ASSET MANAGEMENT POLICY

Adopted by Town Board Resolution No. 2014-253 on February 11, 2014

WHEREAS, on March 27, 2007 the Town Board of the Town of Southampton adopted an Asset Management Policy in response to Government Accounting Standards Board (GASB) Policy Statement 34; and

WHEREAS, it is the recommendation of the Town Comptroller to revise this policy to better meet the needs of the Town; and

WHEREAS, pursuant to Town Law §64(3), the Town Board of the Town of Southampton has authority to manage and control the management, custody, and control of all lands, buildings and property, including tangible assets, of the Town, except as provided for in Highway Law §142; now therefore be it

RESOLVED, the Town Board of the Town of Southampton hereby adopts the below Asset Management Policy; and be it further

RESOLVED, that the Policy set forth below replaces and supersedes any and all prior policies governing the management of assets.

TOWN OF SOUTHAMPTON – ASSET MANAGEMENT POLICY

Section I - Overview

The Governmental Accounting Standards Board's (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, requires that governments depreciate their exhaustible capital assets, including infrastructure.

Capital assets are tangible and intangible assets that are used in operations and that have initial useful lives that extend beyond a single reporting period. They include land, land improvements, easements, buildings and improvements, equipment, and works of art and historical treasures.

Section II - Definitions

Buildings - All permanent structures. The cost of an improvement (betterment) can be added to the cost of the related structure. The same is true of restoration costs following a capital asset impairment. Improvements and restoration costs shall be capitalized over the estimated useful life of the improvement.

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ASSET MANAGEMENT POLICY

Capital Asset - A tangible or intangible asset held by a financial reporting entity for use in its operations that have an estimated useful life greater than two reporting periods. Intangible assets, whether purchased, internally produced, licensed, or obtained by way of a non-exchange transaction includes such items as computer software, mineral rights, water or timber rights, patents or trademarks. Capital Assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond two years.

Depreciation - The recognition of an asset's decline in value due to wear and tear or obsolescence. The amount of this decline should be amortized over the estimated life of the asset so that fiscal periods that benefit from the use of the asset is charged a portion of its cost. The basic formula for determining annual depreciation is cost less estimated salvage value equals depreciable cost divided by years of estimated useful life (C-SV=DC/EUL=AD).

Infrastructure - Long lived capital assets that are normally stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. The cost of buildings associated with infrastructure should be reported separately as buildings rather than as a part of the cost of the infrastructure. The one exception are buildings that are purely ancillary to a network or subsystem of infrastructure. For example road maintenance structures such as shops and garages associated with the highway system and water pumping stations associated with water systems.

Land - The cost of land should include its acquisition price and the cost of initially preparing the land for its intended use, provided that those preparations have an indefinite useful life. Land is frequently closely associated with some other asset (land under buildings), and as such, it shall always be treated separately.

Proprietary Funds - Funds used for services provided to the public on a user charge basis, similar to the operation of a commercial enterprise.

Improvement (betterment) - An improvement which provides additional value. Such added value is achieved by either: (1) lengthening a capital assets estimated useful life; or (2) increasing a capital asset's ability to provide service (i.e. greater effectiveness or efficiency).

Improvements other than buildings - Permanent non-movable improvements other than buildings that add value to land but do not have an indefinite useful life. Examples include fences, retaining walls, parking lots, and most major landscaping.

Machinery & Equipment - All vehicles, furnishings, equipment, and heavy equipment, and similar moveable items. (Furnishings can be capitalized only when it is related to a major improvement or when a building is placed into service. Annual replacements of furnishings due to wear and tear, is not capitalizable).

Non-Capital Asset - A tangible asset held by a financial reporting entity for use in its operations that are not capitalized. A

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non-capital asset has an estimated useful life of greater than a single reporting period, an acquisition cost of at least $1,000 but less than $5,000 and/or considered theft sensitive property. Non-Capital assets shall be inventoried and tracked but not depreciated or reported as part of the reporting entity's Financial Statements.

Repairs & Maintenance - Retain value rather than provide additional value, are not capitalized and must be reported as expense of the period in which incurred.

Impairment - A significant and unexpected decrease in the service utility of a capital asset that will continue to be used in operations. Impaired assets will continue in service rather than be sold, their fair value, as such, is irrelevant.

