

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 14, 2021

REFUNDING ISSUE

MOODY'S RATING - "Baa1/Positive"

S&P RATING - "BBB+/Stable"

SERIAL BONDS

SEE "RATINGS" HEREIN

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



**TOWN OF OYSTER BAY
NASSAU COUNTY, NEW YORK**

\$79,610,000*

**PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS, 2021
(the "Bonds")**

Dated: February 3, 2021

Due: As shown on the inside cover page

The Bonds are general obligations of the Town of Oyster Bay, Nassau County, New York (the "Town"), for the payment of which the Town has pledged its faith and credit. All real property subject to taxation within the Town is subject to the levy of ad valorem taxes, without limitation as to rate or amount, subject to the statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended, to pay the principal and interest on the Bonds. See "TAX LEVY LIMIT LAW" herein.

Interest on the Bonds will be payable on each March 1 and September 1, commencing September 1, 2021. Interest on the Bonds will be calculated based upon a 360-day year of 30-day months and will be payable in Federal Funds. The record date for the payment of interest on the Bonds will be the fifteenth day of the calendar month immediately preceding the applicable interest payment date. The Bonds are not subject to redemption prior to maturity. See "THE BONDS – No Optional Redemption" herein.

The Bonds will be issued as registered Bonds and, when issued, will be registered in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. The Town Clerk will be the fiscal and paying agent for the Bonds while the Bonds are in registered form. Individual purchases of the Bonds will be made in book-entry form, in denominations of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. See "BOOK-ENTRY-ONLY SYSTEM" herein. Payment of the principal of and interest on the Bonds to the beneficial owners of the Bonds will be paid by the Town to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein.

THIS OFFICIAL STATEMENT SHOULD BE READ IN ITS ENTIRETY.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the receipt of the unqualified legal opinion as to the validity of the Bonds of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Certain legal matters in connection with preparation of this Official Statement will be passed upon for the Town by Norton Rose Fulbright US LLP, New York, New York in its role as Special Disclosure Counsel. Certain legal matters will be passed upon for the Town by the Town Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Squire Patton Boggs (US) LLP, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey on or about February 3, 2021.

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS HEREIN DESCRIBED. THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE ANNUAL AND CONTINUING DISCLOSURE WITH RESPECT TO THE BONDS (AS DEFINED IN THE RULE) AS REQUIRED BY THE RULE (SEE "DISCLOSURE UNDERTAKING" HEREIN).

OPPENHEIMER & CO.

Dated: January , 2021

* Preliminary, subject to change

\$79,610,000*
PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS, 2021

<u>March 1,</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾ Base: 692160</u>
2022	\$11,390,000			
2023	10,520,000			
2024	11,040,000			
2025	11,580,000			
2026	12,105,000			
2027	11,260,000			
2028	11,715,000			

* Preliminary, subject to change.

⁽¹⁾ Copyright, American Bankers Association. CUSIP data herein are provided by S&P Global Ratings, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Town makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future.

NO PERSON HAS BEEN AUTHORIZED BY THE TOWN OF OYSTER BAY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY ANY OF THE BONDS IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. THE INFORMATION, ESTIMATES 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 OF OYSTER BAY SINCE THE DATE HEREOF.

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. "The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of its responsibilities under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKETS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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TOWN OF OYSTER BAY, NASSAU COUNTY, NEW YORK



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OFFICIAL STATEMENT
of the
TOWN OF OYSTER BAY
NASSAU COUNTY, NEW YORK
relating to

\$79,610,000*
PUBLIC IMPROVEMENT REFUNDING (SERIAL) BONDS, 2021

INTRODUCTION

This Official Statement, which includes the front cover page and the appendices annexed hereto, has been prepared by the Town of Oyster Bay, Nassau County, New York (the “Town”, “County”, and “State”, respectively) in connection with the sale and issuance of its \$79,610,000* Public Improvement Refunding (Serial) Bonds, 2021 (the “Bonds”).

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Town from its records, except for information expressly attributed to other sources. The presentation of the information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Town.

The factors affecting the Town’s financial condition, operations, and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the Town’s tax base, revenues, expenditures and ability to market debt securities, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement. For information relating to litigation and investigations involving the Town, see “*LITIGATION AND CERTAIN ONGOING INVESTIGATIONS*” herein.

THE BONDS

Description of the Bonds

The Bonds are general obligations of the Town, for the payment of which the Town has pledged its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and the laws of the State. All real property subject to taxation within the Town is subject to the levy of ad valorem taxes, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011, as amended, to pay the principal and interest on the Bonds. See “*TAX LEVY LIMIT LAW*” herein.

Each Bond when duly issued and paid for will constitute a contract between the Town and the owner thereof for the payment of such indebtedness. An owner of the Bonds would be entitled to enforce certain remedies against the Town if the Town were to fail to perform its obligations under the Bonds. See “*ENFORCEMENT OF REMEDIES*” herein.

The Bonds will be dated the date of their delivery, will bear interest at the rates and will mature on the dates as set forth on the inside cover pages of this Official Statement. Interest on the Bonds will be calculated based upon a 360-day year of 30-day months and will be payable in Federal Funds. The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co., as partnership nominee of DTC. The Town Clerk will be the fiscal and paying agent for the Bonds while the Bonds are in registered form. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form, in denominations of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. The record date for the Bonds is the fifteenth day of the month immediately preceding each interest payment.

No Optional Redemption

The Bonds will NOT be subject to redemption, in whole or in part, prior to maturity.

Authorization and the Refunding Plan

The Bonds are issued pursuant to the Constitution and Laws of the State of New York, including among others, the Town Law and the Local Finance Law and the refunding bond resolution duly adopted by the Town Board on December 8, 2020 (the “Refunding Bond Resolution”), authorizing the refunding of all or a portion of (i) Public Improvement (Serial) Bonds, 2011 Series A, dated June 2, 2011, which mature in the years 2022 to 2026, inclusive and (ii) Public Improvement (Serial) Bonds, 2014 Series A, dated March 6, 2014, which mature in the years 2022 through 2028, inclusive (collectively, the “Refunded Bonds”).

A refunding financial plan has been prepared and is described below (the “Refunding Plan”). Under the Refunding Plan, the Refunded Bonds are to be called and redeemed as detailed in the chart on the following page. The net proceeds of the Bonds (after payment of the purchaser’s fee and other costs of issuance relating to the Bonds) may be used to purchase non-callable, direct obligations of or obligations guaranteed by the United States of America (the “Government Obligations”) and/or may be deposited as cash, all of which will be placed in an irrevocable trust fund (the “Escrow Fund”) to be held by Manufacturers and Traders Trust Company (the “Escrow Holder”), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the Town and the Escrow Holder, dated as of the delivery date of the Bonds (the “Escrow Contract”). If Government Obligations are purchased, the Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of, and interest on the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the refunding bond resolution of the Town and the Escrow Contract, to pay the Refunded Bonds on the applicable redemption date.

The holders of the Refunded Bonds will have a first lien on all cash and securities that are held in or credited to the Escrow Fund. The Escrow Contract shall terminate upon final payment by the Escrow Holder to the paying agents/fiscal agent for the Refunded Bonds amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds, including interest payable with respect thereto.

The Town is expected to realize, as a result of the issuance of the Bonds, and in accordance with the Refunding Plan, cumulative dollar and present value debt service savings.

Under the Refunding Plan, the Refunded Bonds will continue to be general obligations of the Town. However, inasmuch as the Government Obligations and or cash held in the Escrow Fund will be sufficient to meet all required payments of principal and, interest requirements when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be required.

The amount of Refunded Bonds set forth below may be changed by the Town in its sole discretion due to market or other factors considered relevant by the Town at the time of pricing of the Bonds and no assurance can be given that any particular maturity thereof, or the issue itself, will be refunded.

The Local Finance Law provides that upon placement in escrow of proceeds of refunding bonds sufficient to provide for the payment of the principal of and interest on the bonds to be funded by such refunding bonds, the refunded bonds are no longer counted in computing the Town’s debt for constitutional debt limitation purposes.

The Bonds are offered subject to approval by the State Comptroller of the terms and conditions of the Bonds and the Certificate of the Supervisor executed pursuant to Section 90.10(g) of the Local Finance Law.

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Refunded Bonds List
\$36,710,000 Public Improvement Refunding (Serial) Bonds, 2011 Series A, dated June 2, 2011

Maturity Date	Principal	Interest Rate	CUSIP (692160)	Redemption Date	Redemption Price
3/15/2022	\$2,470,000	4.00%	GQ1	3/15/2021	100.00%
3/15/2023	1,255,000	4.00%	GR9	3/15/2021	100.00%
3/15/2024	1,300,000	4.00%	GS7	3/15/2021	100.00%
3/15/2025	1,355,000	4.00%	GT5	3/15/2021	100.00%
3/15/2026	1,400,000	4.00%	GU2	3/15/2021	100.00%
Total	\$7,780,000				

\$140,225,000 Public Improvement (Serial) Bonds, 2014 Series A, dated March 6, 2014

Maturity Date	Principal	Interest Rate	CUSIP (692160)	Redemption Date	Redemption Price
3/1/2022	\$10,045,000	3.00%	KH6	3/5/2021	100.00%
3/1/2023	10,445,000	3.00%	KJ2	3/5/2021	100.00%
3/1/2024	10,865,000	3.00%	KK9	3/5/2021	100.00%
3/1/2025	11,300,000	3.25%	KL7	3/5/2021	100.00%
3/1/2026	11,750,000	3.50%	KM5	3/5/2021	100.00%
3/1/2027	12,220,000	4.00%	KN3	3/5/2021	100.00%
3/1/2028	12,710,000	4.00%	KP8	3/5/2021	100.00%
Total	\$79,335,000				

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources: Par Amount of the Bonds
Original Issue Premium

Total _____

Uses: Deposit to Escrow Fund
Underwriter's Discount
Bond Insurance
Cost of Issuance and Contingency

Total _____

BOOK-ENTRY-ONLY SYSTEM

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade

settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. 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.

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered. The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and the Town takes no responsibility for the accuracy thereof.

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

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

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 system transfers through DTC at any time. In the event that such book-entry system is discontinued, the following provisions will apply: (i) the Bonds will be issued in registered form in denominations of \$5,000 or integral multiples thereof, and (ii) principal of and interest on the Bonds will be payable at the office of the Town Clerk, as fiscal and paying agent for the Bonds while the Bonds are in registered form. The Bonds will remain not subject to redemption prior to their stated final maturity date.

BONDHOLDER RISKS

In making a decision as to whether to purchase the Bonds, potential investors should consider certain risks and investment considerations which could affect the ability of the Town to pay debt service on the Bonds and which could affect the marketability of or the market price for the Bonds. These risks and investment considerations are discussed throughout this Official Statement. Certain of these risks and considerations are set forth in this section, but this section is not intended to be comprehensive or to be a compilation of all possible risks and investment considerations, nor a substitute for an independent evaluation of the information set forth in and presented in this Official Statement, which each investor should read in its entirety in order to make an informed investment decision.

Additional risks and uncertainties not currently known by the Town, or that the Town does not currently consider to be material, or that are generally applicable to all municipalities and their ability to repay obligations, may exist. Any one or more of the factors discussed herein, and other factors not described herein, could lead to a decrease in the market value or liquidity of the Bonds. There can be no assurance that other risk factors not discussed below will not become material in the future. Prospective investors are advised to consider the following risk factors, among others, and to review the other information incorporated by reference into this Official Statement in evaluating an investment in the Bonds:

1. Outstanding bond anticipation notes may be subject to default if the Town cannot access capital markets through public competitive sale of bonds as required by New York law. If the Town were unable to access capital markets through the competitive public sale of its bonds, access to capital markets through a negotiated sale of bonds would require approval by the State Comptroller or may require special state legislation.
2. The Town does not employ formal multi-year budgeting and financial planning.

Market Factors Affecting Municipalities

The financial condition of the Town as well as the market price of and the market for the Bonds could be affected by a variety of factors, many of which are beyond the Town's control, including, for example: (i) certain adverse events in the domestic and world economy; (ii) a significant default or other financial crisis occurring in the affairs of the State or its agencies or political subdivisions; and (iii) a seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code. These events may affect the acceptability of obligations issued by borrowers within the State or the ability of the Town to arrange for additional borrowings. In addition, the market for and the market value of the Bonds could be adversely affected if the Town encountered real or perceived difficulty in marketing notes or bonds to pay principal on outstanding notes or bonds at maturity. In the past, the Town has elected to issue bond anticipation notes without converting those notes to long-term bonds for as many as five years, as allowable under local finance law. As of January 14, 2021, the Town has \$200,504,534 of bond anticipation notes outstanding. If for any reason market access or the Town's ability to market its bonds or notes is disrupted and the Town is unable to refinance such notes through the issuance of renewal notes or bonds, the Town may not be able to pay principal and interest on such notes at maturity in accordance with their terms.

Uncertainty regarding the impact of the COVID-19 pandemic may cause extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds. Under such conditions, holders of the Bonds may have more difficulty trading the Bonds on satisfactory terms, or at all.

State Aid Risks

Although the faith and credit of the Town have been pledged for the payment of the principal of and interest on the Bonds, the financial condition of the Town is dependent in part on State aid that has been and is expected to be received from the State in the future. However, the State is not constitutionally obligated to maintain or continue State aid to municipalities and school districts in the state, including the Town and, as a result, no assurance can be given that present State aid levels will be maintained in the future, particularly if the State should experience financial difficulty of its own. Furthermore, if the financial condition of the State should cause the State to delay making payments of State aid to municipalities and school districts in the

State in any year, the Town may be adversely affected by such a delay. The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available.

The outbreak of COVID-19 and the dramatic steps taken by the State to address it (as described below) are expected to negatively impact the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time.

Under the Local Finance Law, if for any reason the Town anticipates not receiving payment of such State aid as needed, the Town is permitted to provide operating funds by borrowing in anticipation of the receipt of any uncollected State aid. However, there can be no assurance that the Town will have market access for any such borrowing on a cost effective basis if such need should arise. The elimination of or any substantial reduction in State aid would likely have a materially adverse effect upon the Town requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. See also "TOWN OF OYSTER BAY - State Aid" herein.

COVID-19 Pandemic

The outbreak of the coronavirus disease (COVID-19), referred to herein as "COVID-19," has been declared a pandemic by the World Health Organization. The Governor of the State declared a state of emergency in the State on March 7, 2020, and the County Executive declared a state of emergency in the County on March 13, 2020, each of which is still in effect.

On March 20, 2020, the Governor ordered the shut-down of all non-essential businesses and mandated that all employees, other than essential workers, remain at home. Cases declined during the late spring and summer of 2020 and certain businesses and activities were permitted to reopen, although limitations on certain activities remained in effect. Cases have increased again beginning the fall of 2020 and the Governor has ordered the imposition of certain restrictions on mass gatherings and businesses in certain areas of the State depending on the density of positive COVID-19 tests, hospitalization rate and hospital bed capacity. In November 2020, the Governor designated Massapequa Park, a small area within the Town, a "Yellow Precautionary zone." The administration of COVID-19 vaccines in New York has begun for eligible groups. The continued spread or resurgence of COVID-19 in the region could have a material adverse effect on the Town and the State. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

Any estimates described in this Official Statement are subject to change due to the dynamic nature of the coronavirus outbreak and uncertainties relating to its duration and severity and any actions that may be taken by the State or federal government to contain or mitigate its impact. In addition, such estimates are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. The information contained in this Official Statement is provided as of the respective dates and for the periods specified herein and is subject to change without notice, and the posting of this Official Statement does not, under any circumstances, imply that there has been no change in the affairs of the Town since the specified date as to which such information was provided.

Impact on 2020 Budget/Year End Projections

This Official Statement contains information regarding the Town's 2020 adopted budget, which was prepared prior to the COVID-19 pandemic. The Town is projecting the following with respect to the Town's fiscal year 2020 revenues and expenses due to the COVID-19 pandemic:

- No change to the Town's real property tax revenues. Note that over 75% of the Town's total revenues comes from real property taxes.
- Minimal impact on sales tax revenues is expected. As of January 14, 2021, the Town has received \$11.2 million in sales tax revenues for the first three quarters of 2020. The Town has not yet received sales tax revenues for the last quarter of 2020 but expects that the total sales tax revenues for 2020 will be approximately \$15.5 million, which is the 2020 budgeted amount. This projected amount would be approximately \$800,000 less than the amount received in 2019.
- No impact on mortgage tax revenues is expected. As of January 14, 2021, the Town has received \$11.5 million in mortgage tax revenues for the first three quarters of 2020. The Town has not yet received mortgage tax revenues for the last quarter of 2020 but expects that the total mortgage tax revenues for 2020 will be approximately \$14 million, which would be more than the amount budgeted in 2020 and approximately \$1.5 million more than the amount received in 2019.

