate, are charged as an expenditure when paid.

All proprietary funds are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. Fixed assets and long term liabilities related to these activities are recorded within the funds. Depreciation utilizes the straight-line method in both the Enterprise and Internal Service Funds. Inventories are valued by the first in - first out method with an actual physical inventory-taking place at year- end.

Independent Audits

The financial statements of the Town are audited each year by an independent public accountant. The last such audit covers the fiscal year ended December 31, 2022. The 2023 audit is expected to be released at the end of December 2024. The financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various state and federal statutes. (See "THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM AND COMPLIANCE REVIEWS" herein.)

Investment Policy

Pursuant to the statutes of the State of New York, the Town is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller in tax anticipation notes or revenue anticipation notes issued by any municipalities, school district, or district corporation, other than those notes issued by the Town; (6) certificates of participation issued by political subdivisions of the State, as those terms are defined in the law; (7) obligations of a New York public corporation which are made lawful investments for the Town pursuant to the enabling laws of such public corporation; or (8) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town. Any investments made by the Town pursuant to law are required to be payable or redeemable at the option of the Town within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the Town, within two years of the date of purchase. These statutes also require that the Town's investments, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in the custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

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. The Town presently maintains the following governmental funds: General Fund, Special Revenue Funds (including the Highway Fund, Special Grant Fund, Street Lighting District Fund, Community Preservation Fund, Business Improvement District Fund, Ambulance District Fund, Garbage & Refuse District Fund, and the Public Parking District Fund), Capital Projects Fund and Debt Service Fund. Proprietary funds consist of four enterprise funds, the Riverhead Sewer District the Calverton Sewer District, the Scavenger Waste District and Water District Fund. There are also three internal service funds consisting of the Workers' Compensation Fund, the Risk Retention Fund and the Unemployment Insurance Fund. Fiduciary funds consist of the agency funds.

Revenues

The Town receives most of its revenues from real property tax on all non-exempt real property situated within the Town and State aid. Based on the audited financial statements of the Town, property taxes accounted for 73.97% of total General Fund revenues and State aid accounted for 4.65% for the fiscal year ended December 31, 2022.

Real Property Taxes

The Town derives its power to levy an ad valorem real property tax from the State Constitution and the Suffolk County Tax Act; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the Town are prepared by the Town assessor. Assessment valuations are determined by the Town assessor and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The Town is not subject to constitutional real property taxing limitations.

The following table sets forth the percentage of the Town's General Fund revenue comprised of real property taxes for the past five audited fiscal years, amount budgeted for the fiscal years 2023 and 2024.

Fiscal Year Ended <u>December 31:</u>	General Fund <u>Total Revenue</u>	Real Property <u>Taxes</u>	Real Property Taxes <u>to Revenues (%)</u>
2019	\$49,241,328	\$39,546,673	80.31
2020	49,055,632	40,417,123	82.39
2021	53,976,899	41,413,167	76.72
2022	55,934,532	41,373,091	73.97
2023 (Unaudited)	60,628,638	42,517,065	70.13
2024 (Budgeted)	60,797,800	44,524,150	73.23

Sources: Audited Financial Statements (2019-2022), Annual Financial Report (2023) and Adopted Budget of the Town (2024). Table itself is not audited. 2023 Audited results may vary.

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. Based on the audited financial statements of the Town, the Town received approximately 4.65% of its total General Fund operating revenue from State aid in 2022. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

Although the Town cannot predict at this time whether there will be any delays and/or reductions in State aid in the current year or in future fiscal years or whether there will be additional Federal Stimulus Act 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 by any combination of the foregoing.

The following table sets forth the percentage of the Town’s General Fund revenue comprised of State aid for the past five audited fiscal years and the amount budgeted for the fiscal years 2023 and 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	\$49,241,328	\$1,901,280	3.86
2020	49,055,632	2,168,349	4.42
2021	53,976,899	2,641,315	4.89
2022	56,037,444	2,641,315	4.71
2023 (Unaudited)	60,628,638	2,601,235	4.29
2024 (Budgeted)	60,797,800	1,678,500	2.76

Sources: Audited Financial Statements (2019-2022), Annual Financial Report (2023) and Adopted Budget of the Town (2024). Table itself is not audited. 2023 Audited results may vary.

Real Estate Transfer Tax

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

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

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

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

TAX INFORMATION

Tax Collection Procedure

Property taxes for the Town, together with County, Fire and School District taxes, are collected by the Town Tax Receiver. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and 10% after May 31.

The Town Tax Receiver distributes the collected tax money to the Town. The Town then distributes the taxes to the fire and school district 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 Levy and Collection Record

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Tax Levy	\$168,659,160	\$172,950,471	\$174,207,353	\$176,463,338	\$179,965,479
Collected Prior to Return	158,458,090	167,105,975	169,090,595	171,120,189	173,869,224
County Portion	7,896,336	5,844,496	5,116,758	5,343,149	2,657,424
County Portion	4.68%	3.38%	2.94%	3.03%	1.48%
Amount Due Town at End of Year	-	-	-	-	3,438,831

a. As of November 1, 2024.

Real Property Taxes and Assessment

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

	<u>Fiscal Year Ending December 31:</u>				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed Value	\$852,443,387	\$852,379,623	\$835,469,096	\$835,849,965	\$841,256,307
Equalization Rate	0.1235	0.1230	0.1180	0.1014	0.0929
Full Value	6,902,375,603	6,929,915,634	7,080,246,576	8,243,096,302	9,055,503,843
Tax Levy	40,070,000	41,698,400	40,489,138	42,177,900	44,524,150
Tax Rate	46.510	48.920	48.460	50.194	52.822

a. Tax Rate Per \$1,000 Assessed Value. Inclusive of General Fund and Highway Fund levies.
Source: Town Officials and the New York State Office of Real Property Services.

**Large Taxable Properties
2024-2025 Assessment Roll^a**

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Tanger Properties LP	Shopping Center	\$14,427,500	1.71%
Hogan-Riverhead LLC	Shopping Center	10,515,300	1.25
Riverhead Centre LLC	Shopping Center	7,118,300	0.84
The Glenwood #1 LLC	Mobile Homes	6,871,750	0.81
Keyspan Energy Corp	Utility	6,169,611	0.73
Foxwood Corp	Mobile Homes	5,290,750	0.63
United Rhd Terminal Inc.	Bus Terminal	3,965,200	0.47
Costco Wholesale Corp.	Shopping Center	3,637,700	0.43
UB Riverhead I LLC	Shopping Center	3,513,200	0.42
Realty Income Corp	Shopping Center	3,143,200	0.37
Total ^a		<u>\$64,652,511</u>	<u>7.66%</u>

a. Represents 7.66% of the total taxable Assessed Valuation of the Town for 2024-2025.

Pension Systems

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS" or the "Retirement System"). The Retirement System is a cost-sharing multiple public employee retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. Members hired on or after January 1, 2010 must contribute toward the costs of retirement programs throughout employment.

On December 10, 2009, a Tier V pension was signed into law. The law is effective for new ERS employees hired after January 1, 2010 and before April 2, 2012. Tier V ERS employees contribute 3% of their salaries; however, there is no provision for these contributions to cease after a certain period of service.

On March 26, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a Tier VI for employees hired after April 1, 2012. The new pension tier has progressive contribution rates between 3% and 6% which must be made throughout employment, it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier VI, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter, vesting will occur after 5 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more. No current employees were affected by this legislation.

The New York State Retirement System allows municipalities to make employer contribution payments in December, at a discount, or the following February, as required. The Town opted to make its pension payments in December 2013, 2014 and 2015 in order to take advantage of the discount.

Due to poor performance of the investment portfolio of the State Retirement System ("SRS"), the employer contribution rates for required pension contributions to the SRS have increased. To help mitigate the impact of such increases, legislation was enacted that permitted local governments to amortize a portion of such contributions. Under such legislation, local governments that choose to amortize will be required to set aside and reserve funds with the SRS for certain future rate increases.

The Town has not and does not reasonably expect to amortize such contributions in the foreseeable future.

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

In Spring 2013, the State and ERS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage spikes in Actuarially Required Contributions rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. For ERS, the 2014-15 SCO rate is 12%. The rates applicable to 2016 and thereafter are subject to adjustment.

The Town did not and has no plans to participate in the SCO.

On September 1, 2017, the State Comptroller announced for Fiscal Year 2018-19, the average contribution rates for ERS will decrease from 15.5% to 14.9%, and the average contribution rate for PFRS will decrease from 24.4% to 23.5%. Projections of required contributions will vary by employer depending on factors such as retirement plans, salaries and the distribution of their employees amount the six retirement tiers.

The Town is required to contribute an actuarially determined rate. The required contributions for the five most recently completed fiscal years are as follows:

Contributions to the Retirement Systems

Fiscal Year Ending <u>December 31:</u>	Employees <u>Retirement System</u>	Police & Fire <u>Retirement System</u>
2020	\$2,003,294	\$3,226,569
2021	2,216,535	3,721,526
2022	1,642,166	3,597,240
2023	1,910,646	3,562,674
2024	2,515,417	4,601,768
2025 (Budgeted)	3,064,008	5,541,809

Other Post-Employment Benefits

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

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

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

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

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

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

For the fiscal year ended December 31, 2018, the Town implemented GASB 75. The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other post-employment benefits. The Town's total OPEB liability at December 31, 2023 is as follows:

Total OPEB Liability at Dec 31, 2022	<u>\$128,967,145</u>
Charges for the Year:	
Service Cost	5,886,937
Interest	5,481,926
Changes of Benefit Terms	0
Difference between expected and actual experience	8,344,519
Changes in Assumptions or Other Inputs	7,469,148
Benefit Payments	<u>(3,552,558)</u>
Net Changes in total OPEB liability	<u>23,629,972</u>
Total OPEB Liability at Dec 31, 2023	<u><u>\$152,597,117</u></u>

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years, if there are less than 200 members.

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

Tax Certiorari Claims

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

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its municipal affairs. Except as noted below, the Town Attorney is of the opinion that adverse decisions in those suits, either individually or in the aggregate, will not have a material adverse effect on the financial condition of the Town.