Section III - Capitalization

1. Assets shall be capitalized based exclusively on financial reporting needs. The minimum Capitalization threshold shall be five thousand dollars ($5,000.00). In cases where individual assets do not meet the five thousand dollar threshold, but exceed the threshold in the aggregate, it shall be reviewed by the Town Comptroller and a determination will be made on the materiality of reporting said assets in the Town's Annual Financial Statements.
2. The cost of the capital asset should include not only the cost of the asset itself, but also any ancillary charges necessary to place the asset into its intended location and condition for use. A cost should be capitalized only if it is directly identifiable with a specific asset. A cost should be capitalized only if incurred after acquisition of the related asset has come to be considered probable. Salaries and wages of employees who worked on a given construction project can be included as part of the capitalized cost of the project.
3. The useful life of any capitalized asset shall exceed two years.
4. All general capital assets of governmental units shall be reported in the government-wide annual financial statements. Assets of proprietary funds shall be reported and accounted for in the appropriate proprietary (enterprise) fund.
5. Assets acquired through the operating budget that exceed the established capitalization threshold shall be capitalized.
6. Unfinished projects or Construction in Progress can be reported as an asset but are not depreciated until the asset is placed in service.

Section IV - Methodology for estimating historical cost

1. The Normal Costing method shall be used to estimate historical cost for assets where direct cost information is not available.
2. The Normal Cost Method determines the cost of reproducing the same asset today and then restating that amount in acquisition year dollars. The appropriate consumer price index will be used as the index/deflator. If the actual acquisition year is unknown, the best estimate is to be used.

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Section V - Method of Depreciation

1. The Town will use the Straight-Line Method to account for depreciation of capital assets.

2. The Straight-Line Method of depreciation allocates the cost of a capital asset (less salvage value) equally over its estimated useful life.

Section VI - Estimated Useful Lives

Land	Indefinite
Buildings	25-50 years
Improvements other than buildings	20 years
Machinery and equipment	2-30 years
Infrastructure:	
Bridges	50 years
Roads, curbs & sidewalks	20-30 years
Lighting systems	15 years
Bulkheads, piers & boardwalks	10-30 years
Water & sewer mains	25 years

Section VII - Asset Categories

1. Land is the surface or crust of the earth, which can be used to support structures, and may be used to grow crops, grass, shrubs and trees. Land is characterized as having an unlimited life (indefinite).

   Examples of expenditures to be capitalized as Land:

   A. Purchase price or fair market value at time of acquisition

   B. Professional fees (title searches, architect, legal, engineering, appraisal, surveying, environmental assessment, etc.)

   C. Accrued and unpaid taxes at date of purchase
   D. Other costs incurred in acquiring the land
   E. Right-of-way

2. Land improvements consist of betterments, site preparation and site improvements (other than buildings) that ready

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land for its intended use. Land improvements include such items as excavation, non-infrastructure utility installation, driveways, sidewalks, parking lots, flagpoles, retaining walls, fences, and outdoor lighting. They can be exhaustible or non-exhaustible.

A. Non-Exhaustible Land Improvements: Expenditures for improvements that do not require maintenance or replacement. Expenditures to bring land into condition to commence erection of structures, and expenditures for land improvements that do not deteriorate with use or over the passage of time are additions to the cost of land and are generally not exhaustible and therefore not depreciated.

B. Exhaustible Land Improvements: Expenditures for improvements that are part of the site, such as parking lots, landscaping and fencing, are usually exhaustible and are depreciated.

Examples of expenditures to be capitalized as Land Improvements:

A. Site improvements such as excavation, fill, grading and utility installation

B. Removal, relocation, or reconstruction of property of others (railroad, telephone and power lines)

C. Drainage
D. Fencing
E. Landscaping

F. Parking lots

G. Skating rinks, basketball courts, tennis courts, etc.

H. Retaining walls

3. A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable.

Examples of expenditures to be capitalized as Buildings:

A. Purchased Buildings:

a. Original purchase price

b. Expenses for modeling, reconditioning or altering a purchased building to make it ready to use for the

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purpose for which it was acquired

c. Environmental compliance (i.e., asbestos or lead abatement)
d. Professional fees (legal, architect, inspections, title searches, etc.)
e. Payment of unpaid or accrued taxes on the building to date of purchase

f. Cancellation or buyout of existing leases
g. Other costs required to place the asset into operation

B. Constructed Buildings:

a. Completed project costs

b. Interest accrued during construction
c. Cost of excavation, grading or filling of land for a specific building
d. Expenses incurred for the preparation of plans, specifications, blueprints, etc.

e. Professional fees (architect, engineer, management fees for design and supervision, legal)

f. Costs of temporary buildings used during construction
g. Unanticipated costs, such as rock blasting, piling, or relocation of an underground stream channel

h. Permanently attached fixtures or machinery that cannot be removed without impairing the use of the building
i. Additions to buildings (expansions, extensions, or enlargements)

4. Building Improvements are capital events that materially extend the useful life of a building or increase the value of a building, or both. A building improvement should be capitalized as a betterment and recorded as an addition of value to the existing building if the expenditure for the improvement is at the capitalization threshold, or the expenditure increases the useful life or value of the building.