- Substantial decrease is expected to building permit fees. The Town collected just over \$8.3 million in building permit fees in 2020, which is \$3.7 million under the 2020 budgeted amount. In 2019, \$10.8 million was collected in building permit fees. The Town saw a \$2.5 million decrease in such fees as compared to 2019.
- Increase in expenditures related to the COVID-19 pandemic. As of the end of 2020, the Town has incurred approximately \$2 million in additional expenses related to COVID-19. The Town expects that a significant portion of such expenses and any future COVID-19 related expenses will be eligible for reimbursement from the federal government. However, it is unknown how quickly the Town will be able to receive such reimbursement.
- Overall, the Town is expecting an operating surplus of approximately \$3 million for fiscal year 2020.

See also “TOWN OF OYSTER BAY - State And Federal Aid Revenues, - Sales Tax Revenues,” “RECENT FINANCIAL OPERATIONS-2020 Budget/Unaudited Year End Results” herein.

2021 Budget

In October 2020, the Town adopted its 2021 budget, which was prepared with the expectation that COVID-19 may continue to impact revenues and expenses of the Town. Certain revenues of the Town have been budgeted for conservatively and the Town is expecting savings to come from debt service reductions and a decrease in outside legal fees. The Town is currently not facing any liquidity issues due to the COVID-19 pandemic. The Town’s financial turnaround over the past three years means that even if revenue receipts are delayed, the Town does not expect to borrow money for cash flow purposes in fiscal year 2021.

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.

ENFORCEMENT OF REMEDIES

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.

Potential purchasers of the Bonds should be aware, nonetheless, that under certain circumstances the obligations of the Town to the owners of the obligations might not be enforced precisely as written. Following is a brief review of certain general factors governing the enforcement of remedies against New York municipalities, such as the Town. Potential purchasers of the Bonds should consult their own professional advisors for more complete and detailed information on the factors reviewed below.

General Municipal Law Contract Creditors' Provision. Each general obligation issued by a New York municipality when duly issued and paid for will constitute a contract between the issuer of the general obligation (the “Obligor”) and the purchaser. Such contracts, if not honored, would generally be enforceable through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Obligor 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.

Unavailability of Remedies of Levy and Attachment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. Under the general rule with respect to municipalities, judgments against an Obligor may not be enforced by levy and execution against property owned by the Obligor. The faith and credit pledge securing the Bonds requires a tax on real property to be levied to pay the principal of and interest on the Bonds, which levy may be enforced by mandamus under Article 78 of the Civil Practice Law and Rules.

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

Article VIII, Section 2 of the State Constitution providing for first revenue set asides applies to the payment of interest on all indebtedness and to the payment of principal payments on bonds and certain notes, but does not apply to payment of principal due on tax anticipation notes, revenue anticipation notes or bond anticipation notes.

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

The State, in Section 85.80 of the Local Finance Law, has authorized any municipality in the State to file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Congress has enacted such a law in the form of the Federal Bankruptcy Code. Given the authority established in the aforesaid Section 85.80 of the Local Finance Law, the Federal Bankruptcy Code, under certain circumstances, can provide municipalities with easier access to judicially approved adjustment of debt and can permit judicial control over identifiable and unidentifiable creditors.

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

No current State law purports to create any collateral or priority for owners of the Bonds should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. The Bonds could be deemed unsecured obligations of the Town in a bankruptcy case.

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

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

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

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

Under that legislation, the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York was suspended. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, in *Flushing National Bank v. Municipal Assistance*

Corporation for the City of New York, 40 N.Y.2d 731 the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such Town of its faith and credit for the payment of obligations.

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

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

RECENT FINANCIAL OPERATIONS

2016 Audited Year End Results

The Town's Audited Financial Statements for fiscal year ended December 31, 2016 were released on June 30, 2017. Audited figures showed an overall operating surplus for year-end 2016 of approximately \$17.7 million. The breakdown by fund is as follows: the operations of the General Fund had a deficit of \$12.1 million, the Highway Fund had a deficit of \$410,000, the Garbage Collection Districts Fund had a surplus of \$18.2 million, the Solid Waste Disposal District Fund had a surplus of \$5.6 million, the Debt Service Fund had a surplus of \$1.7 million and Other Governmental Funds had a surplus of \$6.4 million. The breakdown of the cumulative fund balance by fund was as follows: the General Fund had a cumulative operating deficit of \$39.9 million, the Highway Fund had a cumulative operating deficit of \$3.2 million, the Garbage Collection Districts Fund had cumulative operating surplus of \$11.3 million, the Solid Waste Disposal District Fund had a cumulative operating deficit of \$9.5 million, the Debt Service Fund had a cumulative operating surplus of \$2.1 million, and the Non Major Governmental Funds had a cumulative operating surplus of \$12.5 million.

The overall fund balance position of the Town's Solid Waste Disposal District Fund and Garbage Collection Districts was impacted by certain litigation settlements involving KeySpan and Verizon, for which the Town had been waiting on reimbursement from the County. Such reimbursements were not paid until May 2016 and March 2017. See "*CASH FLOW BORROWING*" herein.

2017 Audited Year End Results

The Town's Audited Financial Statements for fiscal year ended December 31, 2017 were released on June 28, 2018. A prior period adjustment restated the cumulative fund balance in the Non Major Governmental Funds from \$12.5 million to \$15 million. This meant that the overall cumulative deficit entering 2017 was reduced to \$24.3 million. Audited figures for 2017 show an overall operating surplus of approximately \$16.9 million. The breakdown by fund is as follows: the operations of the General Fund had a surplus of \$17.9 million, the Highway Fund had a deficit of \$900,000, the Garbage Collection Districts Fund had a deficit of \$7 million, the Solid Waste Disposal District Fund had a surplus of \$3.5 million, the Debt Service Fund had a surplus of \$450,000 and Other Governmental Funds had a surplus of \$750,000. The breakdown of the cumulative fund balance by fund was as follows: the General Fund had a cumulative operating deficit of \$22 million, the Highway Fund had a cumulative operating deficit of \$4.1 million, the Garbage Collection Districts Fund had cumulative operating surplus of \$4.3 million, the Solid Waste Disposal District Fund had a cumulative operating deficit of \$6 million, the Debt Service Fund had a cumulative operating surplus of \$2.5 million, and the Non Major Governmental Funds had a cumulative operating surplus of \$15.7 million.

The Town improved its overall position by more than \$35 million in 2016 and 2017, reducing the cumulative deficit from a high of \$44.6 million as of December 31, 2015 to an overall deficit of \$9.5 million as of December 31, 2017.

2018 Audited Year End Results

The Town's Audited Financial Statements for fiscal year ended December 31, 2018 were released on June 28, 2019. Audited figures for 2018 show an overall operating surplus of approximately \$17.7 million. The breakdown by fund is as follows: the operations of the General Fund had a surplus of \$11.6 million, the Highway Fund had a surplus of \$6.8 million, the Garbage Collection Districts Fund had a deficit of \$1 million, the Solid Waste Disposal District Fund had a deficit of \$400,000,

the Debt Service Fund had a deficit of \$2.5 million and Other Governmental Funds had a surplus of \$3.2 million. The breakdown of the cumulative fund balance by fund was as follows: the General Fund had a cumulative operating deficit of \$10.4 million, the Highway Fund had a cumulative operating surplus of \$2.6 million, the Garbage Collection Districts Fund had a cumulative operating surplus of \$3.3 million, the Solid Waste Disposal District Fund had a cumulative operating deficit of \$6.4 million, the Debt Service Fund had a cumulative operating surplus of \$100,000, and the Non Major Governmental Funds had a cumulative operating surplus of \$18.9 million.

The Town improved its overall position by more than \$52 million between 2016 and 2018. A cumulative deficit which reached a high of \$44.6 million as of December 31, 2015 has been completely eliminated. As of December 31, 2018, the Town reported a cumulative surplus of \$8.2 million. It is the first cumulative surplus reported since 2011.

2019 Audited Year End Results

The Town's Audited Financial Statements for fiscal year ended December 31, 2019 were released on June 30, 2020. Audited figures for 2019 show an overall operating surplus of approximately \$19.2 million. The breakdown by fund is as follows: the operations of the General Fund had a surplus of \$18.6 million, the Highway Fund had a surplus of \$3.4 million, the Garbage Collection Districts Fund had a surplus of \$180,000, the Solid Waste Disposal District Fund had a deficit of \$460,000, the Debt Service Fund finished exactly even and Other Governmental Funds had a deficit of \$2.6 million. The breakdown of the cumulative fund balance by fund was as follows: the General Fund had a cumulative operating surplus of \$8.2 million, the Highway Fund had a cumulative operating surplus of \$6.1 million, the Garbage Collection Districts Fund had a cumulative operating surplus of \$3.5 million, the Solid Waste Disposal District Fund had a cumulative operating deficit of \$6.9 million, the Debt Service Fund had a cumulative operating surplus of \$100,000, and the Non Major Governmental Funds had a cumulative operating surplus of \$16.4 million. See "APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019."

The Town improved its overall position by more than \$71 million between 2016 and 2019. As of December 31, 2019, the Town reported a cumulative surplus of \$27.4 million. It is the largest cumulative surplus reported since 2008.

2020 Budget/Unaudited Year End Results

The 2020 budget was adopted on October 29, 2019 with no increase to the tax levy. Overall spending is projected to be at \$306.5 million. Estimates for revenues and expenses are conservative throughout the budget. The budget contains no one-shot revenues and does not include the use of any fund balance.

The 2020 budget was prepared prior to the COVID-19 pandemic. See "BONDHOLDER RISKS – COVID-19 Pandemic" for a discussion of the projected impact of the COVID-19 pandemic to the Town's fiscal year 2020 revenues and expenses. Overall, the Town is expecting an operating surplus of approximately \$3 million for fiscal year 2020.

2021 Budget

The 2021 budget was adopted on October 27, 2020 with no increase to the tax levy. Overall spending is projected to be at \$311.7 million. The budget contains no one-shot revenues and does not include the use of any fund balance.

The 2021 budget was prepared with the expectation that COVID-19 may continue to impact revenues and expenses of the Town. Certain revenues of the Town have been budgeted for conservatively and the Town is expecting savings to come from debt service reductions and a decrease in outside legal fees. See "BONDHOLDER RISKS – COVID-19 Pandemic" herein.

TOWN OF OYSTER BAY

General Information

The Town of Oyster Bay, located in the easternmost section of Nassau County, was originally settled in 1653. The Town encompasses an area of approximately 114.6 square miles.

According to the U.S. Census Bureau, the population of the Town was as follows:

<u>Year</u>	<u>Population</u>	<u>Year</u>	<u>Population</u>
1960	290,055	2000	293,925
1970	333,342	2010	293,214
1980	305,750	2018	298,388
1990	292,657	2019 ⁽¹⁾	298,391

⁽¹⁾ The most recent U.S. Census Bureau estimate of the Town's population.

The Town, particularly in the northern section, has a number of incorporated villages in addition to unincorporated residential areas. There are many types of diversified industries throughout the central and southern portion of the Town. The southern section of the Town adjoins the Great South Bay and Jones Beach and is basically a residential community with a substantial commuting population.

Primary roads include the Northern State Parkway, the Southern State Parkway, the Long Island Expressway, Jericho Turnpike, Old Country Road, Sunrise Highway, Merrick Road and Route 25A, all of which run in an east-west direction. Routes 106, 107 and 135 are the primary north-south routes. Many commuters use the Long Island Rail Road (Metropolitan Transit Authority) which has, in addition to the main lines, several branches serving the Town.

Fire protection in the Town is provided by a number of volunteer fire companies which have a total of about 2,500 volunteers. They have available to them modern equipment and several fire houses. Some areas in the Town are served by contract fire companies, but the bulk of the Town is served by organized fire districts which adopt their own budgets and levy their own taxes.

Police protection in the Town is furnished by the Nassau County Police Department. A few villages have their own police departments. Even in these areas, the Nassau County Police Department supplies technical facilities to the smaller forces.

Public school facilities located throughout the Town are under the jurisdiction of several school districts located therein (See "*Form of Town Government*" herein). In addition to public schools, there are a number of private and parochial schools. Higher education institutions located within or near the Town include Adelphi University in Garden City, Hofstra University in Hempstead, Long Island University C.W. Post Center in Brookville, the State University in Farmingdale and in Old Westbury, Nassau Community College in Garden City, Briarcliffe College in Bethpage and The New York Institute of Technology in Old Westbury.

Recreational facilities throughout the Town include public and private beaches on both the north and south shores. The Town maintains four community parks, which include swimming pools and ice-skating facilities, and an 18-hole golf course with clubhouse. Cantiague Park, a County park, is located in the Village of Hicksville and includes a variety of recreational facilities. Most of Bethpage State Park is located within the Town.

Hospital facilities in the Town include North Shore University Hospital in Plainview, Massapequa General Hospital, Syosset Community Hospital and St. Joseph's Hospital in Bethpage.

Major shopping facilities available to Town residents include the Sunrise Mall in Massapequa. This center covers approximately 1.5 million square feet and includes a 200,000 square foot Macy's department store and a Sears store. Other large shopping centers are located throughout the Town and include the Broadway Mall in Hicksville where department stores such as Macy's, IKEA home furnishings and Target anchor this 140 store complex. Sears Roebuck & Co. is located in Hicksville on six-lane Broadway (Route 107) across from the Broadway Mall.

Considerable industrial expansion has taken place within the Town during the last four decades. Industrial parks have provided employment for many thousands of persons who settled in the Town over this span of time.

The Nassau County Industrial Development Agency was named 2010 Industrial Development Agency of the Year by the Long Island Business News for the conversion of Lunar Module Park into the largest movie production studio in the State. The massive structures that once housed the building of the lunar modules that traversed the moon's surface 40 years ago have been

redeveloped into a fully functioning movie production studio. Grumman Studios, located within the Town, is comprised of a 500,000 square foot facility with seven expansive sound stages with massive storage capacity, surrounded by thirty acres of paved outdoor space for set construction and parking. Grumman Studios is a qualified New York State production facility, the largest in the greater New York area, and is only minutes from midtown Manhattan. Productions shot at Grumman are eligible for tax incentives through the State.

Source: *Town officials*.

Form of Town Government

The Town is classified under the State Town Law as a suburban town and as such enjoys greater autonomy than a first class town. Located within the Town are eighteen incorporated villages, three of which are partially located in neighboring towns. The villages all have independent forms of government, but real property located in villages in the Town is subject to taxation by the Town for certain Town purposes. In addition, there are fourteen independently governed school districts and a number of fire districts, which rely upon their own taxing powers, granted by the State, to raise revenues. Eight of these school districts are located entirely within the Town, while parts of the other six districts are located in neighboring towns. See “Other Information” for a chart of entities which levy taxes on real property in the Town.

The Chief Executive Officer and Chief Fiscal Officer of the Town is the Supervisor, who is elected for a term of two years and is eligible to succeed himself. The Supervisor is a member and the presiding officer of the Town Board. In addition to the Supervisor, there are six members of the Town Board who are elected at-large for four year terms. The terms are staggered so that every two years the Supervisor and three Councilpersons are elected. There is no limitation as to the number of terms which may be served by the Supervisor or other members of the Town Board.

The Town Board appoints the Town Attorney, Comptroller and Commissioner of Public Works, whose terms are fixed by Town Law. The Town Clerk and the Receiver of Taxes are elected and serve for two years and four years, respectively. The Director of Finance is appointed by the Supervisor. The Town Board appoints the following eight Commissioners: Environmental Resources, Public Safety, General Services, Human Resources, Community and Youth Services, Intergovernmental Affairs, Parks, and Planning and Development.

On January 17, 2017, a bill was introduced in the State Senate to authorize the appointment of a state monitor by the State Comptroller to provide direct oversight of the fiscal policies, practices and decisions of the Town. In January 2019, state legislators reintroduced a bill to impose a state fiscal monitor on the Town. The Town cannot predict whether this bill will be enacted into law or, if enacted, what its effect would be.