Thomas Dunham, et al v. The Town of Riverhead: Mr. Thomas Dunham, his two sons, Andrew Dunham & Brendan Dunham as well as Corey Citarella, commenced a federal action for alleged state and federal claims that arise from their arrests that occurred after a brawl at the East Wind Catering Facility in Wading River. The plaintiff who are members of the Hagerman Fire Department were at that location for an event and at some point got into a dispute that escalated with a wedding party also at the venue. The plaintiffs were arrested based upon an identification by a member of that wedding party. The action was dismissed as against former Police Sergeant Brian Gleason and Police Office Guiseppe Rosini on grounds that improper service occurred. A compliance conference with the Court occurred in November 2023 and counsel for the parties discussed outstanding paper discovery and the need for an IME of Plaintiff. Plaintiff submitted settlement demand of \$250,000.00 which was rejected. A further settlement conference with the Court was scheduled for February 9, 2024. Verdict exposure is difficult to assess without complete discovery, but could range \$10,000-\$30,000 per defendant.

October 2024: Matter remains pending with no substantive progress.

Melissa Breitenbach Elco v. Yvette Aguiar, et al.: Ms. Breitenbach Elco, a public safety dispatcher employed by the Town of Riverhead, commenced an action in Suffolk Court, Suffolk County for alleged workplace violations. On January 15, 2021 all Town of Riverhead defendants except Police Officer Richard Freeborn made a motion for dismissal of the complaint. By Short Form Order dated April 26, 2021, Justice Ford granted the motion and dismissed all claims against the Town defendants with exception of the hostile workplace claim against Chief Hegermiller his individual capacity. Currently, there is a motion to reargue the prior denial of a portion of the motion to dismiss the claim against P.O. Freeborn from the matter commenced in 2020 and a motion to dismiss a 2022 refiling of Elco's action is awaiting a decision. There have been two (2) settlement conferences with the assigned Judge and neither have been productive and further, the Judge has recommended a five figure settlement offer which the Town declined to extend at this time.

A Preliminary Conference was held on January 25, 2024 and the parties agreed to a discovery schedule. Deposition of the Plaintiff was tentatively scheduled for April 15, 2024 and June 28, 2024 for Defendants.

October 2024: Matter remains pending with no substantive progress.

Kar-McVeigh, LLC v. Zoning Board of Appeals of Town of Riverhead: The Plaintiff initiated a Supreme Court proceeding against the Town Council and the Zoning Board of Appeals seeking approval of the expansion of the restaurant-catering use on a particular property. The proceeding seeks an unspecified amount in damages. Since damages are typically unavailable in this type of proceeding, it is not anticipated that any damages will be awarded to the petitioner. The Court denied the Town's motion to dismiss the proceeding and the Town has filed a notice of appeal from the denial. The Court granted motion by the plaintiff for default judgment but denied any monetary judgment. The Town and the plaintiff have each filed a notice of appeal from this second decision. The plaintiff's motion to dismiss the second appeal was denied without prejudice. The appeals from each decision were perfected and decided on March 20, 2012. The Appellate Division determined that the court below correctly denied the motion to dismiss made by the Town but found that the court below acted improperly by granting the default judgment. Denial of plaintiff's appeal seeking monetary damages was affirmed. The Town has served an answer and appeared for oral argument regarding pending motions. By decision dated April 2, 2013 the court annulled the underlying determination by the Zoning Board of Appeals, ordered that the matter be remitted for further proceedings before the Zoning Board of Appeals and denied the motions of the parties for other relief as premature. In lieu of remitter, Kar-McVeigh, LLC has submitted applications to the Town of Riverhead to allow catering on a seasonal and limited basis under a tent; which applications have not been reviewed by and subject to a public hearing before the Zoning Board of Appeals. By Decision dated April 20, 2022, the application by Kar-McVeigh was denied based upon the ZBA's finding that the application represented a non-permitted expansion of a pre-existing, non-conforming use. Kar-McVeigh has commenced by Petition, an Article 78 special proceeding seeking judicial review of the ZBA's determination, and said petition remains pending. Preliminary and non-specific discussions have been had between the Town Attorney and representatives of Kar-McVeigh concerning potential settlement scenarios. The relief sought by Kar-McVeigh at this time is non-monetary in nature.

October 2024: Article 78 was withdrawn by stipulation of discontinuance – Matter is CLOSED

Oak Hills Association, Inc., v. The Town of Riverhead, et al.: The plaintiff homeowners association commenced a state court action seeking to designate the roads with the association as "Highways by Use". Discovery has continued and settlement efforts so far have not been successful. During pendency of that case, the plaintiff homeowner's association commenced a second action in 2018 to compel the highway superintendent to snowplow and maintain association roads as if town dedicated highways. A third proceeding in the nature of an Article 78 Proceeding was brought by Highway Superintendent George Woodson to set aside the Town Board's resolution which designated the Oak Hill Roads "Highway by Use" under section 189 of the New York State Highway Law. Should the plaintiffs succeed, the budget of the Town Highway Department will be impacted adversely as many of the association roads require paving and other improvements. Despite decision from the Appellate Division, Second Department which reversed trial court's determination which previously sustained, in part, Town Board resolution accepting Oak Hills private roads as town roads finding that there was no basis in record to support the acceptance, trial court issued determination on pending Article 78 and declared Oak Hills roads dedicated Town roads by use.

October 2024: Trial Court Order declaring Oak Hills roads dedicated Town Roads by use has been appealed and fully briefed; awaiting scheduling of oral argument (Appellate Division Second Department backlogged by approximately 18 – 24 months.

Town of Riverhead, et al. v. The County of Suffolk: The Town commenced an action in 2019 to compel the County of Suffolk to pay sewer rent charges for the County correctional facility and other county buildings. The County has served an answer with counterclaims which include counterclaims for monetary and punitive damages under 42 U.S.C. §1983 and under the New York State Constitution. Justice John J. Leo, by decision and order dated May 15, 2020 dismissed all the Town of Riverhead claims and an appeal has been filed. The Town of Riverhead and County of Suffolk have filed their respective appellate briefs. Identical actions have been commenced for the years 2020, 2021, 2022 and the County could file suit for 2023 – all arising from the Town's effort to impose fair and reasonable sewer rents for the County's out-of-district connection to Town Sewer District infrastructure.

October 2024 Update: Settlement negotiations which have been productive and are ongoing.

County of Suffolk and Suffolk County Comptroller v. Town of Babylon, et al.: The County and County Comptroller commenced a third-party action against all ten Suffolk County Towns, their Assessors and Receiver of Taxes regarding an action brought by Long Island Power Authority against the County of Suffolk. LIPA sued the County to stop the sale of any of their facilities by Tax Sale of the County. The County sought to sell certain of LIPA's parcels due to alleged shortfall in payments by LIPA who asserts payments were properly made to the ten Suffolk County Towns under the LIPA Reform Act. The third-party action by Suffolk County and the County Comptroller, in part, seeks recovering against all the Towns based upon the misclassification of LIPA properties. On April 1, 2021, Acting Justice Rouse granted the motion by the County and dismissed the LIPA complaint in its entirety. Based upon that determination Acting Justice Rouse also dismissed the Third-Party Action. By separate,

interim agreement, the Town agreed to generate an invoice setting forth taxes which would be due and owing and LIPA agreed to process and remit some payment thereon with both the Town and LIPA aware that each's party's understanding of amount due may differ. The Town and LIPA have agreed to renew the interim agreement which addressed the 2021/2022 and 2022/2023 tax years for the current 2023/2024 tax year.

October 2024 Update: Dispute with LIPA regarding form/procedure of invoicing PILOT (payment in lieu of taxes) remains ongoing and a barrier to full resolution of this matter. Additionally, appeal of Justice Rouse's prior decision still pending in Second Department. Appeal has been fully briefed and parties are awaiting oral argument.

City of New York v. Town of Riverhead: Action commenced by NYC seeking reimbursement of costs associated with training of police officer pursuant to General Municipal Law, Section 72 after officer resigned position with NYPD less than three years after completing police academy and joining Riverhead Town Police Department. Potential damages of approximately \$55,000.00. Current defense posture is to assert that NYC's claim is time-barred by applicable statute of limitations via motion for summary judgment.

October 2024: Motion for Summary Judgment submitted by special counsel was denied and will be appealed by the Town to the Appellate Division, Second Department.

Riverhead Board of Education and Central School District v. Town of Riverhead: Action commenced by school district to compel remittance of school taxes which are routinely not paid to the district in full until Town is in receipt of funds representing outstanding tax warrant from Suffolk County. Taxes outstanding for relevant tax year were remitted to school district, but District's claim for interest in connection with delayed payment of school tax remains outstanding and subject to negotiation.

October 2024: Matter remains pending with no change in status; Town's position is no-pay on alleged interest and school district is not actively prosecuting the case at this time.

American Breeders Associates, Inc., et al. & Lewin K-9, Inc. v. Town of Riverhead: Identical actions commenced to challenge a local law adopted prohibiting the sale of cats, dogs and rabbits from any source other than a licensed breeder. Matters are in preliminary stages of litigation with a temporary order in place restraining enforcement of local law.

October 2024: No change in status except New York State has adopted a law effective December 2024 which will, in sum and substance, mirror the local law at issue and the application of such law will compel closing of the Lewin K-9, Inc business at issue and restriction of sales by the American Breeders business at issue. In effect, the state law will likely render the pending suits moot.

Hernandez & Godoy as Administrators of Estates of Decedents v. Cannella & Town of Riverhead: Administrators of estates of 4 decedents of a house fire within the Town in November 2021 commenced suit alleging wrongful death claims against the Town. Basis of action is that the Town failed to insure the safety of rental units within the structure which was also inhabited by the owner. Owner failed to make application to renew rental permits for the property which would have required Town to conduct an inspection of the premises. Owner's failure to apply extended for approximately 1 ½ years and once continued rental was verified by Town Code Enforcement in October 2021, violations were issued to Owner. Outside counsel advises that liability against the Town is at best remote as Town does not maintain duty to tenants.

October 2024: Litigation is in early stages and substantive discovery has not yet commenced as the administrators for decedents were only recently appointed/approved in Surrogates Court. Special Counsel has conducted 50-h hearings for all administrators.