Examples of expenditures to be capitalized as Building Improvements:

A. Conversion of attics, basements, etc. to useable space
B. Structures attached to the building such as covered patios, sunrooms, garages, carports, enclosed stairwells, etc.
C. Installation or upgrade of heating and cooling systems
D. Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters,

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joists, steel grids, or other interior framing

E. Swimming pools
F. Installation or upgrade of window or door frame, upgrading of windows or doors

G. Interior renovation
H. Exterior renovation such as installation or replacement of siding, roofing, masonry, etc.

I. Installation or upgrade of plumbing and electrical wiring
J. Installation or upgrade of phone or closed circuit television systems, networks, fiber optic cable, wiring required in the installation of equipment (that will remain in the building)

Note: For a replacement to be capitalized, it must be a part of a major repair or rehabilitation project, which increases the value, and/or useful life of the building. A replacement may also be capitalized if the new item/part is of significantly improved quality and higher value compared to the old item/part such as replacement of an old shingle roof with a new fireproof tile roof. Replacement or restoration to original utility level would not. Determinations must be made on a case-by-case basis.

The following are examples of expenditures not to capitalize as improvements to buildings. Instead, these items should be recorded as maintenance expenditures:

A. Adding, removing and/or moving of walls relating to renovation projects that are not considered major rehabilitation projects and do not increase the value of the building

B. Improvement projects of minimal or no added life expectancy and/or value to the building

C. Plumbing or electrical repairs
D. Cleaning, pest extermination, or other periodic maintenance
E. Maintenance-type interior renovation, such as repainting, touch-up plastering, replacement of carpet, tile, or panel sections; sink and fixture refinishing, etc.

F. Maintenance-type exterior renovation such as repainting, replacement of deteriorated siding, roof, or masonry sections
G. Replacement of a part or component of a building with a new part of the same type and performance capabilities, such as replacement of an old boiler with a new one of the same type and performance capabilities
H. Any other maintenance-related expenditure which does not increase the value of the building

5. Machinery and Equipment are fixed or movable tangible assets to be used for operations, the benefits of which extend two or more years from the date acquired and rendered into service. Improvements or additions to existing personal property that constitute a capital outlay or increase the value or life of the asset should be capitalized as a betterment

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and recorded as an addition of value to the existing asset. Note: Costs of extended warranties and/or maintenance agreements, which can be separately identified from the cost of the equipment, should not be capitalized.

Categories of Machinery and Equipment:

A. Furniture

B. Computers

C. Vehicles

D. Heavy Equipment

E. Office Equipment

F. Small Equipment and Tools

G. Other

Examples of expenditures to be capitalized as Machinery and Equipment:

A. Original contract or invoice price, including freight charges, handling and storage charges, in-transit insurance charges, charges for testing and preparation for use, and costs of reconditioning used items when purchased

B. Parts and labor associated with the construction of equipment
C. Dump trucks and passenger cars
D. Heavy construction equipment such as front-end loaders and backhoes
E. Lawn maintenance equipment, compressors and tool kits
F. Computer hardware and software

6. Infrastructure are assets that are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets are often linear and continuous in nature.

Infrastructure Classifications:

A. Bridges, including culverts

B. Roads

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C. Traffic control systems

D. Dams and drainage systems

E. Water systems

F. Sewer systems

Infrastructure Improvements are capital events that materially extend the useful life or increase the value of the infrastructure, or both. Infrastructure improvements should be capitalized as a betterment and recorded as an addition of value to the infrastructure if the improvement or addition of value is at the capitalization threshold or increases the life or value of the asset.

Infrastructure paid for jointly by multiple governmental entities should be capitalized by the entity responsible for future maintenance.

Maintenance costs are recurring costs that allow an asset to continue to be used during its originally established useful life. Maintenance costs are expensed in the period incurred.

Preservation costs are generally considered to be those outlays that extend the useful life of an asset beyond its original estimated useful life, but do not increase the capacity or efficiency of the asset. Preservation costs should be capitalized under the depreciation approach.

Additions and improvements are those capital outlays that generally increase the capacity or efficiency of the asset. A change in capacity increases the level of service provided by an asset. For example, additional lanes can be added to a highway or the weight capacity of a bridge could be increased. A change in efficiency maintains the same service level, but at a reduced cost. The cost of additions and improvements should be capitalized.

Examples of expenditures to be capitalized as Infrastructure:

A. Roads, streets, curbs, gutters, sidewalks, fire hydrants

B. Bridges, culverts, trestles

C. Dams, drainage facilities
D. Water mains and distribution lines

E. Fiber optic and telephone distribution systems (between buildings)

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F. Light systems (traffic, outdoor, street, etc.)