Economic Development

The Town of Oyster Bay is in the midst of a number of important economic development initiatives involving regionally significant projects conforming to the Town’s goals for preserving its suburban character. A key project which is expected to contribute substantial financial stimulus in the near-term future is Country Pointe at Plainview, which is described briefly below.

Country Pointe at Plainview: is a mixed use development on 143 acres on Old Country Road in Plainview-Old Bethpage. The change of zone/site plan application was approved by the Town Board in May 2015. The project build-out period began in 2016 and the commercial areas have been completed with various tenancies still being constructed. The residential construction is just past 50% completed and the residential construction is expected to continue until 2022.

As approved, Country Pointe at Plainview consists of:

- 750 multi-family residential units, including 420 condominium units (anticipated unit sale price \$650,000), 134 flats (\$600,000), 106 townhouses (\$950,000), and 90 senior price-controlled units (\$250,000); and
- Commercial development totaling 118,450 square feet, including a 71,450-square foot supermarket, 3,000-square foot bank, and 44,000 square feet of other retail space.

Total annual property tax revenues generated by Country Pointe at Plainview are projected to be \$17.55 million, of which approximately \$2.34 million is expected to be directed to the Town. It is estimated that this project will create approximately 600 construction jobs and approximately 500 permanent jobs at build-out, along with appreciable secondary economic activity associated with those jobs.

The total sales price of the 750 residential units in Country Pointe at Plainview is projected at approximately \$477 million and is expected to provide substantial income to the Town in mortgage taxes. Other significant revenue streams expected to be generated by this project include building permit fees and the Town's portion of sales taxes for the supermarket and other retail space.

Source: Town officials.

Selected Listing of Major Employers Located in or within close proximity to the Town

<u>Employment Code</u>	<u>Approx. Number of Employees</u>	
A	More than 10,000	
B	5,000 to 9,999	
C	1,000 to 4,999	

<u>Employer</u>	<u>Type of Business</u>	<u>Employment Code</u>
Gate Gourmet Inc	Airport Services	A
North Shore Univ. Hosp. Med.	Hospitals	B
North Shore Hospital Pharmacy	Pharmacies	B
Pro Health ENT	Otorhinolaryngology Ear Nose Physician	B
NYU Winthrop-University Hospital	Hospitals	B
Adelphi University	Schools-Universities & Colleges	C
Baldwin Union Free School Dist.	School Districts	C
Best Yet Market Inc.	Grocers-Retail	C
Commercial Building Mntnc.	Cleaners	C
Darby Dental Supply	Dental Equipment & Supplies-Wholesale	C
Dealer Track Technologies	Publishers-Computer Software (Mfrs)	C
Hofstra University	University-College Dept/Facility/Office	C
Hofstra University Law School	Law Schools	C
Landauer Medstar	Hospital Equipment & Supplies-Mfrs	C
Lightpath	Internet Service	C
Long Island Jewish Valley Strm	Hospitals	C
Long Island University-Post	Schools-Universities & Colleges A	C
Mercy Medical Ctr.	Hospitals	C
Mt. Sinai South Nassau	Hospitals	C
Nassau Community College	Junior-Community College-Tech Inst.	C
Nassau County Police Dept.	Police Departments	C
NASSAU Inter-County Express	Bus Lines	C
Nassau University Medical Ctr.	Hospitals	C
North Shore Court Reporters	Court & Convention Reporters	C
Plainview Hospital	Hospitals	C
Simonette & Assoc.	Attorneys	C
South Nassau Communities Hosp.	Hospitals	C
St Francis Hospital	Hospitals	C

Source: Reference USA - Verified Employers, Nassau County, New York (accessed November 17, 2020).

Unemployment Rates

Unemployment statistics are available for the Town, the County and the State. The information set forth below are included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the figures for the County, and/or the State are necessarily representative of the Town.

	<u>Annual Average</u>						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Oyster Bay Town	5.5%	4.4%	3.9%	3.7%	3.8%	3.3%	3.2%
Nassau County	5.9	4.8	4.2	3.9	4.1	3.5	3.4
New York State	7.7	6.3	5.3	4.9	4.7	4.1	4.0

	<u>2020 Monthly Figures</u>											
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Oyster Bay Town	3.3%	3.2%	3.3%	15.6%	11.7%	12.2%	13.1%	9.8%	5.8%	5.8%	4.8%	N/A
Nassau County	3.6	3.5	3.6	15.6	12.1	12.9	14.0	10.6	6.5	6.7	5.5	N/A
New York State	4.1	3.9	4.2	15.1	14.2	15.5	16.0	12.5	9.3	9.2	8.1	N/A

Note: Figures not seasonally adjusted. Figures in this section are historical and do not speak as to current or projected unemployment rates.

Source: State of New York, Department of Labor.

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Listing of Larger Taxable Properties

<u>Name</u>	<u>Type</u>	<u>2020 Assessed Value</u>
KeySpan Gas East	Public Utility – Public Franchise	\$2,395,880
Verizon NY	Public Utility – Public Franchise	970,192
Sunrise Mall LLC	Shopping Mall	761,002
Long Island Power Authority	Public Utility – Public Franchise	759,779 ⁽¹⁾
Broadway Mall (KRE Broadway Owner LLC)	Shopping Mall	539,273
Jericho Plaza LLC	Office Buildings	526,800
JQ Associates	Office Buildings	407,546
Northrop Grumman Systems Co.	Aviation	393,755
92 FHB LLC	Apartments	339,277
Norwich Gate Company LLC	Apartments	338,455
Sunrise Mass LLC	Shopping Center	335,479
TreeCo Centers Limited Partnership	Office Buildings	325,977
Associated Brook Inc.	Office Buildings	296,496
Home Properties Westwood Village LLC	Apartments	277,772
SS Oyster Bay Realty, LLC	Real Estate Company	275,877
Steel LLC	Storage & Warehouse Facilities	240,432
Sunrise Promenade Associates	Shopping Mall	185,801
Cedar-Carmans LLC	Shopping Center	182,179
RA 6800 Jericho Turnpike LLC	Office Buildings	180,931
Seritage SRC Finance LLC	Real Estate Company	179,562
C&B Realty Co #3	Real Estate Company	155,393
Beechwood Plainview	Real Estate Company	152,795
1055 Stewart Ave Realty LLC	Real Estate Company	144,307
Wang Charles	Private	127,603
Total		\$10,492,563

- ⁽¹⁾ On May 28, 1998, certain stock of Long Island Lighting Company (“LILCO”) was acquired by the Long Island Power Authority (“LIPA”), a corporate municipality of the State, and LILCO became a wholly-owned subsidiary of LIPA. Certain assets of LILCO, including power generating assets and assets related to gas service, were simultaneously transferred to the newly-established KeySpan Corporation (“KeySpan”) as part of LILCO’s merger with Brooklyn Union Gas. However, as of January 1, 2014 the Public Service Electric Gas Company of Long Island (“PSEG Long Island”) is operating and managing LIPA, and handling customer billing and customer service.

In 2007, KeySpan was acquired by National Grid. National Grid continues to own and operate LILCO’s electric power plants, while PSEG Long Island manages the electric transmission and distribution system pursuant to contracts with LIPA. National Grid also owns LILCO’s gas lines and sells gas to former LILCO customers.

LILCO had been the Town’s largest real property taxpayer. The Long Island Power Authority Act requires LIPA to make payments in lieu of taxes (“PILOTs”) to municipalities and school districts equal to the property taxes that would have been received by each jurisdiction from LILCO if the acquisition by LIPA had not occurred and to make PILOTs for certain State and local taxes which would otherwise have been imposed on LILCO. The PILOT payments expected to be received by the Town will equal the ad valorem taxes that would have been paid by LIPA. Accordingly, there is no positive or negative effect on the overall revenues received by the Town from LIPA.

Note: The assessments for larger taxpayers listed above aggregate \$10,492,563 and represent approximately 8.03% of the Town’s tax base for the 2020 fiscal year.

Building Permits

<u>Year</u>	<u>Total Number of Permits</u>	<u>One Family Dwellings</u>	<u>Two Family Dwellings</u>	<u>Commercials</u>	<u>Apartments and Condominiums</u>		<u>Other</u>
					<u>Number</u>	<u>Units</u>	
2011	4,939	73	0	921	0	0	2,545
2012	4,730	90	0	795	0	0	3,845
2013	5,900	153	0	1,062	0	0	4,685
2014	5,616	117	0	866	0	0	4,633
2015	5,460	131	0	715	0	0	4,614
2016	5,140	143	0	1,161	0	0	3,836
2017	6,070	130	0	1,013	0	0	4,927
2018	6,262	176	0	997	0	0	5,089
2019	5,838	125	0	1,093	0	0	4,620
2020	5,247	123	0	688	0	0	4,436

Source: *Town officials*.

It is anticipated that the COVID-19 pandemic and the resulting economic disruption may impact the total number of permits and the collection of building permit fees for the 2020 and 2021 fiscal years. See “BONDHOLDER RISKS – COVID-19 Pandemic” herein. See page 123 of “APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019” for the amount of building fees collected for fiscal year 2019. Historical numbers included herein are not indicative of future results.

Financial Organization of the Town

The Supervisor is the treasurer and chief fiscal officer of the Town. The Director of Finance is responsible to the Supervisor and serves as the Town’s Budget Officer.

The Comptroller is the accounting officer and his duties include administration, direction and control of the divisions of Accounting, Accounts Payable, Electronic Data Processing, Internal Audit and Payroll.

Budgetary Procedures

The Supervisor is responsible for the preparation of the tentative annual operating and capital budgets. The Town Board receives the tentative budgets and prepares preliminary operating and capital budgets and a public hearing is held thereon. Subsequent to the public hearing, revisions can be made and the budgets are then adopted by the Town Board as final for the coming fiscal year. The budgets are not subject to referendum. See “*TAX LEVY LIMIT LAW*” herein.

Investment Policy

Pursuant to the statutes of the State of New York, the Town is permitted to temporarily invest moneys which are not immediately required for expenditures, but may invest only in the following investments: (1) special time deposit accounts in or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York; (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 is 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, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the Town; (6) obligations of New York public benefits corporations which are made lawful investments by the Town pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and (8) in the case of Town moneys held in certain reserve funds established pursuant to law, obligations issued by the Town. These statutes further require that all bank deposits, 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.

The Town’s investments are governed by a formal investment policy. The Town’s monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Town is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies and investments made by the Cooperative Liquid Asset Security System (C.L.A.S.S.), which is a cooperative investment plan consisting of U.S. Treasury Obligations and repurchase agreements relating to treasury obligations.

It is the Town's policy to require collateral for demand deposits and certificates of deposit for all deposits not covered by the federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Financial Statements

The Town complies with the Uniform System of Accounts as prescribed for Towns in the State by the State Comptroller. Except as set forth in the Independent Auditors' Report of Albrecht, Viggiano, Zureck & Company, P.C., the financial statements of the Town for the fiscal year ended December 31, 2019 were prepared in conformity with generally accepted accounting principles as applied to governmental units. The financial statements for the fiscal year ended December 31, 2019 are in "APPENDIX B" attached hereto. The Government Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Town's audit is typically released on June 30th of the succeeding year, except as noted below:

<u>Fiscal Year Ending December 31,</u>	<u>Audit Release Date</u>
2016	June 30, 2017
2017	June 30, 2018
2018	June 28, 2019
2019	June 30, 2020

GASB 34. Since the fiscal year ended December 31, 2003, the Town has been required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The Town is in compliance with GASB Statement No. 34.

GASB 54. Beginning with fiscal year ended December 31, 2011, the Town has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions (GASB 54). GASB 54 changed the terminology and classification of fund balance to reflect spending constraints on resources rather than availability for appropriation.

New York State Comptroller Audits

The Office of the State Comptroller periodically performs a compliance review to ascertain whether the Town has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

On July 30, 2019, the Town received notice that the Division of Local Government and School Accountability of the Office of the State Comptroller has selected the Town for an audit. The audit will focus on policies and procedures related to internal controls at the Town. Upon the conclusion of the audit, the State Comptroller will report on the audit's results and may provide recommendations to help improve the Town's operations. The auditors examined the policies and procedures of several departments of the Town and did not find any major issues that required a full audit. In late 2019, the State Comptroller's office notified the Town that it has decided to audit the Town's financial condition to determine whether the Town Board and Town officials effectively manage the Town's financial condition. The audit was released in September 2020. The report concluded that the Town Board and Town officials need to continue to improve their management and oversight of the Town's financial condition. Key findings of the report include:

- The fund balance was not properly managed. Three of the Town's funds have carried repeated fund balance deficits, while two other funds have repeated surpluses. No reserve funds were established.
- The Town has significantly more debt than neighboring towns.
- The Town Board did not develop and adopt several comprehensive written plans and policies, including a multiyear financial plan, fund balance policy and reserve policy.

In the report, OSC recommended that the Town: (i) develop a comprehensive written multiyear financial plan and written policies establishing reasonable fund balance levels for each fund, (ii) reduce excessive fund balances and eliminate deficit fund balances, and (iii) re-evaluate use of debt and consider other means, such as establishing reserves, to pay for long-term infrastructure needs, and (iv) and take other actions detailed in the report. A copy of the report is available on OSC's website.

The Division of Local Government and School Accountability of the Office of the State Comptroller is conducting a state-

wide audit on ethics oversight. The Town of Oyster Bay is one of the twenty municipalities selected throughout the state for this audit. This is not a financial audit. The audit period covers January 1, 2017 – September 30, 2018. A global report will be issued highlighting the commonality of themes and trends on ethics oversight.

Source: *Website of the Office of the New York State Comptroller and Letter from State Comptroller dated July 30, 2019.*

Note: Reference to website implies no warranty of accuracy of information therein.

The State Comptroller's Fiscal Stress Monitoring System

The 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 has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

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

The reports of the State Comptroller for previous fiscal years of the Town are as follows:

<u>Fiscal Year Ending</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2016	Not Filed ⁽¹⁾	N/A
2017	Significant Fiscal Stress	76.7
2018	Significant Fiscal Stress	70.0
2019	No Designation	36.3

- ⁽¹⁾ In order to receive FSMS scores, local governments must report their financial data to the State Comptroller. They are required by law to file their Annual Financial Update Reports within 120 days (about four months) of the end of their fiscal year. The FSMS scores reported also include data from late filers who filed within eight months after the end of the fiscal year. In some cases, financial data was filed but was not sufficiently complete to calculate FSMS scores. These filings are deemed "inconclusive" at the time of the FSMS score assignment. The Town failed to file its financial data in time to the State Comptroller to receive a fiscal stress score in fiscal years 2014-2016. Due to the delayed delivery of audited financial statements for fiscal years 2014 through and including 2016, the Town was unable to file on a timely basis. In cases where local governments, such as the Town, did not file its financial data as of the specified snapshot date, that entity is classified as "Have Not Filed".

Source: *Website of the Office of the New York State Comptroller.*

Note: Reference to website implies no warranty of accuracy of information therein.

State Aid

The Town receives financial assistance from the State and the County. Some State Aid is paid to the Town by the State, but most is paid to the Town by the County pursuant to State Law. The County collects mortgage and sales tax pursuant to State Law and is required to periodically remit the Town's portion to the Town. See "*State and Federal Aid Revenues*" table below. If the financial condition of the State should cause the State to delay making payments of State aid to municipalities and school districts in the State in any year, the Town may be adversely affected by such a delay. The State's Annual Information Statement is updated quarterly by the State and may be obtained from the New York State Division of the Budget, which makes this and other financial information available through its website.

The State is not constitutionally obligated to maintain or continue State aid to municipalities and school districts in the state, including the Town. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid would likely have a material adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. See also "*BONDHOLDER RISKS*" herein.

The Town is dependent in part on financial assistance from the State, most of which is passed through to the Town by the County. In recent years, the Town's receipt of State aid has been delayed as a result of the County's delay in distributing State aid to towns within its borders, including the Town. As a result, the Town has issued revenue anticipation notes for cash flow purposes. Should the County continue to delay payments to the towns within its borders, including the Town, in this year or future years, the Town may be affected by such a delay. See "*Cash Flow Borrowings*" herein.