Murales-Osorio v. Town of Riverhead & POs Groneman & Treadwell: Excessive force claim relating to police intervention during alleged arrest (subject was not actually placed under arrest and was instead transported to hospital due to apparent mental health issue). Plaintiff is subject's mother alleging excessive force in police officer's efforts to restrain her from intervening while other officer attempted to restrain and control son during mental health episode.

October 2024: Discovery pending. Matter is fact-based. All parties have been deposed. Plaintiff seeking settlement in excess of \$80,000.00, Town has offered nuisance settlement of \$7,500.00.

Smith, Terry v. POs Suprina & Perez: Wrongful and warrantless arrest claims by incarcerated pro se Plaintiff who made previous civil rights claims against another Riverhead officer which were dismissed. Officers maintain that probable cause existed to arrest Smith for grand larceny and burglary of local Lowes and that Smith was not cooperative and resisted arrest processing at Police HQ. Plaintiff further alleged excessive by Officer Suprina, to wit: that the officer tightened handcuffs when Plaintiff refused to be fingerprinted. Smith plead guilty to above charges on May 16, 2023 and is incarcerated in Wyoming Correctional Facility in Attica, New York.

October 2024: As noted, matter is suspended and being monitored by special counsel. Plaintiff is pro se and it is unknown if Plaintiff will proceed with case. In any event, with Smith's plea of guilty, special counsel intends to make application to dismiss the false arrest claims. Excessive force claims will be subject to discovery.

Calverton Aviation & Technology, LLC v. Town of Riverhead, Riverhead Community Development Agency & Riverhead Industrial Development Agency: Claim filed and Complaint filed alleging breach of contract for the sale of real property by the Town in terminating a purchase agreement for approximately 1,600 acres of industrially zoned and urban renewal designated land, known and referred to as "EPCAL" located in the Town of Riverhead. Claim filed January 8, 2024 and Complaint served January 19, 2024 alleging damages of \$40,000,000.00 (mirroring purchase price) and/or seeking specific performance, invalidating Town Board resolution terminating contractual agreement, etc.

October 2024: Town has retained special counsel to interpose defense and motion to dismiss has been submitted on behalf of Town, CDA and IDA. All papers in support and in opposition have been submitted and Motion to Dismiss is now pending decision by the assigned Justice.

In the opinion of the Town Attorney, the resolution of the claims presently pending against the Town will not have a materially adverse effect on the Town's financial position. Pursuant to the Local Finance Law, the Town is authorized to issue debt to finance judgments and claims, if necessary.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the Town, threatened against or affecting the Town to restrain or enjoin the issuance, sale or delivery of the Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the Town with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the Town.

CYBERSECURITY

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

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Bonds. The following is a discussion of certain events that could affect the risk of investing in the Bonds. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential investment risk.

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

The Town is dependent in part on financial assistance from the State. However, 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, including the Town, in any year, the Town may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Town. In some years, the Town has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the Town to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the Town. Unforeseen developments could also result in substantial increases in Town expenditures, thus placing strain on the Town's financial condition. These factors may have an effect on the market price of the Bonds.

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

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

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the Town and hence upon the market price of the Bonds. See "Tax Levy Limitation Law" herein.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax on individuals. Interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Bonds and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the "original issue discount"). The Bonds will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Bonds if the taxpayer elects original issue discount treatment.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Town has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Town, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Town has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Town or the owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Bonds is difficult, obtaining an independent review of IRS positions with which the Town legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Town or the owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal matters incidental to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel’s opinion will be in substantially in the form attached hereto as Appendix C.

BOND RATING

The Town has applied to Moody’s Investors Service (“Moody’s”), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761 for rating on the Bonds and such application is pending at this time. This rating reflects only the view of the rating agency furnishing the same, and an explanation of the significance of this rating may be obtained only from the rating agency. There is no assurance such rating will continue for any given period of time, or that such rating will not be revised or withdrawn by such rating agency, if in its judgment, circumstances so warrant. Any such action could have an adverse effect on the market for and market price of the Bonds.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the “Municipal Advisor”), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the Town on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the 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.

OTHER MATTERS

The Town is in compliance with the procedure for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance law.

There is no bond or note principal or interest past due.

The fiscal year of the Town is January 1 to December 31.

This Official Statement does not include the financial data of any political subdivision of the State of New York having power to levy taxes within the Town, except as expressed in the "Calculation of Estimated Overlapping and Underlying Indebtedness."

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Jeanette Dipaola, Financial Administrator, Town of Riverhead, 4 West Second Street, Riverhead, NY 11901, (631) 727-3200 ext. 620, email: dipaola@townofriverheadny.gov or from the office of Munistat Services Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: <https://www.munistat.com>.

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the Town’s management’s beliefs as well as assumptions made by, and information currently available to, the Town’s management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Town’s files with the repositories. When used in Town’s documents or oral presentation, the words “anticipate”, “believe”, “intend”, “plan”, “foresee”, “likely”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “will”, or “should”, or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

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.

Orrick, Herrington & Sutcliffe LLP expresses no opinion as to the accuracy or completeness of any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds, including this Official Statement.

The preparation and distribution of this Official Statement have been approved by the Town Supervisor pursuant to the power delegated to him by the authorizing note resolutions to sell and deliver the Bonds.

This Official Statement has been duly executed and delivered by the Town Supervisor of the Town of Riverhead.

TOWN OF RIVERHEAD, SUFFOLK COUNTY, NEW YORK

By: s/s TIMOTHY HUBBARD
Town Supervisor

November , 2024

TOWN OF RIVERHEAD, NEW YORK

APPENDIX A

FINANCIAL INFORMATION

**Balance Sheet
General Fund**

	Fiscal Year Ending December 31:	
	2022	2023
Assets:		
Cash and Cash Equivalents	\$ 28,102,348	\$ 32,709,078
Restricted Cash and Cash Equivalents		888,629
Account Receivable	1,663,865	280,494
Due from Other Funds	1,305,935	3,248,370
Lease Receivable	788,586	1,510,395
Due from Other Governments	1,001,821	827,765
Prepays	1,246,545	1,287,354
Inventory	125,967	102,804
	<u>34,235,067</u>	<u>40,854,889</u>
Total Assets	\$ <u>34,235,067</u>	\$ <u>40,854,889</u>
Liabilities:		
Accounts Payable & Accrued Liabilities	\$ 2,598,731	\$ 2,967,265
Other Liabilities	526,572	3,415,258
Due to Other Funds		187,075
Due to Other Governments	170,414	
Compensated Absences	361,447	262,527
Unearned Revenues	2,930,205	
	<u>6,587,369</u>	<u>6,832,125</u>
Total Liabilities	<u>6,587,369</u>	<u>6,832,125</u>
Deferred Inflows of Resources:		
Deferred Revenue	<u>7,776,667</u>	<u>7,377,564</u>
Total Liabilities & Deferred Inflows	<u>14,364,036</u>	<u>14,209,689</u>
Fund Balance:		
Nonspendable	1,372,512	1,390,157
Restricted		888,633
Assigned	1,341,893	2,015,810
Unassigned	17,156,626	22,350,600
	<u>19,871,031</u>	<u>26,645,200</u>
Total Fund Equity	<u>19,871,031</u>	<u>26,645,200</u>
Total Liabilities and Fund Balance	\$ <u>34,235,067</u>	\$ <u>40,854,889</u>

Source: Audited Financial Reports of the Town (2022) & 2023 Annual Financial Report.

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and 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	\$ 38,848,800	\$ 39,598,793	\$ 41,413,167	\$ 41,373,091	\$ 42,517,065
Real Property Tax Items	697,873	818,330	873,479	2,100,562	2,346,296
Non-Property Tax Items	2,606,504	2,574,638	2,607,780	2,851,573	3,211,432
Departmental Income	2,712,575	1,871,170	3,252,107	3,391,741	4,403,944
Intergovernmental Charges					
Use of Money and Property	423,477	249,591	228,583	466,528	1,849,049
Licenses & Permits	251,635	218,391	233,149	237,813	47,105
Fines & Forfeitures	443,741	457,669	498,955	563,949	720,376
Sale of Property & Compensation for Loss	41,109	17,155	14,765	16,500	5,105
Miscellaneous	48,607	83,803	844,473	185,678	25,799
Interfund Revenues	1,109,017	960,689	1,095,961	1,161,198	1,142,749
State Aid	1,907,280	2,168,349	2,641,315	2,601,235	2,491,358
Federal Aid	156,710	37,054	273,165	984,664	556,759
Total Revenues	<u>49,247,328</u>	<u>49,055,632</u>	<u>53,976,899</u>	<u>55,934,532</u>	<u>59,317,037</u>
Expenditures:					
General Government Support	9,047,862	9,196,740	9,423,454	10,335,941	10,696,388
Public Safety	18,122,721	18,166,062	18,756,850	18,614,684	20,175,592
Public Health	20,297	25,286	35,319	15,300	15,302
Transportation	277,859	286,705	426,432	292,505	316,282
Economic Assistance	759,714	864,688	793,986	843,527	904,847
Culture and Recreation	1,516,977	952,901	1,044,312	1,301,156	1,435,774
Home & Community Services	1,099,660	1,087,373	1,029,334	1,709,138	1,675,164
Employee Benefits	12,395,269	12,582,675	13,533,868	14,067,932	14,983,044
Debt Service	22,000	43,551	43,551	43,550	43,552
Total Expenditures	<u>43,262,359</u>	<u>43,205,981</u>	<u>45,087,106</u>	<u>47,223,733</u>	<u>50,245,945</u>
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In	1,335,070	1,333,265	1,385,326	1,705,558	1,311,602
Operating Transfers (Out)	(4,796,955)	(5,494,596)	(4,501,614)	(5,266,420)	(3,608,525)
Premium on Debt Issuance			20,619	21,370	
Total Other Financing Sources (Uses)	<u>(3,461,885)</u>	<u>(4,161,331)</u>	<u>(3,095,669)</u>	<u>(3,539,492)</u>	<u>(2,296,923)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	<u>2,523,084</u>	<u>1,688,320</u>	<u>5,794,124</u>	<u>5,171,307</u>	<u>6,774,169</u>
Fund Balance Beginning of Year	<u>4,366,527</u>	<u>6,889,611</u>	<u>8,905,600</u>	<u>14,699,724</u>	<u>19,871,031</u>
Fund Balance Adjustments		<u>327,669</u> ^a			
Fund Balance End of Year	<u>\$ 6,889,611</u>	<u>\$ 8,905,600</u>	<u>\$ 14,699,724</u>	<u>\$ 19,871,031</u>	<u>\$ 26,645,200</u>

Source: Audited Financial Reports of the Town (2019-2022) & Annual Financial Report (2023).