G. Sewer systems

H. Water systems, including reservoirs

7. Works of art and historical treasures are collections or individual items of significance that are owned which are not held for financial gain, but rather for public exhibition, education or research in furtherance of public service. Collections or individual items that are protected and cared for or preserved and subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

   A. Exhaustible collections or items are those whose useful lives are diminished by display or educational or research applications. Also, public library book collections.

   B. Inexhaustible collections or items are those whose economic benefit or service potential is used up so slowly that the estimated useful lives are extraordinary long. Because of their cultural, aesthetic, or historical value, the holder of the asset applies efforts to protect and preserve the asset in a manner greater than that for similar assets without such cultural, aesthetic, or historical value.

   If a collection is held for financial gain and not capitalized, disclosures must be made in the Notes to Financial Statements that provide a description of the collection and the reasons these assets are not capitalized. When donated collection items are added to noncapitalized collections, program expense equal to the amount of revenues should be recognized.

   Examples of expenditures to be capitalized as Works of Art, Historical Treasures and Library Books:

   A. Collection of rare books, manuscripts

   B. Maps, documents and recordings

   C. Works of art such as paintings, sculptures and designs

   D. Artifacts, memorabilia, exhibits

   E. Unique or significant structures such as monuments or statutes

   F. Cost of public library book collection

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8. Construction Work in Progress reflects the economic construction activity status of buildings and other structures, infrastructure (roads, water system, etc.), additions, alterations, reconstruction, installation, and maintenance and repairs, which are substantially incomplete.

Section IX - Asset Custodians

1. The Town Comptroller shall designate a person to be the Property Control Manager who shall be responsible for the tracking of capital assets for the Town and maintaining the asset records. The manager is also responsible for the design and distribution of documents used to record assets and shall maintain the asset inventory. Initial and subsequent physical inventories are also the responsibility of the Property Control Manager.

2. Each Department shall have an Asset Custodian that shall be appointed at the discretion of the Department Head. This person shall be responsible for maintaining records documenting the assignment of assets. Also, he/she shall have the responsibility to exercise reasonable judgment and care to safeguard those assets.
3. Annual inventories will be conducted, and the Asset Custodian will make him/her available to assist in the inventory, if necessary by providing information to the personnel conducting the inventory.

4. It is the responsibility of the Asset Custodian to report the department's asset record additions and deletions to the Comptroller's Office.

Section X - Non Capitalized Assets

This sets forth procedures for the recording and inventorying of non-capitalized assets acquired by the Town.

1. Assets to be Inventoried. Assets will be inventoried and recorded in the Town's Assets Management System if:

   A. At the discretion of department management and the Town Comptroller the asset is deemed to be sensitive; or

   B. The asset has a value equal to or greater than $1,000 and the asset has a useful life of greater than 1 year.

   The asset custodian will be provided with a report of non-capitalized assets assigned to his/her department or location. Revised reports will be provided by the Comptroller's Office when records have been updated. The ability to edit, add or delete asset records will be restricted to the Comptroller's Office.

2. Acquisition of New Assets. When an asset is purchased, the Town's financial accounting software will create a temporary asset record in the Town's automated asset management system. The Comptroller's Office will forward to the department's asset custodian, an Asset Addition Form, along with a bar code tag, if applicable. The asset custodian will

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be responsible for affixing the tag to the asset, completing the form and returning it to the Comptroller's Office by the requested return date.

3. Disposition/Transfer of Assets. When an asset is to be either disposed of or transferred to another department, it is the responsibility of the asset custodian to notify the Comptroller's Office by submitting an Asset Inventory Change Report prior to disposition/transfer. For asset dispositions, the affixed asset tag is to be removed and returned to the Property Control Manager. Any capital asset disposal must be in compliance with all applicable laws and authorized by Town Board Resolution.
4. Periodic Inventory of Town Assets. Annual physical inventories of Town-wide assets will be conducted and results compared to recorded assets. Any items unaccounted for will be reported to the department head for remedial action, who, in turn will report corrective measures regarding said assets to the Comptroller's Office. Discrepancies in asset records will be reported to the Town Board and the Internal Auditor at the discretion of the Town Comptroller and the Property Control Manager.

5. Assets Acquired by Contract Agencies with Town Funds. The Town of Southampton contracts with several outside agencies, as well as other local municipalities in which assets may be acquired with Town funds. In determining the ownership of these assets, the Comptroller's Office will consult with the Town Attorney's Office to interpret the terms of the individual contracts to determine ownership.

6. Assets Acquired with Federal/State Grant Funds. Any assets acquired by the Town of Southampton using Federal or State funding will be recorded and disposed of in compliance with the contractual terms and conditions of the granting agency and existing Federal, State and Town law.