State and Federal Aid Revenues

The Town receives financial assistance from the State and the County. A portion of the aid received from the County includes mortgage tax. The following table illustrates the percentage of total State and Federal aid revenues of the Town for each of the following fiscal years:

Fiscal Year Ending December 31st	Mortgage Tax	Total Mortgage Tax and Other State & Federal Aid	Total Revenues ⁽¹⁾	Percentage of Total Revenues Consisting of Mortgage Tax and Other State & Federal Aid
2011	8,519,298	10,468,237	97,690,954	10.72
2012	9,502,116	11,723,364	108,819,566	10.77
2013	10,200,671	12,147,616	124,354,082	9.77
2014	8,645,289	10,580,072	109,699,028	9.64
2015	10,629,188	12,600,655	114,687,448	10.99
2016	11,997,472	14,001,428	116,416,593	12.03
2017	12,444,217	14,332,879	144,788,857	9.90
2018	11,406,809	13,319,621	138,688,411	9.60
2019	12,654,751	12,966,257	148,233,745	8.75
2020 (Budgeted) ⁽²⁾	2,194,925	4,042,347	133,368,791	3.03
2021 (Budgeted) ⁽³⁾	12,000,000	13,515,000	134,588,714	10.04

⁽¹⁾ General Fund only.

⁽²⁾ As of January 14, 2021, the Town has received \$11.5 million in mortgage tax revenues for the first three quarters of 2020. The Town has not yet received mortgage tax revenues for the last quarter of 2020 but expects that the total mortgage tax revenues for 2020 will be approximately \$14 million. See "BONDHOLDER RISKS – COVID-19 Pandemic" herein.

⁽³⁾ No assurance can be provided that the pandemic and resulting economic disruption will not result in collections that are lower than projected herein. Historical numbers included herein are not indicative of future results. See "BONDHOLDER RISKS – COVID-19 Pandemic" herein.

Source: Town audited financial reports for the fiscal years 2010 through and including 2019 and the Town's 2020 and 2021 Adopted Budgets. This table is not audited.

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Sales Tax Revenues

The following table illustrates the total Sales Tax revenues of the Town for each of the following fiscal years:

Fiscal Year Ending	Sales Tax Revenues	Percentage of Total Revenues Consisting of Sales Tax
2011	\$13,144,675	13.46%
2012	13,733,876	12.62
2013	14,680,867	11.81
2014	13,942,484	12.71
2015	14,258,755	12.43
2016	14,556,122	12.50
2017	14,959,916	10.33
2018	15,497,649	11.17
2019	16,050,206	11.19
2020 (Budgeted) ⁽¹⁾	15,500,000	11.62
2021 (Budgeted) ⁽²⁾	15,000,000	11.15

⁽¹⁾ As of January 14, 2021, the Town has received \$11.2 million in sales tax revenues for the first three quarters of 2020. The Town has not yet received sales tax revenues for the last quarter of 2020 but expects that the total sales tax revenues for 2020 will be approximately \$15.5 million

⁽²⁾ No assurance can be provided that the pandemic and resulting economic disruption will not result in collections that are lower than projected herein. Historical numbers included herein are not indicative of future results. See “BONDHOLDER RISKS – COVID-19 Pandemic” herein.

The total Sales Tax revenues of the Town for each of fiscal years shown above may be found in “APPENDICES A1 and A2” to this Official Statement as well as in the referenced audited financial reports of the Town.

Source: Town audited financial reports for the fiscal years 2010 through and including 2019, and the Town’s 2020 and 2021 Adopted Budgets. This table is not audited.

Employees

The following table illustrates the number of full-time Town employees at the beginning of each of the following fiscal years:

As of January	Number of Employees
2016	1,148
2017	1,025
2018	998
2019	993
2020	1,011
2021	1,025

As of January 1, 2021, the Town provides services through approximately 1,025 employees, 940 of which are represented by the Nassau County Chapter of the Civil Service Employees Association. The collective bargaining agreement between the Town and the Town of Oyster Bay Unit of the Nassau County Chapter of the Civil Service Employees Association, the sole bargaining agent for full-time Town employees was approved by the Town Board on January 10, 2017. The length of the contract is five years, and includes a no layoff clause for the duration of the contract. All employee salaries were reduced by 2% in 2017 and 2018. In 2018, an amendment was made to the contract, providing for employee salaries to be restored back to December 31, 2016 levels in July 2018 (rather than in January 2019 as provided for in the original contract). In 2020, all employees received an increase of 1.5% on January 1st and will receive an increase of 1.9% on July 1st. In 2021, all employees will receive an increase of 1.9% on January 1st.

In 2019, the total health care benefits paid for by the Town of all employees including retirees was \$37,080,854. In addition to providing pension benefits, the Town provides health insurance coverage for retired employees. Substantially all of

the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits are provided through the Empire Plan whose premiums are based on the benefits paid throughout the State during the year. The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the following fiscal years, the Town paid the following amounts on behalf of retirees, which were recorded as an expenditure in the various funds.

Year	Retirees	Amount Paid
2016	826	\$9,582,317
2017	821	10,624,228
2018	845	11,565,832
2019	840	11,299,190
2020	826	10,538,116

The Town changed its method of accounting for the provision of such benefits pursuant to GASB 75, as defined below under the heading "*Pension Payments*" and "*Other Post-Retirement Employee Benefits*".

Employees of the Town may elect to participate in the Town of Oyster Bay Employee Deferred Compensation Plan created in accordance with Section 457 of the Internal Revenue Code of 1986. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. These assets are held in trust for the exclusive benefit of plan participants and their beneficiaries. The Town has no further future liability to pay for the deferred compensation.

Pension Systems

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") (the "Retirement System"). The Retirement System is cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law" or "NYSRSSL"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. 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 who joined prior to July 27, 1976. All members who joined on or after July 27, 1976, but before January 1, 2010 with respect to ERS, with less than ten years of service, must contribute 3% of gross annual salary toward the cost of retirement programs.

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

Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

On December 10, 2009, then Governor Patterson signed into law pension reform legislation. The legislation created a new Tier V pension level, the most significant reform of the state's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilian employees can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian employee who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at

\$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

Historical Trends and Contribution Rates: Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990's, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% of payroll for the employees'. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS rates (2016 through 2020) is shown below:

<u>Fiscal Year Ending</u>	<u>ERS</u>
2016	18.2%
2017	15.5
2018	15.3
2019	14.9
2020	14.6

In 2013, a pension smoothing option was introduced in the State Legislature that would let municipalities and school districts amortize over seven years some of the upcoming pension cost spikes precipitated by the 2008 financial crash and high pension costs in general for employees across the State. The pension smoothing option, which was approved as part of the State's 2013-14 budget, authorizes municipalities and school districts to contribute 14.13% of employee costs toward pensions for the 2014-15 year, rather than the 16.25% otherwise required without using the pension smoothing option. The Town did not pursue this option and does not anticipate doing so for the foreseeable future.

The following table presents the amount of payments by the Town to the New York State Retirement Systems for the following fiscal years:

<u>Fiscal Year Ending</u>	<u>ERS</u>
2016	14,694,141
2017	16,686,232
2018	14,894,447
2019	15,227,487
2020	15,735,031 (Budgeted)
2021	16,033,000 (Budgeted)

Note: The table above is not audited.

Source: *Town of Oyster Bay*.

Uncertainty regarding the COVID-19 pandemic has caused extreme volatility across all financial markets, including those markets in which the Retirement System funds are invested. The impact of such volatility on future contribution rates, if any, are unknown at this time. See "BONDHOLDER RISKS" herein for further details.

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Amortization of Pension Payments. Pursuant to Chapter 57 of the Law of 2010 and to Chapter 57 of the Laws of 2013, the New York State Legislature authorized local governments to amortize a portion of their retirement bill for up to ten years and twelve years, respectively. This law requires participating governments to make payments on a current basis, while amortizing existing unpaid amounts relating to the New York State and Local Employees' Retirement System's fiscal years when the local employer opts to participate in the program. The Town opted to utilize these programs in its 2012, 2013, 2014, 2015, 2016 and 2017 fiscal years. Similar to many other jurisdictions in the State, the Town may amortize its pension payments for future years to the extent allowable under law. The Total Unpaid Liability for the fiscal years 2011 through 2017 can be found on the following pages.

The Total Unpaid Liability as of December 31, 2011 was \$3,703,672. Payments are billed and paid over a period of ten years beginning in 2013.

2011 Nominal Annual Rate: 3.750%			
Payment Due			
December 31st	Principal		Interest
2013	\$ 312,076	\$	138,888
2014	323,779		127,185
2015	335,921		115,043
2016	348,518		102,446
2017	361,587		89,377
2018	375,147		75,817
2019	389,215		61,749
2020	403,811		47,154
2021	418,953		32,041
2022	434,664		16,300
Totals	\$ 3,703,672	\$	805,999

The Total Unpaid Liability as of December 31, 2012 was \$6,895,103. Payments are billed and paid over a period of ten years beginning in 2014.

2012 Nominal Annual Rate: 3.000%			
Payment Due			
December 31st	Principal		Interest
2014	\$ 601,966	\$	206,286
2015	619,458		188,794
2016	638,042		170,210
2017	657,183		151,069
2018	676,898		131,354
2019	697,205		111,047
2020	718,121		90,131
2021	739,665		68,587
2022	761,855		46,397
2023	784,711		23,541
Totals	\$ 6,895,103	\$	1,187,416

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The Total Unpaid Liability as of December 31, 2013 was \$6,157,543. Payments are billed and paid over a period of twelve years beginning in 2015.

2013 Nominal Annual Rate: 3.000%		
Payment Due		
December 31st	Principal	Interest
2015	\$ 415,472	\$ 231,524
2016	431,094	215,902
2017	447,303	199,693
2018	464,122	182,874
2019	481,572	165,424
2020	499,680	147,316
2021	518,468	128,528
2022	537,962	109,034
2023	558,189	88,807
2024	579,177	67,819
2025	600,954	46,042
2026	623,550	23,446
Totals	\$ 6,157,543	\$ 1,606,409

The Total Unpaid Liability as of December 31, 2014 was \$4,525,561. Payments are billed and paid over a period of twelve years beginning in 2016.

2014 Nominal Annual Rate: 3.150%		
Payment Due		
December 31st	Principal	Interest
2016	\$ 309,928	\$ 158,395
2017	320,776	147,547
2018	332,003	136,320
2019	343,623	124,700
2020	355,650	112,673
2021	368,098	100,225
2022	380,981	87,342
2023	394,315	74,008
2024	408,116	60,207
2025	422,400	45,923
2026	437,185	31,138
2027	452,486	15,837
Totals	\$ 4,525,561	\$ 1,094,315

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The Total Unpaid Liability as of December 31, 2015 was \$4,773,405. Payments will be billed and paid over a period of twelve years beginning in 2017.

2015 Nominal Annual Rate: 3.310%			
Payment Due			
December 31st	Principal		Interest
2017	\$ 330,464	\$	158,000
2018	341,402		147,062
2019	352,703		135,761
2020	364,377		124,087
2021	376,438		112,026
2022	388,898		99,566
2023	401,771		86,694
2024	415,069		73,395
2025	428,808		59,656
2026	443,002		45,463
2027	457,665		30,799
2028	472,814		15,651
Totals	\$ 4,773,405	\$	1,088,154

The Total Unpaid Liability as of December 31, 2016 was \$2,002,208. Payments of \$196,729 annually will be billed and paid over a period of twelve years beginning in 2018 and included therein is interest at 2.63%.

The Town did not amortize the allowable portion of its ERS payment that was made on February 1, of 2018, 2019, and 2020 and does not intend to amortize any portion in 2021 and for the foreseeable future.

Source: *Town of Oyster Bay*.

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Retirement Incentive Programs. Pursuant to Chapter 105 of the Laws of 2010, the New York State Legislature authorized local governments to make available a retirement incentive program. For the fiscal year ending December 31, 2011, there were two parts to the program. Part A gave one additional month of service credit for each year of credited service an eligible member has at retirement, up to a maximum of three years and Part B allowed for no age reduction if an employee was at least 55 years old with 25 years or more of service credit. The Town took advantage of the incentive (Part A and Part B) at a cost to the Town of \$6,039,048 related to Part A and of \$115,172 related to Part B for a total of \$6,154,220. The cost of the program is billed and paid over five years beginning in 2012 and includes interest at 7.50% as shown in the tables below.

PART A			PART B		
Payment Due February 1st	Principal	Interest	Payment Due February 1st	Principal	Interest
2012	\$ 1,388,502	\$ -	2014	\$ 26,480	\$ -
2013	1,039,711	348,791	2015	19,829	6,652
2014	1,117,689	270,813	2016	21,316	5,165
2015	1,201,516	186,986	2017	22,914	3,566
2016	1,291,630	96,872	2018	24,633	1,847
Totals	\$ 6,039,048	\$ 903,462	Totals	\$ 115,172	\$ 17,230

Source: *Town of Oyster Bay*.

For the fiscal year ending December 31, 2010 the Town made available a retirement incentive program at a cost of \$7,530,524. The cost of the program is billed and paid over five years beginning in 2012 and includes interest at 5.0%. Principal and interest payment to maturity are as follows:

Payment Due December 31st	Principal	Interest
2012	\$ 1,209,910	\$ 572,578
2013	1,466,457	316,031
2014	1,539,780	242,708
2015	1,616,769	165,719
2016	1,697,608	84,879
Totals	\$ 7,530,524	\$ 1,381,915

Source: *Town of Oyster Bay*.

The Town offered an early retirement incentive program in September, 2020. Approximately 75 employees took the incentive and will be off the payroll by January 31, 2021. As a result of this incentive, the Town expects to break even in 2021 and realize savings in the \$3 to \$5 million range starting in 2022.

Employee Separation Plan – Chapter 178 of the Laws of 2012. On January 18, 2012, the State authorized the Town to amortize the cost of payments to employees upon separation of service from the Town over a period of ten years (the “Separation Plan”). Such payments, as may be approved by the Town, include but are not limited to, cash payment for separation incentives and/or payment of the monetary value of accrued and accumulated but unused and unpaid sick leave, vacation time, and any other forms of payment required to be paid to such employees upon separation from employment. There is no sunset provision for the Separation Plan. The Town utilized this Separation Plan in 2016. The Town issued \$5,000,000 of federally taxable notes to fund prior year and current year expenses related to the separation plan in June 2016, which matured February 3, 2017 and were redeemed in full. In December 2016, an additional \$4,900,000 of general obligation bonds were issued to reimburse the Town for previously paid expenses related to the separation plan. See “2012-2013 *Budgetary Remediation Efforts*” herein.

Source: *Town of Oyster Bay*.

Other Post-Employment Benefits

Other post-employment benefits (“OPEB”) refers to benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. The Town is subject to GASB 75 (defined below), which requires state and local governments to account for and report their costs associated with

OPEB. The Town recognizes the costs of OPEB in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows.

GASB 75. The Governmental Accounting Standards Board (“GASB”) has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”), effective for the year ending May 31, 2019, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, with OPEB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishing new accounting and financial reporting requirements for OPEB plans. Beginning fiscal year ended December 31, 2018, the Town is required to adopt the provisions of Statement No. 75. Additional information about GASB 75 and the accounting rules applicable to municipalities and school districts may be obtained from GASB.

Changes in Total OPEB Liability. The Town contracts with USI Consulting Group, an actuarial firm, to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the 2018 and 2019 fiscal years, by source.

	Balance beginning at:	December 31, 2017	December 31, 2018
		<u>\$511,093,808</u>	<u>\$475,215,153</u>
<u>Changes for the year:</u>			
Service cost		16,579,700	11,087,938
Interest		17,913,851	16,083,299
Differences between expected and actual experience		0	(98,297,011)
Changes in assumptions and other inputs		(53,213,938)	95,483,731
Benefit payments		<u>(13,962,063)</u>	<u>(12,020,247)</u>
Net Changes		<u>(32,682,450)</u>	<u>12,337,710</u>
	Balance ending at:	December 31, 2018	December 31, 2019
		<u>\$478,411,358</u>	<u>\$487,552,863</u>

Note: The above table is not audited.

The Town's total OPEB liability of \$487,552,863 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019, with updated procedures used to rollforward the OPEB liability to the measurement date. Changes in assumptions and other inputs reflect a change in the discount rate from 4.10% in 2018 to 2.74% in 2019. See additional assumptions for fiscal year 2019 on pages 81-83 of “APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019- Notes to Financial Statements.”