NOTE: This Schedule is NOT audited.

a: Prior Period Adjustment: The Town adopted a property tax levy in excess of the levy limit for years ended December 31, 2018 and December 31, 2019 resulting in an overstatement of net position and fund balance, and an understatement of the reserve for excess levy as of December 31, 2019. Net position and fund balance were reduced as of January 1, 2020 to reflect this change.

Statement of Revenues, Expenditures and 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 & Tax Items	\$ 7,126,627	\$ 7,056,911	\$ 6,732,241	\$ 6,719,415	\$ 7,137,198
Departmental Income	5,157	625	2,391	5,861	1,725
Use of Money and Property	100,448	35,507	9,120	31,369	272,753
Licenses & Permits	22,850	25,071	25,950	23,500	22,150
Sale of Property & Compensation for Loss	661	282	1,547	69,691	42,251
Miscellaneous	20,608	897	886	696	
State Aid			31,347		
Federal Aid			188,083		
Total Revenues	<u>7,276,351</u>	<u>7,119,293</u>	<u>6,991,565</u>	<u>6,850,532</u>	<u>7,476,077</u>
Expenditures:					
General Government Support	57,502	59,213	82,978	60,685	74,245
Transportation	4,896,840	3,732,558	4,036,000	4,061,506	5,987,592
Employee Benefits	<u>1,736,405</u>	<u>1,828,365</u>	<u>1,974,406</u>	<u>1,902,210</u>	<u>1,982,236</u>
Total Expenditures	<u>6,690,747</u>	<u>5,620,136</u>	<u>6,093,384</u>	<u>6,024,401</u>	<u>8,044,073</u>
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In		35,716		244,100	220,100
Operating Transfers (Out)	<u>(622,856)</u>	<u>(575,128)</u>	<u>(478,572)</u>	<u>(401,215)</u>	<u>(244,700)</u>
Total Other Financing Sources (Uses)	<u>(622,856)</u>	<u>(539,412)</u>	<u>(478,572)</u>	<u>(157,115)</u>	<u>(24,600)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses					
	<u>(37,252)</u>	<u>959,745</u>	<u>419,609</u>	<u>669,016</u>	<u>(592,596)</u>
Fund Balance Beginning of Year	<u>3,112,718</u>	<u>3,075,466</u>	<u>3,957,991</u>	<u>4,377,600</u>	<u>5,046,616</u>
Fund Balance Adjustments		<u>(77,220)^a</u>			
Fund Balance End of Year	<u>\$ 3,075,466</u>	<u>\$ 3,957,991</u>	<u>\$ 4,377,600</u>	<u>\$ 5,046,616</u>	<u>\$ 4,454,020</u>

Source: Audited Financial Reports of the Town (2019-2022) & Annual Financial Report (2023).

NOTE: This Schedule is NOT audited.

a: Prior Period Adjustment: The Town adopted a property tax levy in excess of the levy limit for years ended December 31, 2018 and December 31, 2019 resulting in an overstatement of net position and fund balance, and an understatement of the reserve for excess levy as of December 31, 2019. Net position and fund balance were reduced as of January 1, 2020 to reflect this change.

Statement of Revenues, Expenditures and Changes in Net Assets
Enterprise Sewer Fund

Fiscal Year Ending December 31:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Operating Revenues:					
Charges for Sales & Services					
Sewer Rents	\$ 3,055,492	\$ 3,323,888	\$ 3,433,402	\$ 3,602,417	\$ 4,283,789
Sewer Charges	<u>2,224,901</u>	<u>1,821,619</u>	<u>2,085,349</u>	<u>2,084,551</u>	<u>2,281,305</u>
Total Operating Revenues	<u><u>5,280,393</u></u>	<u><u>5,145,507</u></u>	<u><u>5,518,751</u></u>	<u><u>5,686,968</u></u>	<u><u>6,565,094</u></u>
Operating Expenditures:					
Cost of Sales & Services					
Administration	798,279	808,804	867,283	972,137	951,176
Sewage Treatment Disposal	2,124,580	2,757,454	2,789,989	3,294,226	3,082,513
Depreciation	2,327,282	2,126,201	2,089,191	2,111,871	2,198,851
Use of Money and Property					
Employee Benefits	<u>1,007,436</u>	<u>(462,869)</u>	<u>1,027,001</u>	<u>1,388,909</u>	<u>1,199,225</u>
Total Operating Expenditures	<u><u>6,257,577</u></u>	<u><u>5,229,590</u></u>	<u><u>6,773,464</u></u>	<u><u>7,767,143</u></u>	<u><u>7,431,765</u></u>
Operating Income (Loss)	<u><u>(977,184)</u></u>	<u><u>(84,083)</u></u>	<u><u>(1,254,713)</u></u>	<u><u>(2,080,175)</u></u>	<u><u>(866,671)</u></u>
Non-Operating Revenues (Expenditures):					
Investment Earnings - Unrestricted	46,797	11,186	2,130	12,886	145,124
Interest Expense	(225,856)	(167,420)	(157,688)	(140,591)	(131,057)
Developers' Fees	533,678	108,809	272,276	(249,354)	25,077
Real Property Taxes	479,500	502,994	518,528	536,062	530,645
Other Real Property Tax Items				1,781	1,720
Non-Property Tax Distribution by County	842,762	830,859	290,838	766,378	889,758
State & Local Aid	<u>2,330,946</u>	<u>4,741,717</u>	<u>375,164</u>	<u>52,029</u>	<u>40,671</u>
Total Non-Operating Revenue	<u><u>4,007,827</u></u>	<u><u>6,028,145</u></u>	<u><u>1,301,248</u></u>	<u><u>979,191</u></u>	<u><u>1,501,938</u></u>
Income (Loss) Before Transfer	<u><u>3,030,643</u></u>	<u><u>5,944,062</u></u>	<u><u>46,535</u></u>	<u><u>(1,100,984)</u></u>	<u><u>635,267</u></u>
Operating Transfers In				230,000	
Operating Transfers (Out)	<u>(904,031)</u>	<u>(894,800)</u>	<u>(889,586)</u>	<u>(972,112)</u>	<u>(876,338)</u>
Change In Net Position	<u><u>2,126,612</u></u>	<u><u>5,049,262</u></u>	<u><u>(843,051)</u></u>	<u><u>(1,843,096)</u></u>	<u><u>(241,071)</u></u>
Total Net Position - Beg. of Year, as Restated	<u><u>25,263,242</u></u>	<u><u>27,384,511</u></u>	<u><u>32,206,235</u></u>	<u><u>31,363,184</u></u>	<u><u>29,520,088</u></u>
Total Net Position - Ending	<u><u>\$ 27,389,854</u></u>	<u><u>\$ 32,433,773</u></u>	<u><u>\$ 31,363,184</u></u>	<u><u>\$ 29,520,088</u></u>	<u><u>\$ 29,279,017</u></u>

Source: Audited Financial Reports of the Town (2019-2022) & Annual Financial Report (2023).

NOTE: This Schedule is NOT audited.

Statement of Revenues, Expenditures and Changes in Net Assets
Enterprise Water Fund

Fiscal Year Ending December 31:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Operating Revenues:					
Charges for Sales & Services					
Water Sales	\$ 4,503,866	\$ 5,154,862	\$ 4,587,402	\$ 5,659,751	\$ 6,455,029
Water Service Charges	49,670	75,888	1,054,867	1,017,120	1,040,695
Other Services	519				
Total Operating Revenues	<u>4,554,055</u>	<u>5,230,750</u>	<u>5,642,269</u>	<u>6,676,871</u>	<u>7,495,724</u>
Operating Expenditures:					
Cost of Sales & Services					
Administration	1,418,374	1,601,237	1,632,185	2,030,953	1,561,638
Plant, Transmission & Distribution	2,219,804	2,107,247	2,017,487	2,181,166	2,308,299
Depreciation	1,599,782	1,603,980	1,651,093	1,710,112	1,843,625
Employee Benefits	1,206,791	944,057	1,368,620	779,499	1,437,595
Total Operating Expenditures	<u>6,444,751</u>	<u>6,256,521</u>	<u>6,669,385</u>	<u>6,701,730</u>	<u>7,151,157</u>
Operating Income (Loss)	<u>(1,890,696)</u>	<u>(1,025,771)</u>	<u>(1,027,116)</u>	<u>(24,859)</u>	<u>344,567</u>
Non-Operating Revenue (Expenditure):					
Investment Earnings - Unrestricted	55,406	23,574	5,477	43,173	526,936
Interest Expense	(256,717)	(257,266)	(270,780)	(329,090)	(302,681)
Tower Rentals & Miscellaneous	625,039	738,279	702,394	880,603	639,139
Developers' Fees	1,725,075	324,632	762,332	738,721	448,265
Real Property Taxes	1,349,000	1,367,577	1,410,187	1,439,517	1,437,168
Other Real Property Tax Items				10,711	10,931
State & Local Aid			2,486	65,361	2,725,966
Federal Aid			14,915		
Total Non-Operating Revenue	<u>3,497,803</u>	<u>2,196,796</u>	<u>2,627,011</u>	<u>2,848,996</u>	<u>5,485,724</u>
Income (Loss) Before Transfer	<u>1,607,107</u>	<u>1,171,025</u>	<u>1,599,895</u>	<u>2,824,137</u>	<u>5,830,291</u>
Operating Transfers (Out)	<u>(416,200)</u>	<u>(438,465)</u>	<u>(439,629)</u>	<u>(457,234)</u>	<u>(435,264)</u>
Change In Net Position	<u>1,190,907</u>	<u>732,560</u>	<u>1,160,266</u>	<u>2,366,903</u>	<u>5,395,027</u>
Total Net Position - Beg. of Year, as Restated	<u>29,074,698</u>	<u>30,251,016</u>	<u>30,615,673</u>	<u>31,775,939</u>	<u>34,142,842</u>
Total Net Position - Ending	<u>\$ 30,265,605</u>	<u>\$ 30,983,576</u>	<u>\$ 31,775,939</u>	<u>\$ 34,142,842</u>	<u>\$ 39,537,869</u>

Source: Audited Financial Reports of the Town (2019-2022) & Annual Financial Report (2023).