7. Leasehold Agreements. The Town of Southampton enters into lease agreements with other municipalities or contract agencies where town owned property is leased. By reviewing the contractual terms and applying tests using capital vs. operating lease criteria as mandated by the Financial Accounting Standards Board, the Comptroller's Office will determine ownership of these assets. These assets will be recorded in the Town's Asset Management System according to the results of these tests.

8. The Town Comptroller shall develop and maintain procedures for inventorying assets.

Section XI - Annual Review and Adoption

The Asset Management Policy shall be reviewed annually by the Town Comptroller, and if recommendations are advisable, the Town Board shall consider amendments. The policy shall be included in the Annual Operating Budget with other applicable financial policies.

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DEBT SERVICE RESERVE POLICY
COMMUNITY PRESERVATION FUND (CPF)
Adopted by Town Board Resolution No. 2009-802 on July 14, 2009

Enact Debt Service Reserve Policy for Community Preservation Fund (CPF)

WHEREAS, it is the policy of the Town of Southampton to maintain prudent reserve amounts in operating funds in order to have working capital and to fund debt; the appropriate amount of reserves varies due to differences in cash flow, revenue, expense volatility, and statutory considerations; and

WHEREAS, the Community Preservation Fund (CPF) Program is financed by a 2% tax on real property transfers town-wide pursuant to New York State Town Law Section 64-e and Tax Law Section 1449-ee; and

WHEREAS, the CPF Program was established by voter-approved local law adopted in 1998, and by subsequent voter-approved local laws, the sunset date was extended to the year 2030; and

WHEREAS, to expand purchasing power beyond the CPF monthly revenue levels between the years 1999 through 2009, the Town of Southampton authorized long term debt in the form of general obligations bonds, with a stated commitment to repay the attendant principal and interest through the annual CPF revenue stream; and

WHEREAS, the total debt service (principal and interest) for debt issued for open space and farmland preservation from 2009 through and including 2030 totals approximately $112 million, which does not include authorized but unissued bonds available totaling $12 million ($7 million, approved as part of Resolution No. 2008-1042 of July 8, 2008, and $5 million, approved as part of Resolution No. 2005-1616 of December 9, 2005); and

WHEREAS, the current debt service obligation projected for 2010 is approximately $10 million, while CPF revenues for 2009 are projected to total between $13 million and $15 million, due to an economic downturn and volatility in the real estate market; and

WHEREAS, Town Code Sections 140-3.1 A(5) and 140-3.2 A(6) require that the annual budget for the CPF Program first set aside allocations for debt service and CPF payment-in-lieu-of-taxes (PILOTs); and

WHEREAS, an adequate fund balance must be maintained in order to designate a portion of the annual budget to be reserved for debt service, and a portion to be encumbered for CPF PILOTs pursuant to the budgeted appropriations; and

WHEREAS, by Town Board Resolution No. 2008-1160, the Town Management Services Administrator and Comptroller were directed to complete a reconciliation of Fund 19 (Debt Clearing Fund) with respect to monies due to CPF for interest earned and discounted loan payments through the Environmental Facilities Corporation (EFC) program; and

WHEREAS, a total of $1,230,992 was transferred to CPF to repay such obligation by year-end 2008; now therefore be it

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DEBT SERVICE RESERVE POLICY - COMMUNITY PRESERVATION FUND (CPF)

RESOLVED that the following actions be taken:

1. The Comptroller shall establish a CPF Debt Service Reserve Fund, which shall be indicated as designated fund balance, commencing in the year 2009 using the transferred amount of $1,230,992 from Fund 19 (Debt Clearing Fund); and

2. The Comptroller shall designate monthly accruals to the CPF Debt Service Reserve Fund, which shall be indicated as part of the annual budget as operating budget transfers, in an amount no less than $150,000 per month for the remainder of 2009, commencing in July; and no less than $250,000 per month for 2010. At year-end 2010, it is the Town's objective to have at least $5 million in said Reserve Fund, representing an estimated 6 months worth of debt service, so as to protect the General Fund taxpayers from the volatility of the CPF revenues on an annual basis and meet the Town's obligation to repay bonded indebtedness.

2009	Interfund Transfer from Fund 19	$1.2 million
2009	6 x $150,000	$900,000
2010	12 x $250,000	$3.0 million

3. The Comptroller shall ensure the adequacy of the CPF Debt Service Reserve Fund on an annual basis, rendering a report to the Town Board on or before October 1 of each year with a bonded indebtedness schedule attached. Commencing at year end 2011, the designated fund balance restricted to debt service obligations for the CPF Program shall be equal to the annual debt service obligations for the subsequent year, in accordance with §§140-3.1 A(5) and 3.2 A(6) of the Town Code.