Actuarial valuation is required every two years for all OPEB plans, except the alternative measurement method continues to be available for plans with less than 100 members.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The Town has not reserved any funds towards its OPEB liability. The Town funds this liability on a pay-as-you-go basis.

If the Town is ever mandated to fund its OPEB liability, on an upfront basis, the Town’s unfunded actuarial accrued OPEB liability could have a material adverse impact upon the Town’s finances over time and could, in the future, force the Town to reduce services, raise taxes or both.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state’s OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in past legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced and, if introduced, enacted into law.

Real Property Tax Collection Procedure

Town and County taxes are due in two installments, 50% on January 1 and 50% on July 1, payable without penalty to February 10 and August 10, respectively. Penalties are imposed thereafter at the rate of 1% per month from January 1 and July 1 until August 31, after which taxes are payable to the County Treasurer. The Town retains the total amount of Town, Highway, Town Special District and Water Arrears levies from the amount collected, and forwards the balance collected to the County, which assumes collection responsibility and holds annual tax sales. The Town and the Town's Special Districts therefore realize annually the 100% collection of Real Property Taxes. See "*Real Property Tax Collection Record*" below.

School district property taxes in the Town and County are also payable in two installments, with a separate bill sent out for school tax purposes of 50% in October and 50% in April. School district property taxes are not included in the table set forth below. The County also assumes responsibility for uncollected school taxes.

Real Property Tax Collection Record

The Town derives a major portion of its revenues from a tax on real property. Real property taxes accounted for approximately 75.0% of the Town's total revenues for the fiscal year ended December 31, 2019.

The total real property tax levy payable to the Town Receiver of Taxes, including County, County Police, General Town, Town Highway and Town Special Districts, and the amounts uncollected during the warrant period and returned to the County Treasurer for collection, for the following fiscal years:

<u>Year</u>	<u>Real Property Tax Levy of the Town ⁽¹⁾</u>	<u>Real Property Tax Levy for Town and County Purposes ⁽²⁾</u>	<u>% Uncollected During Warrant Period</u>	<u>Returned to County Treasurer As Uncollected ⁽³⁾</u>
2011	178,393,448	492,907,259	2.08	10,271,447
2012	178,777,297	495,015,137	2.05	10,144,482
2013	181,351,584	503,854,975	1.83	9,212,572
2014	197,316,231	520,088,937	1.95	10,164,845
2015	214,731,402	546,278,970	3.54	19,312,575 ⁽⁴⁾
2016	210,115,692 ⁽⁵⁾	530,914,139	1.82	9,676,246
2017	234,243,826	585,999,573	1.73	10,114,620
2018	233,010,484	587,165,927	1.71	10,066,186
2019	233,000,469	575,411,446	1.87	10,741,496
2020 (Budgeted)	232,996,671	589,712,183	2.75	16,196,953
2021 (Budgeted)	232,993,774	N/A	N/A	N/A

⁽¹⁾ Consists of: Town of Oyster Bay, Discretely Presented Component Units.

⁽²⁾ Consists of: Town of Oyster Bay, Discretely Presented Component Units and Nassau County tax levies apportioned within the Town. The Town does not levy or collect the taxes for the Incorporated Villages or the Fire Districts within the Town.

⁽³⁾ The Town retains the total amount of Town, Highway, Town Special District and Water Arrears levies from the amount collected, and forwards the balance collected to the County which assumes collection responsibility and holds annual tax sales.

⁽⁴⁾ The increase in the Town's uncollected taxes from the 2014 to 2015 fiscal year is a result of all of the Long Island Power Authority's ("LIPA") properties taxes being returned as uncollected for the year. The amount is substantially the entire difference between 2015 and prior years.

⁽⁵⁾ The Town's 2016 levy was also reduced due to LIPA properties being returned as uncollected for the year. Additionally, in the middle of December 2015, Nassau County informed the Town that State law mandates that all LIPA properties are to be removed from the assessment rolls and their tax payments be converted to PILOT payments. The reduction of the Town's total tax levy was offset by the increase in PILOTs paid by LIPA to the Town, making the net effect to revenues neutral. If the above figure included the PILOT payment of \$4,636,294, the total Real Property Tax Levy of the Town would have totaled \$214,751,986 for 2016.

FIVE YEAR TREND OF ASSESSED AND FULL VALUATIONS AND FISCAL YEAR INDEBTEDNESS

Following are recent assessed and full valuations of taxable real property in the Town and indebtedness of the Town for the last five fiscal years:

Taxable Assessed Valuations ⁽¹⁾

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed Valuation	\$149,895,469	\$143,981,459	\$139,004,330	\$134,800,551	\$130,642,237
New York State					
Equalization Rate	0.27%	0.26%	0.24%	0.22%	0.21%
Total Taxable Full Valuation	\$55,516,840,370	\$55,377,484,231	\$57,918,470,833	\$61,272,977,727	\$62,210,589,048

⁽¹⁾ It is unclear what effect, if any, the Tax Cuts and Jobs Act of 2017 would have on the market value or taxable assessed valuations of real property in the Town.

Real Property Tax Rates Per \$1,000 of Assessed Valuation ⁽¹⁾

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Town Wide -</u>					
General Town Purpose ⁽¹⁾	\$290.47	\$521.54	\$437.91	\$516.23	\$529.82
<u>Part Town -</u>					
General Town Purpose ⁽²⁾	57.12	25.20	45.24	10.92	1.06
Highway Purpose ⁽³⁾	477.47	548.59	562.58	570.55	626.20

⁽¹⁾ The increase in real property tax rates is a result of tax increases implemented by the Town and a change in the process of property valuation by Nassau County.

⁽²⁾ Additional rate applicable in unincorporated areas.

⁽³⁾ Town highway tax applicable in unincorporated areas only.

County Reassessment

The valuation of real property for Town property tax purposes is the responsibility of the Nassau County Board of Assessors.

In May 2015, the County announced its move to reassess every residential and commercial property in the County for the first time since property values were frozen in 2011. The County has released a tentative assessment for every property as of January 2, 2019 and, if not appealed by the property owner, such assessment will go into effect for the 2020-2021 tax year.

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TAX LEVY LIMIT LAW

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

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

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

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

The Law also provides for adjustments to be made to the Town’s Tax Levy Increase Limit based upon changes in the assessed value of the taxable real property in the Town. Additionally, the Town will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year.

In 2014 and 2015, the Town unanimously passed a Local Law allowing the Town to exceed the Tax Levy Increase Limit. This Local Law allowed the Town to raise taxes 8.8% in both 2014 and 2015. For the 2016 fiscal year, the Town did not exceed the tax cap and maintained a tax levy equal to that of 2015. For the 2017 fiscal year the Town passed a Local Law allowing the Town to exceed the Tax Levy Increase Limit. This Local Law allowed the town to increase its tax levy by approximately 11.5% in 2017. The Town decreased taxes by 0.5% in 2018. There was no material change to the tax levy for 2019, 2020 and 2021.

The State, in Chapter 59 of the Laws of 2014 (“Chapter 59”) provided for a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. The credit was available only to real property taxpayers in school districts or units of government operating under their Tax Levy Increase Limits for at least two consecutive fiscal years.

Although the program established by Chapter 59 ended in 2016 and during the period Chapter 59 was available the Town exceeded the Tax Levy Increase Limit, incentives similar to or more compelling than those credited by Chapter 59 may be established by the State in the future.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, 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 (PPU) of the object or purpose as determined by statute or the weighted average PPU thereof; no installment may be more than fifty per centum in excess of the smallest prior installment unless the Town Board authorizes and utilizes the issuance of bonds with substantial 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 such required annual installments on its notes.

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof, subject to certain limited exceptions, 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 method for determining full valuation is to take the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and divide the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the Town is calculated by taking 7% of the latest five year average of the full valuation of all taxable real property.

Statutory Procedure

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

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

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

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

Except on rare occasions the Town complies with this estoppel procedure by issuing its bond or notes more than 20 days after the publication of the related resolution. It is a procedure that is recommended by Bond Counsel, but is not an absolute legal requirement.

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

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

In general, the Local Finance Law contains provisions granting the Town with power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget notes.

Debt Outstanding

<u>Years Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$609,060,000	\$578,430,000	\$672,340,369	\$601,290,000	\$552,430,000
Bond Anticipation Notes ⁽¹⁾	199,610,000	177,980,000	38,540,000	101,035,000	200,504,534
Tax Anticipation Notes ⁽²⁾	22,000,000	-	10,000,000	-	-
Revenue Anticipation Notes ⁽²⁾	<u>10,000,000</u>	<u>15,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Outstanding	<u>\$840,670,000</u>	<u>\$771,410,000</u>	<u>\$720,880,369</u>	<u>\$702,325,000</u>	<u>\$752,934,534</u>

⁽¹⁾ Excludes outstanding bond anticipation notes that were retired at maturity from available bond proceeds.

⁽²⁾ See "Cash Flow Borrowings" herein.

Details of Outstanding Indebtedness

The Town, as of January 14, 2021, has outstanding indebtedness of \$552,430,000 serial bonds and \$200,504,534 bond anticipation notes. The bond anticipation notes were issued for the following purposes:

<u>Purpose</u>	<u>Maturities</u>	<u>Amount</u>
Public Parking Improvements	March 12, 2021	\$7,835,000
Lighting Improvements	March 12, 2021	95,000
Solid Waste Improvements	March 12, 2021	95,000
Parks General Improvements	March 12, 2021	105,000
General Building Improvements	March 12, 2021	185,000
Boat Equipment	March 12, 2021	65,000
Lighting Improvements	March 12, 2021	635,000
Solid Waste Improvements	March 12, 2021	190,000
Public Parking Improvements	March 12, 2021	575,000
Tax Management Equipment	March 12, 2021	25,000
Communications Equipment	March 12, 2021	215,000
Boat Equipment	March 12, 2021	45,000
General Building Improvements	March 12, 2021	2,215,000
Lighting Improvements	March 12, 2021	420,000
General Building Improvements	March 12, 2021	1,250,000
Communications Equipment	March 12, 2021	80,000
10 Year Equipment	March 12, 2021	1,030,000
Public Parking Improvements	March 12, 2021	155,000
Parks General Improvements	March 12, 2021	1,210,000
Parks Special Improvements	March 12, 2021	2,400,000
Public Parking Improvements	March 12, 2021	305,000
10 Year Equipment	March 12, 2021	3,045,000
Parks General Improvements	March 12, 2021	4,390,000
Highway Improvements	March 12, 2021	1,320,000
Massapequa Water District	March 12, 2021	1,970,000
South Farmingdale Water District	March 12, 2021	1,495,000
Bethpage Water District	March 12, 2021	4,950,000
Parks General Improvements	March 12, 2021	840,000
10 Year Equipment	March 12, 2021	250,000
10 Year Equipment	March 12, 2021	300,000
Parks General Improvements	March 12, 2021	1,000,000
Parks Special Improvements	March 12, 2021	200,000
Parks General Improvements	March 12, 2021	1,150,000
Parks Special Improvements	March 12, 2021	200,000
10 Year Equipment	March 12, 2021	130,000
Public Parking Improvements	March 12, 2021	6,800,000
Public Parking Improvements	March 12, 2021	4,000,000
Parks Special Improvements	March 12, 2021	880,000
Parks General Improvements	March 12, 2021	8,000,000

<u>Purpose</u>	<u>Maturities</u>	<u>Amount</u>
Highway Improvements	March 12, 2021	19,500,000
Public Parking Improvements	March 12, 2021	420,000
Lighting Improvements	March 12, 2021	315,000
Solid Waste Improvements	March 12, 2021	525,000
5 Year Equipment	March 12, 2021	1,050,000
15 Year Equipment	March 12, 2021	6,950,000
3 Year Equipment	March 12, 2021	300,000
Jericho Water District	March 12, 2021	985,000
Jericho Water District	March 12, 2021	3,000,000
Bethpage Water District	March 12, 2021	2,000,000
Jericho Water District	March 12, 2021	3,500,000
Locust Valley WD	March 12, 2021	2,589,534
Massapequa WD	March 12, 2021	1,100,000
Jericho WD	March 12, 2021	5,650,000
Jericho WD	March 12, 2021	750,000
Jericho WD	March 12, 2021	6,950,000
Plainview WD	March 12, 2021	3,500,000
Plainview WD	March 12, 2021	15,500,000
Bethpage WD	March 12, 2021	3,750,000
Bethpage WD	March 12, 2021	13,000,000
South Farmingdale WD	March 12, 2021	9,500,000
Parks Special Improvements	August 27, 2021	870,000
Parks General Improvements	August 27, 2021	7,200,000
Highway Improvements	August 27, 2021	19,500,000
Public Parking Improvements	August 27, 2021	515,000
Lighting Improvements	August 27, 2021	310,000
Solid Waste Improvements	August 27, 2021	105,000
5 Year Equipment	August 27, 2021	3,300,000
15 Year Equipment	August 27, 2021	6,100,000
3 Year Equipment	August 27, 2021	290,000
General Building Improvements	August 27, 2021	1,430,000
<i>Total Bond Anticipation Notes</i>		<u>\$ 200,504,534</u>
<i>Total Bonds</i>	Various Maturities	<u>\$ 552,430,000</u>
<u>TOTAL INDEBTEDNESS</u>		<u><u>\$ 752,934,534</u></u>

BONDED DEBT OF OVERLAPPING POLITICAL SUBDIVISIONS

The estimated gross bonded debt of governmental entities that overlap the Town is as follows:

14 School Districts.....	\$	25,741,058 ⁽¹⁾
8 Fire Districts.....		2,035,000
18 Villages.....		47,502,390
County of Nassau - General Purpose & Sewer Districts (25.95%)....		1,051,940,927
Gross Total.....	\$	1,127,219,375

The estimated deductible bonded debt ⁽²⁾ included in the gross total above is as follows:

State Aid - Supported School Bonds.....	\$	10,837,368
Excludable Villages' Debt.....		3,671,868
Excludable County Debt (26.62%).....		82,678,262
Total Deductions.....	\$	97,187,498
Net Overlapping.....	\$	1,030,031,877

⁽¹⁾ For those school districts and villages that lie partially in other towns only the amount allocable to properties within the Town has been included.

⁽²⁾ Pursuant to the applicable State Constitutional and statutory provisions this indebtedness is deductible from gross indebtedness for debt limit purposes.

Note: The 25.95% of gross and excludable County indebtedness was determined by taking the full taxable valuation of the Town and dividing it by the full taxable valuation of the County.

Source: *New York State Special Report on Municipal Affairs for the Fiscal Years Ended in 2018 and 2019.*

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STATEMENT OF INDEBTEDNESS, DEBT LIMIT AND NET DEBT-CONTRACTING MARGIN OF THE TOWN OF OYSTER BAY, NEW YORK AS OF JANUARY 14, 2021:

Average Full Valuation of Taxable Real Property	\$ 58,459,272,442
Debt Limit (7%).....	4,092,149,071

Indebtedness:

Bonds	\$ 552,430,000
Bond Anticipation Notes.....	<u>200,504,534</u>
Total	<u>\$ 752,934,534</u>

Exclusions:

Water Indebtedness - Bonds ⁽¹⁾	\$ 73,321,031
Water Indebtedness - Notes ⁽¹⁾	80,189,534
Appropriations	<u>57,320,055</u>
Total	<u>\$ 210,830,620</u>

Total Net Indebtedness Subject to Debt Limit	\$ <u>542,103,914</u>
Net Debt Contracting Margin.....	<u>3,550,045,157</u>
Percentage of Debt Contracting Power Exhausted.....	13.25%

⁽¹⁾ Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Notes: \$87,115,000 of the bonds listed above are expected to be refunded with the proceeds of the Bonds.

See page 164 of “APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019” for a historical chart of Indebtedness, Debt Limit And Net Debt-Contracting Margin of the Town.

Debt Ratios

The following table sets forth certain ratios relating to the Town's Gross and Net Indebtedness as of January 14, 2021:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Gross Indebtedness ^(c)	\$ 752,934,534	\$ 2,523.32	1.21%
Net Indebtedness ^(c)	542,103,914	1,816.76	0.87
Gross Indebtedness Plus Net Overlapping Indebtedness ^(d)	1,782,966,411	5,975.27	2.87
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	1,572,135,791	5,268.71	2.53

^(a) The current estimated population of the Town is 298,391. See “*THE TOWN*” herein.

^(b) The Town's full value of taxable real estate for the 2020 fiscal year is \$62,210,589,048. See “*Taxable Assessed Valuations*” herein.