NOTE: This Schedule is NOT audited.

Budget Summaries
General Fund

	Fiscal Year Ending December 31:	
	2023	2024
Revenues:		
Real Property Taxes	\$ 42,177,900	\$ 44,524,150
Other Tax Items	2,200,800	2,346,300
Non-Property Tax	2,744,000	3,191,000
Departmental Income	2,767,200	3,118,800
Use of Money & Property	256,000	539,000
Licenses & Permits	40,300	38,800
Fines & Foreitures	450,000	500,000
Sales of Property & Compensation for Loss	407,500	7,500
Miscellaneous	1,500	600
State Aid	1,600,100	1,678,500
Federal Aid	163,600	130,000
Interfund Revenues	1,837,100	1,943,000
Interfund Transfers	1,311,400	1,390,500
Fund Balance	2,000,000	2,000,000
Total Revenue	\$ 55,957,400	\$ 61,408,150
Expenditures:		
General Government Support	\$ 12,005,900	\$ 13,631,674
Public Safety	19,683,400	20,833,189
Public Health	24,000	8,800
Transportation	363,800	376,127
Economic Assistance & Opportunity	1,027,100	1,032,232
Culture & Recreation	1,432,000	1,556,204
Home & Community Services	1,766,400	2,144,752
Employee Benefits	17,079,500	19,192,672
Debt Service	2,355,200	2,412,400
Transfer to Other Fund	220,100	220,100
Total Expenditure	\$ 55,957,400	\$ 61,408,150

Source: Adopted Budgets of the Town (2023 & 2024)

TOWN OF RIVERHEAD

APPENDIX B

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

[▶ Click Here For 2023 AFR](#)

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

APPENDIX C

BOND COUNSEL OPINION

FORM OF BOND COUNSEL’S OPINION

December 3, 2024

Town of Riverhead, Suffolk County
State of New York

Re: Town of Riverhead, New York
\$4,975,000 Public Improvement (Serial) Bonds, 2024

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$4,975,000 Public Improvement (Serial) Bonds, 2024 (the "Obligation"), of the Town of Riverhead, Suffolk County, in the State of New York (the "Obligor"), dated December 3, 2024, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of _____ per centum (_____%) per annum as to bonds maturing in the following amounts: \$ _____ on December 1, 2026, \$ _____ on December 1, 2027, \$ _____ on December 1, 2028, \$ _____ on December 1, 2029, \$ _____ on December 1, 2030, \$ _____ on December 1, 2031, \$ _____ on December 1, 2032, \$ _____ on December 1, 2033, \$ _____ on December 1, 2034, \$ _____ on December 1, 2035, \$ _____ on December 1, 2036, \$ _____ on December 1, 2037, \$ _____ on December 1, 2038, \$ _____ on December 1, 2039, with interest thereon payable on June 1, 2025, December 1, 2025 and semi-annually thereafter in each year to maturity.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage 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 (the "Arbitrage Certificate"); 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 Arbitrage 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, subject to applicable statutory limitations; 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 appropriate 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) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax on individuals. We observe that interest on the Obligation included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) may be taken or omitted.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

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 opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of revenues or moneys of the Obligor legally available 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,

/s/ Orrick, Herrington & Sutcliffe LLP

APPENDIX D

CDA ANNUAL REPORT FOR FISCAL YEAR 2023

CDA ANNUAL REPORT FOR FISCAL YEAR 2023

As required by the bylaws of the Town of Riverhead Community Development Agency (CDA), the following information is provided for consideration and review by the Members of the CDA.

MEMBERSHIP- The Members of the Corporation shall be the members of the Riverhead Town Board, comprised of the following persons during FY 2023: Yvette M. Aguiar, Tim Hubbard, Frank Beyrodt, Kenneth Rothwell and Robert Kern. During 2023 the CDA was served by: Executive Director Dawn Thomas, Chief Finance Officer/Contracting Officer for personal property was Bill Rothaar; and Erik Howard, Esq. Contracting Officer for Real Property. Neither members nor staff receives any compensation for their duties and responsibilities to the CDA.

The CDA established a Governance and Audit Committee as required by the Public Authorities Act of 2005 as amended (the "PAAA"). Yvette Aguiar and Frank Beyrodt were appointed to the Governance Committee. Yvette Aguiar, Frank Beyrodt and William Rothaar, CFO were appointed to the Audit Committee. All other CDA policies and procedures required by the PAAA relating to investment, salary/compensation, whistleblowing, acquisition and disposition of real property and personal property, procurement, defense and indemnification for Directors, ethics, travel, were ratified and adopted by CDA Resolution, adopted in January 2023.

BACKGROUND

The Town of Riverhead is a rural municipality with a population of approximately 36,000, located on the east end of Long Island in Suffolk County. Riverhead is within a commutable distance of all of Suffolk and Nassau counties. The total Town budget for FY 2023 was just under 60M. The five-member Riverhead Town Board is the governing legislative body and consists of a supervisor and four council members, all of whom are elected at large.

The Town Board acts separately in its capacity as the CDA Board, which is empowered under New York State General Municipal Law to foster economic development. The CDA consists of the Chairman (the Town Supervisor) and the four Town board members. In the capacity as the economic development agency of the Town of Riverhead, the CDA administers and secures financing for numerous downtown revitalization projects and public improvement projects.

The CDA, established in 1982, has been proactive in fostering economic revitalization in the downtown business district and was a major impetus in the establishment of a 3.2 acre waterfront aquarium. In addition, the CDA took title to the former Naval Weapons Industrial Reserve Plant at Calverton in 1998 as the result of special federal legislation, and as such is charged with the task of overseeing economic development at the 2,900-acre site. Using powers granted under New York State Urban Renewal Law, pursuant to Section 505 of Article 15, the Community Development Agency has played a critical role in economic development at Calverton Enterprise Park, as well as downtown. Since 1998, the Calverton Enterprise Park real property, improved with buildings and infrastructure, has been leased and sold pursuant to the disposition of property procedures of Section 507 of the Urban Renewal Law.

Urban Renewal Areas. The CDA has designated several Urban Renewal Areas for the purpose of encouraging neighborhood revitalization and economic development. *The designated Urban Renewal Areas include: 1) Calverton Enterprise Park (EPCAL), 2) Millbrook Gables residential community, 3) East Main Street Downtown Business District and 4) Railroad Avenue Corridor.* Within the designated boundaries of the urban renewal areas, available incentives are provided where feasible to attract investment and assist owners and businesses in improving their properties.

Portions of the Calverton Enterprise Park and East Main Street Urban Renewal Areas were designated Empire Zones, a program that was sunsetted by New York State on June 30, 2010. This designation was initiated and administered by the CDA for its economic development benefits. Low interest loans and grants have also been made available to increase investment in these targeted areas. For instance, within the East Main Street Urban Renewal Area, the CDA has successfully developed an aquarium as a major tourist attraction, sold the 1930s art deco Suffolk Theatre for reuse, completed restoration of an 1881 historic opera house, invested over \$600,000 in historic restoration of properties occupied by the East End Arts Council, as well as assisting in the development of a 100 room hotel expansion at Long Island (formerly Atlantis) Aquarium and Exhibition Center and three new mixed use housing/retail developments on Peconic Avenue, one that incorporated a deteriorated structure and the other that revitalized a vacant building located at the gateway to downtown that now is an active revitalized historic anchor building with retail, office and housing completed in 2010. In 2015, redevelopment of the formerly vacant Woolworth department store into a thriving mixed-use building was completed and 19 workforce housing units were completed with 24,000 square feet of commercial on the first floor. Since 2016 the Town has planned and/or constructed a total of approximately 950 units of residential mixed use buildings in the East Main Street and the Railroad Avenue Urban Renewal area. All of the mixed use buildings proposed and constructed are intended to be market rate and all privately financed. The CDA often works with federal, state and county incentive programs to encourage private investment into the Urban Renewal Areas. In addition, the Town received substantial NYS grants that allowed it to acquire 3 vacant and blighted structures on East Main Street for the creation of a Town Square, new boutique hotel, riverfront amphitheater and Accessible Children's Playground. Specifically, in 2019, the Town received 800K for these projects and in 2021, the Town was awarded the NYS Downtown Revitalization Initiative grant of 10M.

CDA MISSION STATEMENT

The CDA's mission is to foster economic revitalization in the Town of Riverhead Urban Renewal Areas to implement projects that improve the environment, economy and quality of life of the Riverhead Town residents, businesses and visitors through creation of jobs, development of infrastructure, generation of additional tax revenue, and leveraging investment of capital in the Town of Riverhead.

Measurements by which the CDA and the achievement of its goals may be evaluated by the following:

- Investment dollars and leveraging (public and private funding);
- Renovation of blighted and vacant areas, buildings and infrastructure;
- Infrastructure development;
- Tax base expansion;
- Jobs created; and
- Quality of life enhancements (preservation and open space, recreation, enhancement of environment, transportation and housing choices)

Below is a list of projects that have advanced these goals during 2023.

DOWNTOWN ACTIVITY IN 2023

The Community Development Agency actively pursues grant funding to incentivize private developments in Downtown Riverhead. In the past 10 years the CDA through the Town has secured tens of millions dollars in funding towards private and public projects. Downtown Riverhead has an active BID Management Association (BIDMA) that provides extensive programming to attract visitors <http://riverheadbid.com/>. In 2016 the Riverhead BID Management Association established a free music festival on 4 summer evenings in July and August called *Alive on 25* that attracted thousands of visitors to the East Main Street Urban Renewal Area and its businesses. That event has since been very successfully running since that time.

In 2018 and in 2019, the Town of Riverhead in conjunction with the BIDMA received a grant which enable the BIDMA to launch a new downtown festival in historic Grangebel Park called *Art in the Park – Reflections*. That event is based in a temporary reflective public art installation within the park that may be enjoyed by visitors during the warmer months and then, during 5 evenings in the late summer and fall, those reflective sculpture are lit with various forms of light including fire, LED, Neon, day glow and black light for a completely different downtown experience. This event drew thousands of visitors to the downtown during 2018 and 2019 and allowed the public to enjoy free public art in an underutilized public park at no cost.