4. The Town Board may adopt an amendment to this policy by subsequent resolution in the event of greater liquidity of the fund. This policy enhances the Town Board's ability to consider expanding purchasing power through borrowing, while ensuring the ability to cover debt service obligations; and be it further

RESOLVED, that a copy of this policy shall be included in the Financial Policies section of the Adopted Budget.

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Adopted by Town Board Resolution No. 2012-334 on February 28, 2012

Amend Debt Service Reserve Policy for the Community Preservation Fund (CPF)

WHEREAS, on July 14, 2009, by Resolution No. 802 of 2009, the Town Board of the Town of Southampton established a Debt Service Reserve Policy (the "Policy") for the Community Preservation Fund ("CPF") in an effort to ensure that General Fund taxpayers would not have to meet the Town's obligation to repay CPF bonded indebtedness; and

WHEREAS, since that time, the Town Board authorized, by Resolution No. 320 of 2012, dated February 28, 2012, a bond in the amount of $30,000,000 for the purpose of acquiring various permanent rights in land for CPF purposes; and

WHEREAS, the Town Board seeks to amend the CPF Debt Service Reserve Policy to reflect, irrespective of that which is required under the existing Policy, 10% of the borrowing undertaken pursuant to this particular bond authorization, to be set aside in a reserve account, and such reserve account shall be set aside contemporaneously with the drawing down of bond proceeds, to be expended solely for debt service incurred by said borrowing, for the life of this obligation; and

WHEREAS, by amending the Policy for this particular bond, the Town Board seeks to include an added measure of security in knowing that the General Fund taxpayers will not be burdened with repaying any CPF bonded indebtedness; now therefore be it

RESOLVED, that the Town Board of the Town of Southampton hereby amends the CPF Debt Service Reserve Policy, as adopted by Resolution No. 802 of 2009, to require that, as it specifically relates to Resolution No. 320 of 2012, authorizing $30,000,000 for the purpose of acquiring various permanent rights in land for CPF purposes, an amount equal to 10% of the borrowing undertaken shall be set aside in a reserve account, and such reserve account shall be set aside contemporaneously with the drawing down of bond proceeds, to be expended solely for debt service incurred by said borrowing, for the life of this obligation; and be it further

RESOLVED, that the aforementioned 10% of the borrowing undertaken and set aside shall not come from any borrowed or bonded monies but rather, from CPF revenues; and be it further

RESOLVED, that, pursuant to the terms of Resolution No. 802 of 2009, the designated fund balance restricted to all other debt service obligations for the CPF Program shall be equal to the annual debt service obligations for the subsequent year, in accordance with §§140-3.1(A)(5) and 3.2(A)(6) of the Southampton Town Code.

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DEBT MANAGEMENT POLICY

Adopted by Town Board Resolution 2009-199 on 02/24/09

Introduction

The following policy is enacted in an effort to standardize and rationalize the issuance and management of debt by the Town of Southampton. Regular, updated debt policies can be an important tool to insure the judicious use of the Town's resources to meet its commitments to provide needed services to the citizens of the Town and to maintain sound financial management practices. The primary objective is to establish conditions for the use of debt and to create procedures and policies that minimize the Town's debt service and issuance costs, retain the highest practical credit rating, and meet or exceed all financial disclosure and reporting requirements. The policies apply to all general obligation debt issued by the Town of Southampton, debt guaranteed by the Town, and any other forms of obligation of indebtedness.

The Town Board has adopted these policies by resolution. These policies are guidelines for general use, and allow for exceptions in extraordinary circumstances. Under the recommendation of the Town's Bond Counsel, Financial Advisor and/or Comptroller, the Town will evaluate its experience under these policies, and will make changes, if needed, at any time by resolution of the Town Board.

A. Credit-worthiness Objectives

Policy 1. Credit Ratings: The Town of Southampton seeks to maintain the highest possible credit ratings for all categories of short- and long-term General Obligation debt that can be achieved without compromising delivery of basic Town services and achievement of Town policy objectives.

The Town recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. The Town Board remains committed to ensuring that actions within their control are prudent and beneficial to its citizens.

Policy 2. Financial Disclosure: The Town is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, Town departments and agencies, other levels of government, and the general public to share clear, comprehensible, and accurate financial information. The Town is committed, as well, to meeting secondary disclosure requirements on a timely and comprehensive basis.

Policy 3. Capital Planning: To enhance creditworthiness and prudent financial management, the Town of Southampton is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning. Evidence of this commitment to systematic capital planning will be demonstrated through adoption of a ten- year Capital Improvement Budget.

Policy 4. Debt Limits: The Town will keep outstanding debt within the limits prescribed by State statute and at levels consistent with its creditworthiness objectives.