^(c) See “*Debt Statement Summary*” for the calculation of Gross and Net Indebtedness, herein.

^(d) The Town’s applicable share of Net Overlapping Indebtedness is estimated to be \$1,030,031,877. See “*Bonded Debt of Overlapping Political Subdivisions*” herein.

General Obligation Bond Principal and Interest

The following is a summary of the principal and interest payments for the Town's outstanding general obligation bonds as of January 14, 2021:

Year Ending December 31	Principal	Gross Interest ⁽¹⁾	Total Outstanding Principal And Interest
2021	\$ 63,330,000	\$ 18,871,186.58	\$ 82,201,186.58
2022	57,445,000	16,818,535.69	74,263,535.69
2023	56,410,000	14,670,963.14	71,080,963.14
2024	58,550,000	12,604,921.34	71,154,921.34
2025	54,990,000	10,498,950.96	65,488,950.96
2026	56,795,000	8,557,546.74	65,352,546.74
2027	48,185,000	6,695,893.49	54,880,893.49
2028	39,435,000	4,979,174.82	44,414,174.82
2029	25,870,000	3,805,081.62	29,675,081.62
2030	26,770,000	2,895,515.24	29,665,515.24
2031	27,710,000	1,952,299.99	29,662,299.99
2032	15,315,000	973,995.26	16,288,995.26
2033	15,800,000	447,798.45	16,247,798.45
2034	2,360,000	130,948.00	2,490,948.00
2035	2,405,000	77,727.43	2,482,727.43
2036	120,000	23,549.24	143,549.24
2037	125,000	20,725.93	145,725.93
2038	130,000	17,787.38	147,787.38
2039	130,000	14,743.60	144,743.60
2040	135,000	11,592.75	146,592.75
2041	135,000	8,382.45	143,382.45
2042	140,000	5,112.70	145,112.70
2043	145,000	1,724.05	146,724.05
Totals	<u>\$ 552,430,000</u>	<u>\$104,084,156.85</u>	<u>\$656,514,156.85</u>

⁽¹⁾ Gross interest does not include certain interest subsidies on Environmental Facilities Corporation loans.

Note: This table excludes principal and interest on: bonds refunded and/or advance refunded, bond anticipation notes, tax anticipation notes, and revenue anticipation notes.

Authorized but Unissued Obligations

The Town has approximately \$80 million authorized but unissued for various projects.

Anticipated Borrowings

Other than the issuances represented by this Official Statement, the Town anticipates issuing the following obligations over the next year:

- March 2021: The Town plans to issue serial bonds or notes to redeem or renew its Bond Anticipation Notes, 2020 Series A and Water District Notes, 2020 Series B (less budgetary principal pay downs) maturing on March 12, 2021. In addition, the Town may issue new bond anticipation notes for Water District capital purposes based upon the requests received from administrators of said Districts.
- August 2021: The Town plans to renew the Bond Anticipation Notes, 2020 Series C scheduled to mature on August 27, 2021 and to borrow for new money capital purposes. Pending market conditions, the Town may refund all or a portion of such notes with serial bonds.

Cash Flow Borrowings

The Town has found it necessary to issue tax anticipation notes from time to time.

Certain taxpayers, such as Verizon and Keyspan, have brought lawsuits against the County and the underlying towns in the County, including the Town, to recover taxes such taxpayers believe were wrongly paid. Such lawsuits were settled in favor of the various taxpayers and as a result the Town was required to pay settlements. The County guarantees that the Town will receive 100% of the tax levies as presented in its adopted budgets each year. The Town and the County engaged in litigation over responsibility for the payments. To assist with its cash flow, the Town borrowed to fund a portion of such settlements while waiting for \$37.5 million in reimbursement from the County. In May 2016, the Town reached a settlement with the County, in which the County agreed to pay the Town \$26.7 million in two payments. The first \$13 million was received from the County on May 27, 2016 and the remaining \$13.7 million was received on March 31, 2017. These payments have helped to reduce the need for the Town to issue tax anticipation notes.

In addition, the Town has issued revenue anticipation notes as a result of the Town not receiving timely payment of delinquent sales and mortgage tax revenues due to the Town by the County since 2011. Should the County continue to delay payments to the towns within its borders, including the Town, in this year or future years, the Town may be required to continue to issue revenue anticipation notes to meet its cash flow obligations.

The chart below illustrates the Town's tax anticipation notes ("TAN") and revenue anticipation notes ("RAN") borrowing history for the following fiscal years:

Fiscal Year Ending	Borrowing Amount	Borrowing Type	Dated Date	Due Date
2016	10,000,000	RAN	6/28/2016	3/31/2017
	7,000,000	TAN	6/28/2016	3/31/2017
	15,000,000	TAN	12/21/2016	4/7/2017
2017	15,000,000	RAN	6/27/2017	2/23/2018
2018	10,000,000	TAN	12/14/2018	2/15/2019
2019	NONE			
2020	NONE			

The Town does not plan to issue tax anticipation notes, revenue anticipation notes or other forms of cash flow borrowing for the 2021 fiscal year. See "BONDHOLDER RISKS" herein.

Capital Planning

The Town has continually undertaken the planning and execution of a capital program during its budget process each year. The adoption of such program is not, in the case of the Town, subject to referendum. At any time after the adoption thereof, the Town Board, by the affirmative vote of two-thirds of its total membership, may amend such program by adding, modifying or abandoning the projects or by modifying the methods of financing. As adopted the projects included in the capital plan are expected to be financed with debt issuance.

The elimination of the Town's operational deficit was largely due to a sharp reduction in capital borrowing and spending over the past three years. Total debt issued for Town purposes (not including component unit debt) was reduced by \$160 million from January 1, 2017 to December 31, 2019. Moving forward, each year the Town intends to continue to pay down more debt than they issue.

Capital projects when duly authorized by a resolution of the Town Board may be financed by the issuance of bonds. Bonds, which are at times preceded by the issuance of bond anticipation notes, are issued for varying periods of time depending upon the period of probable usefulness of the project and the desires of the Town Board.

Other Information

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes, for which the Bonds are to be issued is the Town Law, the General Municipal Law and the Local Finance Law.

No principal or interest upon any obligation of the Town is past due.

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

The political subdivisions below have the power to levy taxes upon property within the Town:

COUNTY OF NASSAU, INCLUDING COUNTY POLICE DISTRICT, COUNTY SEWAGE DISPOSAL DISTRICT #3 AND COUNTY SEWAGE COLLECTION DISTRICT #3.

INCORPORATED VILLAGES OF:

Bayville	Lattingtown	Old Brookville
Brookville	Laurel Hollow	Old Westbury (Part)
Centre Island	Massapequa Park	Oyster Bay Cove
Cove Neck	Matinecock	Roslyn Harbor (Part)
East Hills (Part)	Mill Neck	Sea Cliff
Farmingdale	Muttontown	Upper Brookville

SCHOOL DISTRICTS:

	North Shore Central (Glenwood, Glen Head & Sea Cliff) ⁽¹⁾	
	Syosset Central (Syosset, Woodbury, Locust Grove)	
	Brookville - Locust Valley - Bayville Central	
	Plainview - Old Bethpage Central	
	Oyster Bay - East Norwich Central	
Jericho Union Free ⁽¹⁾		Bethpage Union Free
Hicksville Union Free		Farmingdale Union Free ⁽¹⁾
Plainedge Union Free		Massapequa Union Free
	Amityville Union Free ⁽¹⁾	
	Cold Spring Harbor Central ⁽¹⁾	
	Roslyn Union Free ⁽¹⁾	

⁽¹⁾ These school districts are partially located in other towns.

FIRE DISTRICTS:

Bethpage	Locust Valley
Farmingdale	Massapequa
Hicksville	North Massapequa
Jericho	Syosset

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TAX MATTERS

Tax Exemption

The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

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

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

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

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (FASIT), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

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

Tax Accounting Treatment of Discount and Premium on Certain Bonds

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

amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

The purchase price of certain Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Obligation over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Obligation in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Obligation. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds will be covered by the unqualified legal opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Such legal opinion will be delivered in substantially the form attached hereto as "APPENDIX D". Norton Rose Fulbright US LLP is also acting as Special Disclosure Counsel to the Town in connection with the sale of the Bonds. Certain legal matters will be passed upon for the Town by the Town Attorney. Certain legal matters with respect to the Obligations will be passed upon for the Underwriter by its counsel, Squire Patton Boggs (US) LLP, New York, New York.

LITIGATION AND CERTAIN ONGOING INVESTIGATIONS

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 the same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the Town taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the Town.

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The Town does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Town.

SEC Complaint

On November 21, 2017, the SEC filed a civil complaint against the Town and former Town Supervisor, John Venditto, alleging violations of various provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, and the rules promulgated thereunder. In the complaint, the SEC alleged that the Town's disclosures, made in connection with various note and bond sales dating between June 2010 through December 2015, omitted information regarding certain agreements with a former Town concessionaire to operate concessions at certain Town facilities and that such omission was material to investors. In addition, the complaint alleged that between December 2015 and December 2016, the Town misstated and misrepresented the circumstances surrounding the purported amendments by stating that the purported amendments were entered into without the involvement or knowledge of senior Town officials (i.e., the former Town Attorney and former Supervisor). In the complaint, the SEC requested various forms of relief, including, without limitation, an unspecified monetary penalty, injunctive

relief, the appointment of an independent consultant to recommend improvements to the Town's financial reporting procedures and controls and municipal security disclosure procedures, and a prohibition on the sale of securities by the Town unless the Town implements the recommendations of the independent consultant.

The SEC case was stayed before the Town could file an Answer because of the criminal cases against former Supervisor Venditto and Nassau County Executive Edward Mangano and his wife, Linda Mangano, in the United States District Court, Eastern District of New York. A superseding indictment against Mr. Venditto, filed on November 21, 2017, had included criminal charges based upon the same alleged disclosure violations as set forth in the SEC complaint against the Town. During an 11-week trial which commenced on March 14, 2018, former Town Attorney and Deputy Supervisor Leonard Genova testified, among other things, that from 2010 to 2015 the Town's disclosures omitted information regarding so-called "indirect loan guarantees" and that, starting in 2015, the Town's disclosures that the purported amendments were entered into without the involvement of necessary Town officials were false and misleading because, among other reasons, he and former Supervisor Venditto had accepted bribes in exchange for facilitating the purported amendments. Following trial, Mr. Venditto was acquitted on all charges, but the jury was unable to reach a verdict as to the Manganos. The retrial of Mr. and Mrs. Mangano was concluded on March 8, 2019 with a finding of guilty against each of them on certain counts.

On February 26, 2019, the Town Board approved an agreement with the SEC staff to settle the SEC's case against the Town. Pursuant to that agreement, the SEC agreed to dismiss its claims against the Town under Section 17(a)(1) of the Securities Act of 1933 (the "Securities Act") and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Under the agreement, without admitting or denying any of the SEC's allegations, the Town consented to the court entering a final judgment in the case permanently enjoining the Town from violating Sections 17(a)(2) and (3) of the Securities Act and ordering certain undertakings by the Town, including that the Town retain an independent consultant appointed by the Court for a period of three years to review the Town's policies, procedures, and internal controls regarding its disclosures for securities offerings, and to recommend improvements to those policies, procedures, and internal controls with a view to assuring compliance with the Town's disclosure obligations under federal securities laws. The agreement does not impose any monetary penalty on the Town. On October 24, 2019, the Court approved the proposed settlement and entered a consent judgment reflecting the terms of the settlement agreement reached between the SEC and the Town. On January 27, 2020, the Court appointed Marc-Phillip Ferzan of Ankura as the Independent Consultant pursuant to its final judgment. Pursuant to the settlement, Ankura prepared and filed its First Report on May 26, 2020.

On March 1, 2018, in a separate civil complaint, the SEC charged Mr. Genova, with securities fraud based on allegations similar to those presented in the SEC's complaint against the Town. Mr. Genova has agreed to settle the case.

In light of Mr. Venditto's death on March 17, 2020, the SEC dismissed its civil claims against Mr. Venditto.

Town Concessionaire Investigation and Litigation

On September 8, 2015, the United States Attorney for the Eastern District of New York indicted a former Town concessionaire on criminal charges alleging, according to the indictment, that the former Town concessionaire provided payments and other things of value to a Town employee in exchange for assistance in obtaining bank loans guaranteed by the Town totaling approximately \$20 million. The Nassau County District Attorney, on August 25, 2015, requested information from the Town concerning these allegations as well as certain of the Town's public disclosures including official statements from outstanding bond and note issues. The Town provided documents to the Nassau County District Attorney in response to these inquiries. The Town has cooperated with all law enforcement inquiries regarding these allegations.

The Town was named as a defendant in three lawsuits in New York arising from certain purported amendments to agreements with the former Town concessionaire. One lawsuit was filed in January 2016 and the other two were filed in July 2016. In each of the lawsuits against the Town, a lender to the former Town concessionaire brought suit against the Town seeking to enforce one of the purported amendments and contending that such respective purported amendments require the Town to reimburse the lender for unpaid amounts on its loan to the concessionaire following default by the concessionaire. The total amount of damages sought by the three lenders across all three lawsuits was approximately \$18 million.

All three lawsuits have been dismissed by appellate courts. In the first such lawsuit, on July 9, 2019, the United States Court of Appeals for the Second Circuit affirmed the United States District Court's dismissal of the lender's claims against the Town, agreeing with the Town's position that the purported amendment at issue in that case was unenforceable because it had not been approved by the Town Board. In the second such lawsuit, on September 18, 2019, the New York Supreme Court Appellate Division for the Second Department reversed a decision by the trial court and found that the amendment at issue in that case was unenforceable for similar reasons to those described by the Second Circuit in its decision. In the third lawsuit, the Town appealed a decision by the trial court denying the Town's motion to dismiss. On August 19, 2020, the Appellate Division unanimously reversed the trial court decision, thereby dismissing all claims against the Town. The Appellate

Division held that the purported agreement was not in compliance with Town Law requiring Town Board approval for the award of a contract, and further found no ratification by subsequent Town actions.

Separately, on June 26, 2017, the Town filed a lawsuit asserting damage claims against the Town concessionaire, a former Deputy Town Attorney, two lenders that were beneficiaries of the purported guarantees, and a law firm that purported to represent the Town in connection with certain of the purported amendments. On January 28, 2020, the New York Supreme Court upheld all of the Town's claims against motions to dismiss brought by the lenders and the law firm. On February 6, 2020, the Town filed a motion for default judgments against the Town concessionaire and deputy Town attorney. On February 14, 2020, the law firm filed a counterclaim against the Town seeking contribution from the Town for any judgment rendered against the law firm in connection with the purported amendments, including in connection with a separate lawsuit brought against the law firm in August 2016 by the concessionaire's lenders in Connecticut state court, in which they seek to hold the law firm liable for its issuance of legal opinions that certain of the purported amendments were enforceable. By letter dated February 18, 2020, the law firm also demanded that the Town indemnify and hold the law firm harmless from any and all claims asserted against it and its partner by the concessionaire's lenders, including in the Connecticut state court action. In an Amended Answer dated May 14, 2020, the law firm asserted counterclaims for contribution and indemnity. The Town has moved to dismiss those counterclaims.

The Office of the Town Attorney cannot predict the outcome of the pending litigations, motions, indemnification claim, or appeal described above, or whether any additional litigation against the Town or its officers or officials will be initiated. However, in the event that there is a judgment entered against the Town for money damages, the Local Finance Law permits the Town to issue bonds or notes to fund such judgment.

Bethpage Litigation

On December 5, 2016, the Town was served with a summons and complaint by a group of residents purporting to act as class representatives in a personal injury action filed in Federal court arising out of activities by Grumman Aerospace Corporation and its successors in interest, Northrop Grumman Corporation (collectively, "Grumman") in the Bethpage area over a nearly 60-year period. These plaintiffs allege, in substance, that Grumman's discharge of chemicals used in its manufacturing of aircraft, weapons, and spacecraft contaminated the ground and groundwater aquifer and, relatedly, the plaintiffs' properties, thereby leading to personal injuries. The plaintiffs allege four causes of action sounding in negligence, strict liability (against Grumman, only), trespass, and nuisance, and, for each cause of action, allege damages in excess of \$100 million. The plaintiffs also request punitive damages in an unspecified amount. At this early stage of the litigation, there has been no discovery to assess the validity of the damages allegations.