In 2019, the Town received a grant from NYS ESD for 800K for the development of a Town Square – a public gathering space - connecting East Main Street to the Peconic Riverfront. The grant allowed 300K for planning which the Town used to engage Urban Design Associates to create a plan for. 500K was for capital expenditures. The Town thereafter purchased 3 underutilized and vacant buildings to create the space for the new Town Square. Two of those buildings were demolished. The Town is now working with a private developer to complete a larger project as a public private partnership including an 80 room boutique hotel.

In 2021, the Town was the recipient of the 10M NYS Downtown Revitalization Initiative grant (DRI) which will fund the improvements and new public spaces in and around the new Town Square.

Additionally, the Downtown area has a shared municipal parking district to provide parking, an historic district triggering historic rehabilitation tax credits¹, and an urban renewal area triggering New Market Tax Credit availability for projects over \$5 million. In 2016 the entire East Main Street Urban Renewal Area was designated in the overlaying Brownfield Opportunity Area under New York State Department of State. See <http://www.townofriverheadny.gov/pView.aspx?id=38896&catid=118> Extensive information regarding the downtown infrastructure and special districts is available online in the East Main Street Urban Renewal Area Plan and accompanying GEIS located at <http://www.townofriverheadny.gov/pView.aspx?id=35106&catid=118>. The CDA East Main Street Urban Renewal Plan (<http://riverhead.municipalcms.com/docview.aspx?docid=27952>), final Generic Environmental Impact Statement (located at <http://riverhead.municipalcms.com/docview.aspx?docid=27953>), and Findings Statement for the GEIS (located at <http://riverhead.municipalcms.com/docview.aspx?docid=27954>) issued and adopted in October 2008.

In 2023, multiple significant private investment initiatives continued in the East Main Street and the Railroad Avenue Urban Renewal Areas. The redevelopment will create active space along the Peconic River allowing waterfront views and active outdoor space for tourists, visitors, residents and businesses to enjoy. These downtown redevelopment initiative will invest collectively over \$60 million to create attractive vibrant spaces that will support the growing number of businesses and mixed use housing developments along Downtown Riverhead’s Main Street and accentuate the Peconic River Walk.

- Private developer Georgica Green completed construction of a mixed use, mixed income workforce housing development that will include 117 housing units and over 15,000 square feet of retail space. Peconic County Brewing Company opened with a riverfront brewery/restaurant that has been a focal point on the riverfront since.

¹ In March 2012, a section of downtown Riverhead was approved for New York State’s Register of Historic Places. The same area was approved for inclusion on the National Register of Historic Places on August on Aug. 14, 2012, opening the door for huge tax benefits for those looking to renovate and improve old buildings. The boundaries of the district run along Main Street, from Griffing Avenue in the west to Maple Avenue in the east, and include parts of Peconic, Roanoke, East and Maple avenues in between. Currently, the Town of Riverhead has submitted an application to expand the Downtown Riverhead Historic District using funds from the NYS DOS BOA grant.

- Restoration of the former dilapidated and vacant historic Preston House to accommodate a new restaurant and 20 additional hotel units to be operated by Atlantis Holdings, LLC. The Hotel Restaurant was opened in early 2018.
- Atlantis Holdings, LLC also undertook the renovation of the historic Howell House, located directly adjacent to the Preston House. This restoration received the approval of the Town's Landmarks Committee and a grant for National Grid's Cinderella program. Construction is nearly complete and it is intended to be used in connection with the Preston House hotel for hospitality.
- Work on the Peconic Crossing workforce housing project of 48 residential units and associated parking was completed on location of the former Long Island Science Center. The project was completed and occupied in early 2018 after over 900 applicants entered the lottery for one of project's the 45 available apartments.
- A 35 Unit market rate rental residential building called the "Shipyard" located on East Main Street was completed and is fully occupied.
- A 35 Unit residential market rate mixed use building located in the Railroad Avenue Urban Renewal Area began construction in early 2023.
- The Town received a grant in the sum of \$800,000.00 for the construction of a Town Square that will connect East Main Street to the Peconic Riverfront. The Town bonded 5.5M to acquire the necessary properties and commence planning for the redevelopment of the subject area for the Town Square. Using these funds the Town purchased 3 buildings, 2 that were long blighted and vacant, the other occupied with a tavern business called Craft'd and office space above. The Town undertook to retain UDA to conduct the planning for the new Town Square that will be constructed in place of the 3 buildings the Town purchased so that Main Street can open up to the river using a public plaza. The Town demolished 2 of the 3 buildings it purchased for the Town Square and partnered with J. Petrocelli Development on the creation of a new, boutique hotel to be located directly on the riverfront Town Square. This activity led to the award of the NYS 10M DRI grant which includes funding for a substantial portion of the Town Square development.
- The Long Island Science Center purchased a 24,000 sf vacant building located at 111 East Main Street for redevelopment for the Long Island Science Center, a children's science and technology center with related retail. Design on this project was conducted in tandem with the Town Square. The project has received several additional grants, including one for a planetarium.
- The property owner of 203-213 East Main Street has a pending site plan proposing the construct a 191,854 sq. ft. mixed use building with 165 residential units with a mostly underground parking garage on a vacant 61,987 sq. ft. site composed of four parcels. This project should have full approvals by the end of 2023.

Additionally Downtown Riverhead benefitted from prior year's investments:

- Woolworth Revitalization, LLC, (130 East Main Street), a multimillion-dollar mixed use residential redevelopment of 36,000 square feet of formerly vacant and blighted space supported in part with \$75,000 in NYS DHCR Main Street funds and a \$250,000 infrastructure development subsidy approved by the Suffolk County Legislature, funded through the county's affordable housing opportunities. The 19 second floor apartments, built in 15,000 square feet on the second floor, meet the county's affordable housing requirements for tenant income and rent subsidies. The units were marketed by the L.I. Housing Partnership, which screens and qualifies tenants for the site. The project received a special permit after a Town Board public hearings to allow a new gym use as part of the redevelopment. Additionally, commercial tenants include Robert James Salon, Riverhead Flower Shop and Goldberg's Bagels. All apartments are full and there remains a waiting list.

- Continued redevelopment of the “Second Street Firehouse” a formerly municipally owned and deteriorating vacant building that was sold to a private developer and converted to two local craft brewery locations as well as second floor office space. This project was finished and is a successful and vital part of downtown.
- Suffolk Theatre Revitalization (former CDA property transferred to private developer to be renovated from vacant building to active theater through private funding and New York State Department of Housing and Community Renewal Main Street grant funds). The Theatre is near to completing its site plan application for the construction of 21 new residential rental units to be built behind the theater as well as an expansion of the theatre’s operating facilities including expanded stage areas, new green rooms, new dressing rooms storage and upgraded electronics and other equipment to enhance the theatre’s offerings.
- Infrastructure improvements including NYS DOT design for \$1.2 million rehabilitation of the Main Street sidewalks from Ostrander to Tanger Outlet Mall.
- Renovation and leasing of 30 West Main Street www.thirtywestmain.com (commercial office in formerly vacant building).
- Renovation and leasing of 20 West Main Street (commercial building with 2 formerly vacant floors).
- Various other façade and building improvements in the downtown area funded by New York State Department of Housing and Community Renewal Main Street grant funds.
- Approximately 770 municipally owned parking spaces walkable to downtown.
- Coordination with Taste North Fork with East End Tourism Alliance.

Qualified Federal Opportunity Zone

The Town’s Downtown and EPCAL census tracts received designation as Federal Opportunity Zones in 2017 which is hoped will further catalyze development in these areas by bringing needed private investment to them. A number of downtown properties have been acquired by investors and developers are moving forward with development plans.

CALVERTON ENTERPRISE PARK (EPCAL) ACTIVITY IN 2023

EPCAL. New York State (NYS) has identified EPCAL, the largest commercial industrial subdivision in the northeast, as a uniquely important development priority by adopting Special Act S3643A/A4678A for organized and expeditious redevelopment of this urban renewal area. EPCAL provides a shovel ready site with 90-day permit approval pursuant to special NYS legislation that incentivizes private investment into an Urban Renewal Area by streamlining the approval process and in turn, lowering the cost of doing business. Given the large size of undeveloped acreage and the existing infrastructure, the EPCAL site is well suited to attract “game changer” industries for an enhanced development rather than just a conventional industrial park.

The current goal for redevelopment of EPCAL at the federal, state, county and local level is to create higher paying manufacturing and construction industries jobs. EPCAL provides proximity to a highly skilled and technically trained workforce, educational and training system, and supply chain partners. Long Island has played a prominent role in engineering, aerospace, energy and other scientific research. Brookhaven Department of Energy research is located 10 miles from the EPCAL site <http://www.bnl.gov>. Stony Brook University operates the he Calverton Business Incubator on 50 acres of the EPCAL site along NYS Route 25. <http://www.stonybrook.edu/calverton/>.

The Reuse & Revitalization of EPCAL is one of the largest economic development projects in the Northeast. The goals and objectives of the EPCAL Reuse & Revitalization Plan are consistent with the local and regional goals and promise to promote and encourage uses that promote environmental quality and reduce reliance on imported fuels, i.e. solar; high-tech energy and/or green technology businesses; compliment and support the local agricultural economy, i.e. food processing; food distribution; appropriate industrial and commercial development to accommodate regional growth influences; use of the rail spur to support investment and development and reduce and/or mitigate traffic; and strengthen relations and coordinate with Stony Brook University (SBU), which operates the Calverton Business Incubator on 50 acres of the EPCAL site along NYS Route 25, and the Brookhaven National Laboratory for creation of and promotion of the site i.e., high-tech business/research park.

EPCAL History. The Enterprise Park at Calverton (EPCAL) located in the Town of Riverhead is a planned redevelopment of a 2,900-acre property formerly owned by the federal government and leased to the Grumman Corporation for final assembly and flight-testing of military aircraft. In 1996, defense downsizing resulted in closure of the Grumman facility and the U.S. Government transferred the site to the Town of Riverhead Community Development Agency (CDA) in September 1998 for economic development with the goals to: 1) attract private investment; 2) increase the tax base; 3) maximize job creation; and 4) enhance the regional quality of life. A 1998 comprehensive reuse planning study of the EPCAL site identified a mix of industrial and regional recreational uses as the best means to achieve these goals.

The Town of Riverhead sold the industrial core at EPCAL in 2001 to M-GBC, LLC, which subdivided the parcel into approximately 40 lots and sold to industrial users – with many interested in additional expansion at EPCAL. Approximately 36 businesses with 600 employees exist in the industrial core.

EPCAL Subdivision Progression. In 2011, the CDA executed an agreement with VHB Engineering, Surveying and Landscape Architecture, P.C. (VHB) to update the Comprehensive Reuse Plan for the 2,900 acre Calverton site formerly known as the Naval Weapons Industrial Reserve Plant at Calverton including but not limited to development of a revised land use plan and associated zoning, updated market assessment, preparation of subdivision plan, and assistance in the administration of the SEQRA process.

In 2013, the CDA adopted a development plan for EPCAL including proposed subdivision map, full environmental assessment form, draft scope of issues for the anticipated supplemental generic environmental impact statement, as well as authorized commencement and preparation of the supplemental generic impact statement for purposes of study of potential environmental impacts. The CDA accepted and adopted findings and recommendations of a market study prepared by RKG Associates and authorize VHB to proceed with environmental review of Development Plan “A” and alternate development plan as presented on December 8, 2011. The RKG market study and absorption analysis for EPCAL to support the VHB plan projections indicate total non-residential square footage build out at EPCAL to be approximately 2 million square feet on 150 acres by 2025 based on a rate of absorption of 132,000 square feet on ten acres per year.

By Town of Riverhead CDA Resolution #10 dated June 18, 2013, the Town of Riverhead Board, upon completion of coordinated review pursuant to 6 NYCRR Sect. 617.6 declared itself Lead Agency; classified the proposed action as a Type I action pursuant to 6 NYCRR Sect. 617.4; adopted a Positive Declaration requiring a Draft Supplemental Generic Environmental Impact Statement be prepared and conducted a formal public scoping.

By Town of Riverhead CDA Resolution #14 dated October 1, 2013, the Town of Riverhead Board, upon review of all comments made at the public scoping hearing adopted a Final Scope for the Draft Supplemental Generic Environmental Impact Statement (“DSGEIS”) supporting the subdivision available for public review online and in hard copy at the Office of the Town Clerk.

Town of Riverhead CDA Resolution #11 dated August 7, 2014, authorized acceptance, filing and publishing notice of completion of the Draft Supplemental Generic Environmental Impact Statement (“DSGEIS”) for a comprehensive development plan for EPCAL (EPCAL Reuse & Revitalization Plan), Amendment to the Town of Riverhead Comprehensive Master Plan, Amendment to the Zoning Code and Map to rezone the property to the PD Zoning District, and Subdivision of the EPCAL property. Town of Riverhead CDA Resolution #12 authorized the publish and post of notice of the Public Hearing on the DSGEIS; Amendments to the Town of Riverhead Comprehensive Master Plan, Zoning Code and Map; and the Subdivision that was held September 3, 2014. VHB prepared a Final Supplemental Generic Environmental Impact Statement (FSGEIS) in accordance with Section 617.10 of 6 NYCRR (SEQR) that provided responses to substantive comments in response to the public hearing and review. The Town Board via Town of Riverhead Resolution #190 dated March 15, 2016 accepted and filed notice of completion of the FSGEIS.

Town of Riverhead CDA Resolution #13 dated August 7, 2014, authorized submission of the EPCAL Reuse & Revitalization Plan (an updated and amended Urban Renewal Plan for the redevelopment of a portion of property identified and designated as an Urban Renewal Area under the Original Urban Renewal Plan “Calverton Enterprise Park Urban Renewal Plan”) to the Riverhead Planning Board and CDA Resolution #16 dated August 19, 2014 authorized the Supervisor to execute the application for the Subdivision and referred the application for the Subdivision to the Planning Board for the Town of Riverhead. Town of Riverhead CDA Resolution #14 dated August 7, 2014, authorized the publish and post of notice of the Public Hearing on the EPCAL Reuse & Revitalization Plan that was held September 3, 2014.

The CDA Board via CDA Resolution #11 dated July 19, 2016 adopted the findings statement in connection with the FSGEIS. The CDA Board via CDA Resolution #12 dated August 2, 2016 approved the Reuse & Revitalization Plan for EPCAL (Phase II) as an updated and amended urban renewal plan for a portion of the property identified in the original Calverton Enterprise Park Urban Renewal Plan adopted in 1998.

These documents are available at <http://www.townofriverheadny.gov/pview.aspx?id=32339>.

This subdivision process was transitioned to subdivided the property for the purpose of sale to CAT. Luminati Aerospace LLC <http://www.luminati.aero/> is an aerospace technology company focusing on research, development, testing, and manufacturing of next generation solar-electric unmanned aerial vehicles, or UAVs, at its facility located at the historic Calverton Enterprise Park in Riverhead, New York. Luminati Aerospace LLC had assembled a "dream team" of engineers and university professors to work on its initial project and after the initial project is concluded, Luminati Aerospace LLC plans to establish itself as a major force in the global aerospace industry, focusing on cutting-edge, high-technology aerospace manufacturing.

In 2015, Luminati Aerospace LLC purchased property in the industrial core to house a new aerospace technology company focused on research, development, testing and manufacturing of next generation unmanned aerial vehicles or UAVs. Luminati Aerospace was initially drawn to Calverton because of its runway facilities as well as the historic role of Calverton and Long Island in the history of aviation. To further this rollout of a completely new manufacturing industry, Luminati Aerospace entered into a runway use and management agreement for the Easterly Runway at Calverton Enterprise Park for testing of the UAVs and accommodation of supporting aircraft.

In 2016 Luminati Aerospace leased another 53,000 square feet of industrial space at Calverton Enterprise Park to support the scale up for manufacturing. In 2016 New York State has awarded Luminati Aerospace \$2,000,000 in cash grants and over \$5,000,000 in tax incentives toward Luminati Aerospace's planned expansion at Calverton to create 210 direct jobs and 128 construction jobs with a total project cost of \$80,000,000.

Luminati Aerospace has expressed an intent to acquire the remaining developable property owned by the Town of Riverhead. Additionally in 2016, the Town received another multi-million dollar offer to purchase the remaining developable property as well as a backup offer to purchase the property from another investor. Ultimately Luminati Aerospace executed a letter of intent with the Town of Riverhead for the purchase of approximately 1600 acres at the site for the purpose of creating an aerospace/technology industrial park with approximately 1,000,000 sf of new industrial space.

In late 2017 Luminati Aerospace partnered with 555 to form CAT, LLC (Calverton Aviation and Technology) to develop the EPCAL site. In early 2018 CAT, LLC submitted the necessary documentation and presented testimony at several public hearings after which the CDA Board declared it Qualified and Eligible Sponsor for a Urban Renewal project. Upon receiving this designation and pursuant to the letter of intent originally executed by Luminati Aerospace, LLC, CAT, LLC executed a contract of sale for the purchase of the property. CAT, LLC has completed its due diligence waived its right to cancel the contract and as such the contract is firm. The Town is in the process of obtaining the subdivision approval from the NYS DEC and Suffolk County Department of Health. The NYS DEC has advised that it will not approve the subdivision unless the Suffolk County Water Authority determined that it did not wish to serve the property. The Town sued DEC for a determination that this was arbitrary and capricious, but the suit was dismissed as premature.

As an alternative to subdivision which is proving difficult for a number of reasons, the above contract was updated to allow the CDA to transfer the entire acreage to the IDA in a joint application between Calverton Aviation and Technology (CAT) with lease backs to CAT for the development of at least 1M SF of new industrial space within 5 years. This new arrangement, if successful, will result in the payment of the 40M purchase price to the CDA. If the new arrangement does not come to fruition, it is possible that CAT could still close, or the parties could agree to terminate the contract pursuant to its terms and the terms of the most recent agreement. That joint application was denied by the IDA and the Town of Riverhead, pursuant to its agreement with 555, canceled the contract. An action for specific performance was commenced against the Town of Riverhead and the IDA and is pending in NYS Supreme Court.

The Calverton Rail Spur continues to operate freight rail access to the industrial park. In 2008, the CDA board authorized and issued an RFP for rail design engineers for the Calverton Rail Access and Development Project and selected HDR, Inc., as the consultant for the project. In December 2008, the CDA authorized HDR to proceed with initial preliminary planning for the Calverton Rail Access Rehabilitation Project. In March 2009, the CDA board authorized HDR to proceed with the \$75,000 NYSERDA grant funded design portion of the project and in December 2009, the CDA board authorized HDR, Inc. to continue planning for the project with \$650,000 New York State Empire State Development grant funding secured in October 2009. In December 2009, the CDA board authorized the Calverton Rail Access Project to receive American Reinvestment and Recovery Act funding from the New York State Department of Transportation for the construction of the Calverton Rail Access Rehabilitation Project in an amount up to \$4.8 million. In April 2010, the project received a Gold GREENLites Transportation Sustainability Award from New York State Department of Transportation. The project broke ground in May 2010 and made significant progress toward completion by the time weather shut down construction in December 2010. Construction was completed and the rail ready for operation by close of 2012.

The Town of Riverhead Calverton Sewer District has completed its 7.5 million upgrade to the Calverton Sewage Treatment Plant (STP) from secondary to tertiary treatment that will also relocate the outflow pipe from McKay Lake, that is hydrologically connected to the Peconic Estuary to north of the groundwater divide. This project was completed with several grants. Senator LaValle successfully included a \$5 million dollar grant towards the upgrade in the 2014 NYS budget. Also in 2014, New York State Long Island Economic Development Regional Council awarded a grant of \$1.34 million towards the upgrade, the NYS DEC awarded a \$476,000 towards the upgrade through the Water Quality Improvement Program. Suffolk County awarded \$125,000 under the 1/4% Clean Water grant program in 2015.