Inclusion of the Town as a defendant in the subject action is related to the Town's current ownership of 18 acres of land which had previously been part of a more than 600 acre complex used in Grumman's manufacturing operations before this parcel was conveyed to the Town in 1962 and subsequently developed as Bethpage Community Park (the "Park"). There is no accusation that the Town engaged in improper handling or disposal of hazardous chemicals which caused the plaintiffs' alleged injuries.

The site history for the Park is relevant. As indicated above, this parcel was owned by Grumman prior to 1962 and was used for the disposal of industrial wastes, starting at some time after Grumman commenced manufacturing in Bethpage in the 1940s. The Park was opened to the public in 1965.

In 2002, the Park was closed in response to testing performed by Grumman. This testing showed elevated levels of certain contaminants, especially PCBs, which were disposed by Grumman on the site. Although subsequent evaluation allowed the Town to reopen the Park, except for the baseball field area in the southwest corner of the Park which contains particularly high PCB levels, residual contamination remained below the ground surface.

In 2005, the Town entered into a voluntary agreement (the "DEC Agreement") with the New York State Department of Environmental Conservation ("NYSDEC") to allow the Town to proceed with remediation in the northern portion of the Park, for the purpose of allowing the redevelopment of this area with a new ice skating center. This action was necessitated when it became clear that Grumman would not proceed in the foreseeable future with the cleanup it was obligated to perform, and the Town was not willing to let the capital improvement project be delayed indefinitely. The Town's remediation work, completed in 2007, involved the excavation and removal of approximately 173,000 tons of soil. In the interest of ensuring the maximum protection of public health and safety, the cleanup performed by the Town, as approved by NYSDEC, exceeded the minimum which NYSDEC might otherwise have been willing to approve. The new ice skating center was completed in 2008.

The plaintiffs have commenced the action against the Town on the basis that the Town is the owner of a certain tract of land that was donated to the Town by Grumman in or about 1962. It is alleged by the plaintiffs that a smaller portion of that

land was used by Grumman as “settling ponds” to discharge and dispose the manufacturing chemicals. The plaintiffs do not allege that the Town was, in any way, engaged in the discharge or disposal of such chemicals. The Town has acted to reduce the Grumman contamination by completing major remediation in the Park. Accordingly, even if the plaintiffs in this case are able to establish that they have suffered injuries attributable to contamination from the Grumman site, which of itself is by no means certain, there does not appear to be any reasonable likelihood that the facts of this matter would justify a significant judgment against the Town.

It is the Town’s position that Grumman is, in any case, the party which would be ultimately liable for any proven harms to the plaintiffs.

On February 14, 2017, the plaintiffs initiated a proceeding in the New York State Supreme Court, Nassau County, seeking leave of the Court to file late notices of claim against the Town, which filings are a statutory condition precedent to the commencement of tort litigation against the Town. After fully briefing the issues, the Supreme Court denied, without prejudice, the petitioners’ application because the Court was unable to determine, based upon the allegations contained in the petition, whether the petitioners’ claims were timely.

Since 2017, the Town has received several additional notices of claim from claimants who appear to be making an effort to join the purported class action. Statutory examinations of each claimant are on-going.

In a related matter, the Town is pursuing litigation against Grumman for reimbursement of certain remediation expenses of the Town incurred in the performance of its obligations under the DEC Agreement. The court, however, granted Grumman summary judgement, dismissing the Town’s claims. Grumman’s counterclaim against the Town is pending; Grumman alleges the Town contributed to the contamination of the site and seeks a contribution by the Town toward the cost of remediation. Outside counsel to the Town has assessed that the Town can be found up to 30% contributorily liable on the theory that the Town has knowledge of the environmental hazards. The aggregate cost of the remediation for which contribution is being sought is unknown but has been estimated to be as high as \$80 million. Since the federal court does not permit an interlocutory appeal in this instance, the Town must wait on its appeal of the summary judgment decision until the matter is final, when the trial on the counterclaims are adjudicated.

At the request of the parties (the Town and Grumman), the court has allowed for a lengthy adjournment of the trial so that settlement may be explored. The Town and Grumman, with input from NYSDEC, have discussed the potential of a discontinuance of all claims, a less costly clean-up and either no contribution by the Town or a reduced fixed payment by the Town in furtherance of the remediation.

See “Property Condemnation and Environmental Issues” and the “Litigation” sections of the “NOTES TO FINANCIAL STATEMENTS” in “APPENDIX B – COMPREHENSIVE ANNUAL FINANCIAL REPORT – DECEMBER 31, 2019.”

Condemnation Litigation

The Town acquired title to approximately 14 acres in Farmingdale (Liberty Industrial Site) through a condemnation proceeding (“Parcel 1”). The United States Environmental Protection Agency (EPA) has conducted remediation of environmentally hazardous substances at the property. The Town plans to eventually convert the property into a public park. In May 2007, under the EPA’s jurisdiction, a group made up of prior owners of the property commenced soil remediation at the site, which was completed in 2009. The Town has paid the EPA for the remediation and paid the former property owners \$3.3 million as the initial payment on the condemnation. However, additional payments may be required to the former property owners and/or the EPA contingent upon the value/purchase price of the property. The Town and the former property owners proceeded to trial on the valuation of the property, to determine if additional payments to the former property owners would be required. On June 30, 2016, the New York State Supreme Court, Nassau County determined the value of the property to be approximately \$31,300,000, inclusive of interest and other costs. The Town has been ordered to make an additional payment to the former property owners to reflect this value. The Town disagreed with the Court’s decision and filed a Notice of Appeal on August 1, 2016.

On December 13, 2017, the Appellate Division, Second Department vacated the trial court’s approximate \$31,300,000 determination and remitted the matter back to the trial court in order to determine, based upon the evidence offered by the Town, the fair market value of the property with a highest and best use of light industrial development, considering such adjustments as the evidence will support, and whether the property sustained any consequential damages when its proposed highest and best use was industrial. By Order dated April 18, 2018, the trial court requested that the parties submit “Findings of Fact and Conclusions of Law” in accordance with the Appellate Division decision. By Order dated December 17, 2018, the trial court adopted the Findings of the claimant and awarded \$9,732,498, to which \$11,640,000 must be added to account for 6% interest from September 2003. Although the later decision reduced the original award, the Town believed that the lower court exceeded its discretion in making such an award, including allowing claimant to submit findings and conclusions, in the

Town's opinion, outside of the direction of the appellate court. The Town appealed the December 17, 2018 decision.

By decision dated October 7, 2020, the Appellate Division held that the Supreme Court "failed to adhere to the terms of this Court's remittal by relying on the claimants' evidence of comparable sales of property for retail use." The Supreme Court should have determined the fair market value of parcel 1 based upon evidence offered by the Town as to the highest and best use of light industrial development, a task that the Appellate Division stated could be performed without again remanding the matter to Supreme Court. Accordingly, the Appellate Division valued Parcel 1 in the amount of \$4,295,634 plus interest to be calculated by the Supreme Court, thereby vacating the Supreme Court determination of a principal sum of \$9,732,498.00. Taking into account the advance payment and the interest from the date of taking, the Town will owe the plaintiff approximately \$2.1 million for Parcel 1. The plaintiff has indicated that it may seek an appeal to the Court of Appeals, the highest court in New York State.

The Town has also acquired title to a second parcel of land of approximately 7.5 acres ("Parcel 2") abutting the 14 acres, discussed above. The Town has made a payment of \$4,500,000 to the former owners. The ultimate value of the parcel will be subject to determination at trial, however the Appellate Division decision as to Parcel 1 may be instructive with regard to determining the value of Parcel 2. It appears that the exposure to the Town may amount to approximately \$10 million for Parcel 2.

Tax Assessment Litigation

This action was served upon the Town on April 27, 2018, and seeks, among other forms of relief, that the named defendants, which includes the County of Nassau and the Town, make an unspecified refund to the plaintiff, New York American Water Company, Inc., for plaintiff's alleged overpayment in taxes resulting from the County's allegedly erroneous method by which certain property was assessed for taxation purposes. Because the County is responsible for the assessment of properties within the County, the Town believes at this early juncture that the complaint does not state a cause of action against the Town. Several of the defendants have moved to dismiss plaintiff's complaint. On February 15, 2019, the assigned justice rendered a decision granting, in part, the County of Nassau's motion to dismiss and granting, in full, the North Shore Central School District's motion to dismiss. Based upon the reasoning contained in the justice's decision, the Town made a similar motion to dismiss. On May 21, 2019, Justice Jeffrey Brown granted the Town's motion to dismiss in full.

Separately, New York American Water served similar actions in 2019 and 2020 to challenge Nassau County's assessments. However, because the Court granted the motions to dismiss in the 2018 action, the parties have agreed to hold the 2019 and 2020 actions in abeyance pending resolution of any appeals of the 2018 motions to dismiss.

Sanitation Assessment Matters

For several years, there has been litigation involving the assessment of property owned by utilities and telephone carriers by various sanitation districts. In short, the courts found such assessments to be improper, as the infrastructure (i.e., phone lines, gas lines, water pipes, utility poles) of said entities did not generate garbage, and should have therefore been exempt from the related assessments. The Courts have held that the Town was obligated to first compensate the utilities for the amounts paid by them, but that the County of Nassau, pursuant to the "County Guaranty" provision of the Nassau County Administrative Code, must then compensate the Town.

There are two actions pending in Nassau County Supreme Court, *MCImetro v. Town of Oyster Bay, et al.* and *New York American Water v. Town of Oyster Bay, et al.*, wherein the plaintiffs seek, respectively, reimbursement for taxes paid in certain Sanitation and Solid Waste Districts over a period of several years. The exposure on the MCImetro case is approximately \$150,000, and the New York American Water matter is approximately \$25,000.

Once the Town pays the judgment and/or settlement, it can seek payment from the County of Nassau for the same amounts.

Political Fundraising Investigation

On December 22, 2020, a local newspaper reported that Nassau County District Attorney Madeline Singas has opened an investigation into allegations that a non-elected, appointed Oyster Bay official improperly solicited political fundraising contributions from Town employees who received pay raises. Upon request, the Town will cooperate with all law enforcement inquiries regarding these allegations.

DISCLOSURE UNDERTAKING

The Town has agreed to provide, at the time of delivery of the Bonds, an executed Disclosure Undertaking in substantially the form attached hereto as "APPENDIX C – DISCLOSURE UNDERTAKING."

The Town currently retains Fiscal Advisors & Marketing, Inc. as a dissemination agent to assist the Town with filings required under Rule 15c2-12. Such dissemination agent works with the Town to help ensure that proper information is filed as required under the Town's disclosure undertakings. Policies and procedures were established with Town officials on June 17, 2016 to prevent inadvertent administrative errors and ensure that the Town remains in compliance with the requirements of Rule 15c2-12. The Town has updated its policies and procedures to ensure compliance with the new amendments to Rule 15c2-12.

DISCLOSURE COMPLIANCE HISTORY

The Town's Audited Financial Statements for fiscal years ending December 31, 2014 and 2015 were not filed with EMMA in a timely matter pursuant to the Town's continuing disclosure undertaking agreements. The delays were caused by the Town's new accounting software. See "*TOWN OF OYSTER BAY - Financial Statements*" herein. The 2014 audited financial statements were posted to EMMA on April 15, 2016. A notice of failure to file relating to the 2014 audited financial statements was posted to EMMA on January 12, 2016. The Town posted the 2015 audited financial statements to EMMA on January 18, 2017. The notice of failure to file relating to the 2015 audited financial statements was not posted to EMMA until March 2, 2017.

The Town was inadvertently late on making an interest payment due February 2, 2018 on the Town's Bond Anticipation Note, 2017 Series A, maturing on June 1, 2018. As soon as the Town received the invoice for said amount from DTC on February 14, 2018, the Town made the interest payment on the same day. A material event notice was posted to EMMA on February 16, 2018.

RATINGS

Moody's Investors Service ("Moody's") has assigned an underlying rating of "Baa1" with a positive outlook to the Town's outstanding bonds, including the Bonds.

S&P Global Ratings ("S&P"), a business unit of Standard & Poor's Financial Services LLC, has assigned a long-term underlying rating of "BBB+" with a stable outlook to the Town's outstanding bonds, including the Bonds.

The ratings above reflect only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from the applicable rating agency at: Moody's, 7 World Trade Center, 250 Greenwich St, New York, NY 10007, Phone: (212) 553; or S&P Global Ratings, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041.

Generally, rating agencies base their ratings on the information and materials furnished to them and on their investigations, studies and assumptions. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the Town's outstanding bonds may have an adverse effect on the market price of the outstanding bonds or the Bonds.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), serves as independent municipal advisor to the Town on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds. 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. The fees to be paid by the Town to Fiscal Advisors are partially contingent on the successful closing of the Bonds.

UNDERWRITING

Oppenheimer & Co. (the “Underwriter”) has agreed, subject to the terms of a bond purchase agreement (the “Purchase Contract”) with the Town, to purchase the Bonds from the Town for reoffering to the public. The Purchase Contract provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a purchase price equal to \$_____ (being the par amount of the Bonds plus a premium of \$_____, less an underwriter’s discount of \$_____). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the inside cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the inside cover page and the public offering yields may be changed from time to time by the Underwriter.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the Town provided, however; the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT

At the time of the delivery of the Bonds, the Town will deliver a certificate of one of its authorized officials, in a form satisfactory to Bond Counsel, that to the best of his/her knowledge, (i) this Official Statement, as of its date, does not contain any untrue statement of a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the Town, and (ii) between the date of the final Official Statement and the date of delivery of the Bonds, there have been no material adverse changes in the general affairs of the Town or in its financial condition, except as set forth in or contemplated by the final Official Statement.

MISCELLANEOUS

So far as 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 holders of the Bonds.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the beliefs of the Town’s management, 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 documents or oral presentation, the words “anticipate”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, or similar words are intended to identify forward-looking statements.

Norton Rose Fulbright US LLP, Bond Counsel and Disclosure Counsel to the Town, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds, including, but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

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

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

This Official Statement is not to be construed as a contract or agreement between the Town and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

Dated: January 14, 2021

TOWN OF OYSTER BAY

APPENDIX A

GENERAL FUND - Balance Sheets

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	2014	2015	2016	2017	2018	2019
ASSETS						
Cash	\$ 58,472	\$ 16,124	\$ 10,194	\$ 333,927	\$ 1,771,485	\$ 5,515,547
Receivables:						
Accounts	2,003,224	2,064,878	2,773,872	2,481,792	5,273,582	2,517,948
Allowance for Receivables	-	-	-	-	-	-
State and Federal	2,049,996	7,630,877	2,652,475	2,308,098	2,271,894	2,742,461
Property Taxes	-	-	-	-	-	-
Due from Other Funds	10,005,383	-	121,323	-	100,000	3,450,000
Due from Other Governments	4,008,115	7,551,704	18,409,573	4,788,351	4,583,499	5,232,997
Inventory of Material and Supplies	1,832,208	1,858,301	1,876,233	2,077,679	2,314,736	2,226,843
Other Assets	245	-	-	-	-	-
Prepaid Expenses	71,832	14,367	-	-	-	-
TOTAL ASSETS	\$ 20,029,475	\$ 19,136,251	\$ 25,843,670	\$ 11,989,847	\$ 16,315,196	\$ 21,685,796
LIABILITIES AND FUND EQUITY						
Accounts Payable	\$ 9,143,462	\$ 11,394,887	\$ 16,575,764	\$ 11,204,538	\$ 10,666,973	\$ 9,099,159
Accrued Liabilities	4,140,372	4,254,904	4,437,031	3,949,740	4,206,826	3,049,781
Revenue Anticipation Notes Payable	10,000,000	11,000,000	10,000,000	15,000,000	10,000,000	-
Tax Anticipation Notes Payable	10,000,000	-	-	-	-	-
Other Liabilities	-	-	-	-	18,350	19,175
Due to Other Funds	3,562,508	17,738,540	34,278,184	1,670,000	-	-
Due to Other Governments	624,481	38,268	13,905	4,155	146,942	176,730
Deferred Revenue	65,787	-	493,000	2,195,500	1,676,575	1,142,082
TOTAL LIABILITIES	\$ 37,536,610	\$ 44,426,599	\$ 65,797,884	\$ 34,023,933	\$ 26,715,666	\$ 13,486,927
FUND EQUITY						
Reserved/Nonspendable	\$ 11,909,423	\$ 9,209,971	\$ 5,629,349	\$ 2,109,916	\$ 2,314,736	\$ 2,232,544
Unreserved:						
Appropriated	-	-	-	-	31,287	2,615,579
Unappropriated	(29,416,588)	(34,500,319)	(45,583,563)	(24,144,002)	(12,746,493)	3,350,746
TOTAL FUND EQUITY	\$ (17,507,165)	\$ (25,290,348)	\$ (39,954,214)	\$ (22,034,086)	\$ (10,400,470)	\$ 8,198,869
TOTAL LIABILITIES and FUND EQUITY	\$ 20,029,445	\$ 19,136,251	\$ 25,843,670	\$ 11,989,847	\$ 16,315,196	\$ 21,685,796

Source: Audited financial reports of the Town. This Appendix is not itself audited.