RAILROAD AVENUE CORRIDOR ACTIVITY IN 2023

On behalf of New York State Courts, Suffolk County is charged with providing adequate facilities for court functions in Suffolk County. Suffolk County over a 15-year period has renovated and expanded existing buildings located adjacent to the Railroad Avenue Corridor to introduce 8 new courtrooms for a total of 18 courtrooms and larger jury space. In late 2013 Suffolk County completed construction on 5 additional vacated courtrooms thus bringing the facility to full occupancy. This expansion has generated significant activity in the Railroad Avenue Corridor and the Town anticipates renewed interest in private investment for redevelopment of the area. To encourage investment in the Railroad Avenue Corridor the CDA and Town have made affirmative efforts to remove blighted, vacant and dilapidated buildings. In 2015, The Town of Riverhead initiated legal action to compel demolition of a dilapidated building known as the former Courthouse Restaurant, 307 Griffing Avenue, Riverhead. The demolition of the building was completed in 2016. The property was demolished and the lot remains vacant.

The Town undertook to revitalize the RR Station parking lot it owns as was recommended in the 2016 BOA study. Using grant funds in the sum of 25K from NYSESD, the Town retained Nelson, Pope and Voorhis who worked with the Community Development Agency to create and plan and attendant overlay zone providing increased density to the area. The Town adopted the Transit Oriented Development Plan October of 2020 and the attendant Overlay Zoning District in January of 2023. The Town issued an RFP in March of 2021, received 6 qualified responses in May of 2021. Those responses were vetted by a TOD Committee selected by the Town Board. The TOD Committee recommended one proposal and the Town Board selected that developer, RXR/GGV, in December 2021 to work with it on a public private partnership that will result in a new parking structure with approximately 150 stalls and a 243 unit mixed use development to be constructed by RXR/GGV on the Town's 2 acre surface parking lot that is located near the LIRR Riverhead Station. The Town has selected RXR/GGV as its master developer for the project and designated the firm qualified and eligible as sponsors of this urban renewal project as is required by NYS Urban Renewal Law.

ADDITIONAL CDA ACTIVITIES

The CDA submitted funding applications to the New York State Long Island Economic Development Regional Council to support development of the Vietnam Veterans Memorial Trail at Calverton Enterprise Park and was awarded \$500,000. Additional grants to support the Trail development were secured by New York State Senator LaValle (\$150,000) and Suffolk County Legislator Al Krupski (\$200,000). A grant application to New York State under the RESTORE NY program was submitted on behalf of private developers for downtown revitalization projects that was subsequently awarded a grant of \$500,000 in 2018. In 2015 the CDA received funding to enhance water infrastructure to support expansion of the subdivision at Calverton Enterprise Park and was awarded \$125,000 towards the \$625,000.

The Main Street grant awarded in 2012 by NYS DHCR to support commercial and residential development in the East Main Street Urban Renewal Area continued to move forward with renovation of 15 buildings. The Town maintained and completed a contract with Nelson Pope Voorhis awarded in 2012 through NYS DOS BOA grant to redevelop the Main Street corridor from the back entrance of Tanger Outlets through Hubbard Avenue in Downtown Riverhead that includes the East Main Street Urban Renewal Area. Under the contract the existing Historic District will be expanded.

The Town was awarded 500K from NYS Parks for the development of an Adaptive Playground on the Town Square.

The Town applied for RAISE funding for downtown but was not awarded. Another application will be made in 2024.

AGREEMENTS ENTERED INTO BY THE CDA IN 2023

Existing agreements the CDA continued during 2023 entered into in previous years:

- 1) Retainer agreement with the law firm Smith, Finkelstein, Lundberg, Isler and Yakaboski as Special Counsel in Connection with the Redevelopment of EPCAL;
- 2) Agreement with New York & Atlantic Railway Company to use railroad track and rail infrastructure at EPCAL to conduct freight rail operations;
- 3) Authorized Right of Entry on CDA premises and use of credits for freight rail track to CAPS Realty Holdings LLC and Eastern Wholesale Fence;
- 4) Retainer Agreement with Cushman & Wakefield of Long Island, Inc., for real estate brokerage services (marketing, sales and leasing) related to property owned by the CDA and to represent the CDA Board in negotiations with Designated Developers/Investors in reference to redevelopment at EPCAL;
- 5) Runway Use Agreement with Luminati Aerospace LLC and 400 David Court LLC (designated as a Qualified and Eligible Sponsor via a public hearing process and public hearing held on October 20, 2015) for use of portions of Calverton Enterprise Park at Calverton Easterly Runway/Taxiway and Tie-Down Area for a rental price of \$31,810 per annum, subject to an annual cost of living increase, with an initial term of ten years beginning November 4, 2015 and an option to extend the agreement for up to two additional ten year terms. During the term of the Agreement, Luminati Aerospace shall be responsible for maintaining the runway, taxiway and tie-down areas.
- 6) Contract of Sale for 1600 acres +/- of real property locate at the EPCAL site.
- 7) Transfer of title for the Vietnam Veterans Memorial Trail at EPCAL from the CDA to the Town of Riverhead.
- 8) Board authorization to lease the building known as the “Henry Pfeifer Community Center” and the existing improvements adjacent to and related to use of the building to East End Disabilities Associates, Inc. for the purpose of a day center for disabled individuals.

DESCRIPTION OF MATERIAL PENDING LITIGATION

The Town of Riverhead Community Development is a defendant in the specific performance action commenced by 555. The Town’s council Certilman Balin, LLP, has moved to dismiss the action, which is now pending in Suffolk Supreme Court.

GRANT FUNDING

Enhancement of EPCAL Sewer Infrastructure. Former Senator Kenneth LaValle successfully included a \$5 million dollar grant towards the Calverton STP upgrade in the 2014 NYS budget. Also in 2014, New York State Long Island Economic Development Regional Council awarded a grant of \$1.34 million towards the upgrade, the NYS DEC awarded a \$476,000 towards the upgrade through the Water Quality Improvement Program. Suffolk County awarded \$125,000 under the 1/4% Clean Water grant program in 2015 towards the \$7.5 million upgrade from secondary to tertiary treatment that will also relocate the outflow pipe from McKay Lake, that is hydrologically connected to the Peconic Estuary to north of the groundwater divide. The construction of the project commenced in 2019.

Enhancement of EPCAL Water Infrastructure. In 2015 the CDA applied for and received a \$125,000 grant from NYS ESD towards construction of an interconnection between the Riverhead Water District and the Suffolk County Water Authority to develop water infrastructure at EPCAL to service businesses in the Town of Riverhead and Eastern Long Island.

CDA Parks Projects. The CDA applied for and received notification of a \$100,000 grant from the New York State Office of Parks, Recreation and Historic Preservation in 2006 for funding under the Recreational Trails Program towards the development of an 8.9 mile multisport athletic trail. The project was bid, awarded and substantially constructed in 2010 and a significant amount of the grant funds were received for reimbursement by year-end 2010. The project augments a town park project initiated by the CDA in 2001 involving \$600,000 in grant funds from the New York State Office of Parks Recreation and Historic Preservation for public recreational improvements. Phase I was designed and engineered in 2006 and under construction in 2007/8. The majority of funds were expended in 2007 and a majority of the grant funds were received for reimbursement by year-end 2008. Close out and final audit of the Phase I grant funds were completed in 2011. Additional work on Phase II of the ballfield development continued in 2011 with entrance improvements to the ballfields and was completed in 2014. In 2015, Suffolk County committed an additional \$200,000 to support completion of the Vietnam Veteran's Memorial Trail. In 2016 Senator LaValle secured an additional \$150,000 Dormitory Authority of the State of New York grant and New York State under the Office of Parks Recreation and Historic Preservation awarded another \$500,000 towards completion of the Vietnam Veteran's Memorial Trail. Work was completed in 2019.

Calverton Rail Access Rehabilitation Project. The CDA applied for and received notification of a \$75,000 grant from the New York State Energy Research and Development Authority (NYSERDA) in 2008 for funding under the Sustainable Transportation Systems Program towards design and logistics associated with rehabilitation of 2.65 miles of an existing rail spur that links Long Island Rail Road mile post 69.1 to the Calverton Enterprise Park. The infrastructure project is expected to remove vehicles from the roads, mitigate traffic congestion and allow area businesses to compete more effectively through reduced shipping costs and lower the prices of goods. In 2009, the CDA accepted the grant award from NYSERDA and entered into a professional services agreement with HDR, Inc. to proceed with design of the Calverton Rail Access Rehabilitation Project funded by NYSERDA. In December 2009 the CDA board authorized HDR, Inc. to continue planning for the project with additional Town and CDA funds augmented with \$650,000 funding secured in October 2009 from New York State Empire State Development. In 2010 the CDA board authorized the Calverton Rail Access Project to receive American Reinvestment and Recovery Act funding from the New York State Department of Transportation for the construction of the Calverton Rail Access Rehabilitation Project in an amount up to \$4.8 million. In April 2010 the project received a Gold GREENLites Sustainability Award from New York State Department of Transportation. The project broke ground in May 2010 and made significant progress toward completion by the time weather shut down construction in December 2010. Construction restarted in 2011 and was completed in 2013 with the rail ready for operation. In 2015 the CDA Board authorized drawdown of funds by Eastern Wholesale Fence and C.A.P.S Realty, in the sum not to exceed \$244,868.64 for construction of rail and sidings on the Eastern Wholesale Fence property.

2018 NYS WIIA awarded the Town 3M for manganese removal from Well 5-2A

2019 CFA – the Town was awarded 800K for the Town Square capital project.

2021 DRI – the Town was awarded 10M for projects throughout its downtown, including 3.4M of the Town Square, 245K for the adaptive Children’s Playground, 2.75 for the Railroad Avenue TOD project and 750K for complete streets improvements to walk and bike connections throughout downtown,

2022 BOA – the Town was awarded a pair of BOA grants in the amount of 200K each, for predevelopment activities on the planned amphitheater and adaptive children’s playground, which are part of the overall Town Square project and activation plan.

2022 BIL – the Town was awarded 1.85M for PFOS/PFOA mitigation to connect homes to public water.

2022 CDS – the Town received 2.275M in funding from EPA for PFOS/PFOA mitigation to connect homes to public water

2022 BIL – the Town received 3.815M in funding for PFOS/PFOA mitigation to connect homes to public water.

2023 CDS – the Town received 1.3M in funding for PFOS/PFOA mitigation to connect homes to public water.

2023 – BIL – the Town received 2.683M in funding for PFOS/PFOA mitigation to connect homes to public water.

2023- the Town was awarded 500K from NYS Parks for the development of an Adaptive Playground in the Town Square.