APPENDIX A1

GENERAL FUND – Revenues, Expenditures and Changes in Fund Balance

GENERAL FUND
Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	2013	2014	2015	2016	2017	2018
REVENUES						
Real Property Taxes	\$ 37,852,748	\$ 37,828,074	\$ 41,012,146	\$ 39,982,539	\$ 68,419,564	\$ 55,437,214
Real Property Tax Items	1,622,076	1,783,524	2,058,300	2,951,069	3,104,749	3,441,056
Non-Property Tax Items	4,863,692	5,112,339	5,308,648	5,680,869	5,705,925	5,642,122
Departmental Income	6,219,819	6,133,647	6,175,851	5,846,313	6,297,238	7,054,583
Intergovernmental Charges	13,235 ⁽¹⁾	13,954,197 ⁽²⁾	14,373,575 ⁽³⁾	14,564,989 ⁽⁴⁾	14,969,179 ⁽⁵⁾	15,505,185 ⁽⁶⁾
Use of Money & Property	629,656	659,048	673,139	883,874	766,200	1,057,858
Licenses and Permits	205,178	293,852	233,344	317,165	292,778	345,030
Fines and Forfeitures	666,753	1,027,489	640,896	583,553	443,751	490,845
Sale of Property and						
Compensation for Loss	352,844	61,899	556,529	236,323	255,946	549,550
Miscellaneous	1,331,868	2,315,408	1,303,179	1,277,776	1,128,222	1,004,480
Interfund Revenues	28,423,597	29,949,479	29,596,471	30,090,695	29,955,070	32,771,175
Revenues from State Sources	12,096,785	10,536,200	12,533,506	13,894,415	14,332,879	13,304,300
Revenues from Federal Sources	50,831	43,872	67,149	107,013	20,668	10,321
Total Revenues	\$ 94,329,082	\$ 109,699,028	\$ 114,532,733	\$ 116,416,593	\$ 145,692,169	\$ 136,613,719
EXPENDITURES						
General Government Support	\$ 37,872,731	\$ 39,286,409	\$ 36,654,468	\$ 40,365,135	\$ 37,828,684	\$ 40,589,215
Public Safety	4,833,153	5,159,442	5,376,056	5,707,544	4,583,610	4,913,202
Other Purposes	-	-	-	-	-	-
Transportation	751,376	769,683	899,859	911,973	903,269	940,562
Economic Assistance and						
Opportunity	417,710	420,513	301,963	319,825	201,411	35,916
Culture and Recreation	16,549,636	17,328,790	17,188,915	17,855,334	16,680,047	17,823,349
Home and Community Services	2,702,812	3,336,380	2,681,264	2,684,302	1,446,063	1,728,282
Employee Benefits	24,311,576	24,641,069	24,526,409	26,219,763	26,549,407	25,745,834
Debt Service	5,124,105	4,617,300	522,426	994,735	2,104,650	2,174,394
Total Expenditures	\$ 92,563,099	\$ 95,559,586	\$ 88,151,360	\$ 95,058,611	\$ 90,297,141	\$ 93,950,754
Excess of Revenues Over (Under)						
Expenditures	1,765,983	14,139,442	26,381,373	21,357,982	55,395,028	42,662,965
Other Financing Sources (Uses):						
Operating Transfers In	-	-	154,715	-	-	-
Operating Transfers Out	(11,737,591)	-	(32,419,271)	-	-	(25,910,846)
Debt Service Fund	-	(20,405,345)	-	-	-	(8,241,292)
Capital Projects Fund	-	(12,751,310)	(1,900,000)	(32,072,251)	(32,236,661)	-
Issuance of Debt	(11,631,320)	-	-	(5,479,236)	(5,238,239)	-
Premiums on obligations	-	-	-	4,083,344	-	-
Proceeds from Sale of Land	30,025,000	-	-	-	-	3,122,789
Total Other Financing	\$ 6,656,089	\$ (33,156,655)	\$ (34,164,556)	\$ (33,468,143)	\$ (37,474,900)	\$ (31,029,349)
Excess of Revenues and Other						
Sources Over (Under) Expenditures	8,422,072	(19,017,213)	(7,783,183)	(12,110,161)	17,920,128	11,633,616
and Other Uses						
FUND BALANCE						
Fund Balance - Beginning of Year	(6,912,024)	1,510,048	(17,507,165)	(27,844,053) ⁽⁷⁾	(39,954,214)	(22,034,086)
Prior Period Adjustments (net)	-	-	-	-	-	-
Fund Balance - End of Year	\$ 1,510,048	\$ (17,507,165)	\$ (25,290,348)	\$ (39,954,214)	\$ (22,034,086)	\$ (10,400,470)

⁽¹⁾ Does not includes sales tax. ⁽³⁾ Includes \$14,258,755 in sales tax. ⁽⁵⁾ Includes \$14,959,916 in sales tax.

⁽²⁾ Includes \$13,942,484 in sales tax. ⁽⁴⁾ Includes \$14,258,755 in sales tax. ⁽⁶⁾ Includes \$15,497,649 in sales tax.

⁽⁷⁾ See "NOTE 6. RESTATEMENT" on pages 92 and 93 of the 2016 Audit.

Note: See "General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual" of the Town's audited financial statements.

APPENDIX A2

GENERAL FUND – Revenues, Expenditures And Changes In Fund Balance - Budget and Actual

GENERAL FUND
Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending December 31:

	2019			2020	2021
	Adopted <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>
REVENUES					
Real Property Taxes	\$ 62,998,943	\$ 62,998,943	\$ 64,001,350	\$ 61,829,484	\$ 55,621,155
Real Property Tax Items	3,001,057	3,001,057	3,576,089	3,100,000	3,500,321
Non-Property Tax Items	5,500,000	5,500,000	5,561,876	5,500,000	5,500,000
Departmental Income	6,670,000	6,685,000	7,386,514	6,675,000	6,725,000
Intergovernmental Charges	14,005,200	14,005,200	16,350,501 ⁽¹⁾	15,500,200	15,000,200
Use of Money & Property	650,000	650,000	2,121,177	735,000	635,000
Licenses and Permits	262,450	262,450	295,485	262,450	262,450
Fines and Forfeitures	400,600	400,600	381,233	400,500	300,500
Sale of Property and Compensation for Loss	17,417	16,009	354,499	108,000	108,000
Miscellaneous	711,000	3,109,860	2,946,614	121,000	130,000
Interfund Revenues	31,731,586	31,731,586	32,292,150	35,094,810	33,291,088
Revenues from State Sources	3,903,244	5,479,715	12,954,775	4,042,347	13,515,000
Revenues from Federal Sources	-	-	11,482	-	-
Total Revenues	<u>\$ 129,851,497</u>	<u>\$ 133,840,420</u>	<u>\$ 148,233,745</u>	<u>\$ 133,368,791</u>	<u>\$ 134,588,714</u>
EXPENDITURES					
General Government Support	\$ 41,942,888	\$ 43,478,784	\$ 40,893,083	\$ 45,573,801	\$ 45,741,205
Public Safety	4,599,848	5,566,396	5,403,977	5,025,664	5,756,160
Other Purposes	-	-	-	-	-
Transportation	857,220	857,788	805,116	835,262	-
Economic Assistance and Opportunity	35,000	35,000	22,878	35,000	35,000
Culture and Recreation	17,051,706	18,757,395	18,578,473	18,736,866	19,457,910
Home and Community Services	2,136,915	2,109,078	1,912,628	1,859,264	2,579,711
Employee Benefits	28,813,906	29,419,596	26,614,900	26,162,022	26,285,000
Debt Service	25,000	349,979	327,269	-	25,000
Total Expenditures	<u>\$ 95,462,483</u>	<u>\$ 100,574,016</u>	<u>\$ 94,558,324</u>	<u>\$ 98,227,879</u>	<u>\$ 99,879,986</u>
Excess of Revenues Over (Under) Expenditures	<u>34,389,014</u>	<u>33,266,404</u>	<u>53,675,421</u>	<u>35,140,912</u>	<u>34,708,728</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	-	1,350,353	-	-
Operating Transfers Out	(34,389,014)	(33,951,435)	(33,951,435)	(35,140,912)	(34,708,728)
Debt Service Fund	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-
Return of proceeds from sale of land	-	-	(2,475,000)	-	-
Issuance of Debt	-	-	-	-	-
Proceeds from Sale of Land	-	-	-	-	-
Total Other Financing	<u>\$ (34,389,014)</u>	<u>\$ (33,951,435)</u>	<u>\$ (35,076,082)</u>	<u>\$ (35,140,912)</u>	<u>\$ (34,708,728)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>(685,031)</u>	<u>18,599,339</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Fund Balance - Beginning of Year	-	685,031	(10,400,470)	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,198,869</u>	<u>\$ -</u>	<u>\$ -</u>

⁽¹⁾ Includes \$16,049,873 in sales tax.

Source: 2019 Audited Financial Statements and the adopted budgets of the Town. This Appendix is not itself audited.

APPENDIX A3

CHANGES IN FUND EQUITY

CHANGES IN FUND EQUITY

Fiscal Years Ending December 31:	2014	2015	2016	2017	2018	2019
GENERAL FUND - TOWN-WIDE						
Fund Equity - Beginning of Year	\$ 1,510,048	\$ (17,507,165)	\$ (25,290,348)	\$ (39,954,214)	\$ (22,034,086)	\$ (10,400,470)
Prior Period Adjustments (net)	-	-	(2,553,705) ⁽⁴⁾	-	-	-
Revenues & Other Sources	109,699,028	114,687,448	116,416,593	145,692,169	136,613,719	149,584,098
Expenditures & Other Uses	128,716,241	122,470,631	128,526,754	127,772,041	124,980,103	130,984,759
Fund Equity - End of Year	\$ (17,507,165) #	\$ (25,290,348)	\$ (39,954,214)	\$ (22,034,086)	\$ (10,400,470)	\$ 8,198,869
GENERAL FUND - PART-TOWN						
Fund Equity - Beginning of Year	\$ (1,535,028)	\$ 396,465	\$ 1,156,255	\$ 3,548,837	\$ 4,288,389	\$ 5,749,640
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	14,696,802	13,153,345	14,087,910	12,498,857	14,811,072	12,996,885
Expenditures & Other Uses	12,765,309	12,393,555	11,695,328	11,759,305	13,349,821	12,606,016
Fund Equity - End of Year	\$ 396,465 #	\$ 1,156,255	\$ 3,548,837	\$ 4,288,389	\$ 5,749,640	\$ 6,140,509
HIGHWAY FUND						
Fund Equity - Beginning of Year	\$ 3,922,009	\$ (4,798,035)	\$ (2,850,176)	\$ (3,260,668)	\$ (4,169,057)	\$ 2,674,949
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	44,070,314	52,222,260	51,850,019	55,781,055	55,628,585	59,114,781
Expenditures & Other Uses	52,790,358	50,274,401	52,260,511	56,689,444	48,784,579	55,652,747
Fund Equity - End of Year	\$ (4,798,035) #	\$ (2,850,176)	\$ (3,260,668)	\$ (4,169,057)	\$ 2,674,949	\$ 6,136,983
SPECIAL DISTRICTS FUND *						
Fund Equity - Beginning of Year	\$ (18,025,638)	\$ (19,291,512)	\$ (17,422,402)	\$ 12,563,809 ⁽⁶⁾	\$ 9,247,978	\$ 9,476,559
Prior Period Adjustments (net)	-	-	-	-	-	-
Revenues & Other Sources	131,410,626	129,878,710	139,861,123	128,235,061	139,389,895	139,389,895
Expenditures & Other Uses	132,676,500	128,009,600	112,329,438	131,550,892	139,161,314	138,376,694
Fund Equity - End of Year	\$ (19,291,512) ⁽¹⁾	\$ (17,422,402) ⁽²⁾	\$ 10,109,283 ⁽³⁾	\$ 9,247,978 ⁽⁵⁾	\$ 9,476,559 ⁽⁷⁾	\$ 10,489,760 ⁽⁸⁾

⁽¹⁾ See pages 58 and 59 of the 2014 Audit for breakout and explanation of deficits.

⁽²⁾ See pages 60 and 61 of the 2015 Audit for breakout and explanation of deficits.

⁽³⁾ See "NOTE 6. RESTA TEMENT" on pages 92 and 93 of the 2016 Audit.

⁽⁴⁾ See pages 56 and 57 of the 2016 Audit for breakout and explanation of deficits.

⁽⁵⁾ See pages 56 and 57 of the 2017 Audit for breakout and explanation of deficits.

⁽⁶⁾ See "NOTE 7. RESTA TEMENT" on pages 92 and 93 of the 2017 Audit.

⁽⁷⁾ See pages 55 and 56 of the 2018 Audit for breakout and explanation of deficits.

⁽⁸⁾ See pages 60 and 61 of the 2019 Audit for breakout and explanation of deficits.

* Includes Drainage, Fire Protection, Lighting, Park Districts, Solid Waste, Refuse and Garbage, Public Parking District, and Water Districts.

Source: Audited financial reports of the Town. This Appendix is not itself audited.

APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR PERIOD ENDED DECEMBER 31, 2019**

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

<https://emma.msrb.org/RE1358413-RE1056075-RE1465390.pdf>

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

Such Financial Statements and opinion are intended to be representative only as of the date thereof. Albrecht, Viggiano, Zureck & Company, P.C., the Town’s accountants, and Cullen & Danowski, LLP, the Town’s auditors have not been requested by the Town to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.

APPENDIX C
DISCLOSURE UNDERTAKING

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

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

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

“*Bonds*” means the Issuer’s \$79,610,000* Public Improvement Refunding (Serial) Bonds, 2021, dated February 3, 2021.

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

“*Issuer*” means the Town of Oyster Bay, Nassau County, New York.

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

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

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

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

B. Annual Reports. The Issuer shall electronically file annually with the MSRB, (1) within six months after the end of each fiscal year ending after the date hereof, financial information and operating data with respect to the Issuer of the general type contained in or cross referenced in the Issuer’s final Official Statement, dated January 20, 2021, under the headings or subheadings, as applicable, “TOWN OF OYSTER BAY”, “FIVE YEAR TREND OF ASSESSED AND FULL VALUATION AND FISCAL YEAR INDEBTEDNESS”, “STATUS OF INDEBTEDNESS – Debt Outstanding”, “STATUS OF INDEBTEDNESS – Details of Outstanding Indebtedness”, “BONDED DEBT OF OVERLAPPING POLITICAL SUBDIVISIONS”, “DEBT STATEMENT SUMMARY – General Obligation Bond Principal and Interest”, and “LITIGATION AND CERTAIN ONGOING INVESTIGATIONS”, and in Appendices A, A1, A2, A3 and B, and (2) if not provided as part of such financial information and operating data, audited financial statements of the Issuer, when and if available. If audited financial statements are not available at that time the Issuer will electronically file unaudited financial statements when available. Any financial statements so to be electronically filed shall be prepared in accordance with the accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and shall be audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided.

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

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

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this February 3, 2021

Supervisor

APPENDIX D

FORM OF BOND COUNSEL'S OPINION

FORM OF BOND COUNSEL'S OPINION

February 3, 2021

Town of Oyster Bay,
County of Nassau,
State of New York

Re: Town of Oyster Bay, Nassau County, New York
\$79,610,000* Public Improvement Refunding (Serial) Bonds, 2021

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$79,610,000* Public Improvement Refunding (Serial) Bonds, 2021 (the "Obligation"), of the Town of Oyster Bay, Nassau County, New York (the "Obligor"), dated the date hereof.

We have examined:

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

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

In our opinion:

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

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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