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DEBT MANAGEMENT POLICY

B. Purposes and Uses of Debt

Policy 5. Capital Financing: The Town normally will rely on internally generated funds and/or grants and contributions from other governments to finance its capital needs. Debt will be issued for a capital project only when other competitive funding is not available or sufficient.

Policy 6. Asset Life: Town debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed, as recommended by its Bond Counsel and Financial Advisor.

C. Debt Standards and Structure

Policy 7. Length of Debt: Debt will be structured for the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users.

Policy 8. Debt Structure: Debt will be structured to achieve the lowest possible net cost to the Town given market conditions, the urgency of the capital project, and the nature and type of security required. Moreover, to the extent possible, the Town will design the repayment of its overall debt so as to maintain its highest possible credit rating.

Policy 9. BAN's and Short Term Loans: Use of short-term borrowing, such as bond anticipation notes (BAN's), tax anticipation notes (TAN's) and revenue anticipation notes (RAN's), will be undertaken by the Comptroller, only if the transaction costs plus interest of the debt are less than the cost of internal financing, or available cash is insufficient to meet working capital requirements.

D. Debt Administration and Process

The following policies apply to all Town debt issuance, including all General Obligation Debt unless specifically noted. The Town will evaluate its experience under these policies, and will make changes, if needed, at any time by resolution of the Town Board.

Policy 10. Investment of Bond Proceeds: All general obligation bond proceeds shall be invested as part of the Town's Bond Proceeds Money Market Account, in accordance with the Town's investment policies.

Policy 11. Competitive Sale: In general, Town Bonds will be issued through a competitive bidding process. The Town shall retain the services of a financial advisor selected by the Town Board to administer the competitive bidding process.

Policy 12. Bond Counsel: The Town will retain external bond counsel for all debt issues. All debt issued by the Town will include a written opinion by bond counsel affirming that the Town is authorized to issue the debt, stating that the Town has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax status. Bond counsel will be selected by the Town Board and shall coordinate efforts with the Town Comptroller for the preparation of bond authorizations.

NOTES:

DEBT MANAGEMENT POLICY

Policy 13. Financial Advisor: The Town will retain an external financial advisor, to be selected by the Town Board. The utilization of the financial advisor for particular bond sale will be at the discretion of the Town Board on a case-by-case basis and pursuant to the financial advisory services contract. The selection process for financial advisors will require comprehensive municipal debt experience, experience with diverse financial structuring requirements and pricing of municipal securities.

Policy 14. Property Tax Supported Debt Service Thresholds: In order to maintain appropriate budgetary controls and to prevent imposing excessive burdens on taxpayers of the Town, it is the intention of the Town Board in any given year, to limit debt service expenditures supported by local real property taxes to no more than 15% of aggregate budgetary appropriations from the following funds, General Fund, Police Fund, Highway Fund, Part Town Fund and Emergency Dispatching (E911) Fund. The CPF Fund 31 is excluded since the Town does not tax for this revenue.

Policy 15. Annual Review and Adoption: The Town Board shall annually review this policy and consider recommendations from a variety of sources, including but not limited to the Comptroller. The Policy shall be adopted, with amendments if desired, on or before June 1 of each year.

NOTES:

Adopted by Town Board Resolution No. 2013-347 on March 26, 2013

Resolution of Adoption Chapter 8 (BUDGET)

WHEREAS, the Town Board is considering amending Town Code Chapter 8 (Budget) Town to increase the Town's contingency and tax stabilization reserves and incorporate GASB Statement #54; and

WHEREAS, a public hearing was held by the Town Board of the Town of Southampton on March 26, 2013, at which time all persons either for or against said enactment were heard; and

WHEREAS, the proposed local law is considered a "Type II Action" under 6 NYCRR Part 617.5, provisions of the New York State Environmental Quality Review Act (SEQRA), and Chapter 157 of the Town Code, and that no further review under New York Conservation Law, Article 8, is necessary; now therefore be it

RESOLVED, that Local Law No. 6 of 2013 is hereby adopted as follows:

LOCAL LAW NO. 6 OF 2013

A LOCAL LAW amending Town Code Chapter 8 (Budget) to increase the Town's contingency and tax stabilization reserves and incorporate GASB Statement #54.
BE IT ENACTED by the Town Board of the Town of Southampton as follows:

SECTION 1. Legislative Intent.
The Town Board of the Town of Southampton recognizes that the maintenance of fund balance is essential to the preservation of the financial integrity of the Town and is fiscally advantageous for both the Town and the taxpayer in that it helps mitigate current and future risks and assists in ensuring stable tax rates. This amendment would continue to establish needed goals and provide guidance as it relates to the desired level of year-end fund balances to be maintained by the Town.
The Southampton Town Board is committed to strengthening the Town's financial policies in order to reinforce the Town's financial position and stability. It is the intent of this Local Law to protect surplus resources now and in the future. As part of an overall policy of strengthening the Town's financial position, the Town Board has determined that the increase in the Town's fund balance policy, in addition to the implementation of the "pay as you go" policy and the commitment to reducing the Town's outstanding debt, that this local law further ensure the financial stability of the Town.
Year-end surpluses and fund balances are monies that can provide a mechanism that may be needed from time to time to operate without interruption, reduction in services or staffing levels. These fund balances provide a degree of stability and the resources to weather fluctuations in revenues and expenditures, without severely impacting property tax rates. Fund balances and adequate reserves should be managed and reviewed on a regular basis.

The Town faces significant pressure on the expenditure side of its budget (and therefore also on its reserves) and has restricted itself from raising the overall property tax rate more than 5% annually, together with a requirement for a reserve for tax stabilization and contingency reserve. In addition, New York State has instituted a two percent (2%) annual tax cap that requires a super majority to pierce such a cap.
In recognition of sound fiscal policy and in order to stabilize and preserve the current credit rating of the Town, the Town Board affirms its

NOTES:

commitment to make all reasonable efforts to maintain a fund balance in its General Fund at the end of each fiscal year equal to no less than 17% of the total respective ensuing year's operating budget. Such fund balance will be inclusive of the reserve for tax stabilization purposes pursuant to Chapter 8 of the Southampton Town Code.
For special districts including all enterprise funds and the part-town operating funds, the Town Board believes that the lower percentage of 7% of the total ensuing year's operating threshold is adequate. Such funds are reliant on property taxes and are less volatile in terms of revenue projections and therefore a lesser fund balance is adequate for purposes of retaining the Town's sound financial position.

Further, the Governmental Accounting Standards Board issued GASB Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions. Statement 54 requires local governments to focus on the constraints imposed upon resources when reporting fund balance in governmental funds. The new fund balance classifications are based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Statement 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications for Governmental Funds: non-spendable, restricted, committed, assigned and unassigned. It is the additional goal of this Local Law to codify GASB Statement #54 to ensure the Towns compliance therewith.

SECTION 2. Amendment.
Section 8-5 (Designation of fund balances) of Town Code Chapter 8 (Budget) is hereby amended by deleting the stricken words and adding the bold words as follows:

§8-5. Designation of Fund Balances.
The Town Board by resolution shall establish a contingency and tax stabilization reserve within the Town of Southampton's total operating budget. This reserve is intended to protect and preserve the future financial status and stability of the Town of Southampton.

A. The Comptroller is hereby directed to restrict an amount equal to 17% of the total respective ensuing year's operating budget.

B. The Comptroller is hereby directed to restrict an amount equal to 7% of the total respective ensuing year's budgets for each of the special district, enterprise funds and part-town operating funds. Beach Erosion Control Districts shall be exempt from this provision.

C. Fund Balance Classification. Fund balance classification shall be recorded in accordance with governmental accounting standards as promulgated by the Governmental Accounting Standards Board 54 and are as follows:

   a. Non-spendable: Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. For example, pre-paid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal endowments.

   b. Restricted: Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Because the State regulates the establishment, funding and use of reserves, generally, they will be classified as restricted fund balance.

NOTES:

c. **Committed:** Includes amounts that can only be used for the specific purposes pursuant to constraints imposed before year end by formal action of the government's highest level of decision making authority, i.e. the Town Board. Committed amounts require the same level of formal action to remove the constraint.

d. **Assigned:** Includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

e. **Unassigned:** Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town. The Unassigned General Fund Balance may only be appropriated by resolution of the Town Board.

f. **Order of Use of Fund Balance:** The Town shall first apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. In the General Fund, committed fund balance is determined next and then assigned fund balance. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

SECTION 3. Authority.
The proposed local law is enacted pursuant to Municipal Home Rule Law §§10(1)(ii)(a)(1) and 10(1)(ii)(d)(3).

SECTION 4. Severability.
If any section or subdivision, paragraph, clause, phrase or provision of this law shall be adjudged invalid or held unconstitutional by any court of competent jurisdiction, any judgment made thereby shall not affect the validity of this law as a whole or any part thereof other than the part or provision so adjudged to be invalid or unconstitutional.

SECTION 5. **Effective Date.**
This local law shall take effect upon filing with the Secretary of State pursuant to the Municipal Home Rule Law.

AND BE IT FURTHER RESOLVED, that the Town Clerk is hereby directed to publish the following Notice of Adoption:

NOTICE OF ADOPTION

TAKE NOTICE that, after a public hearing was held by the Town Board of the Town of Southampton on March 26, 2013, the Town Board, at its meeting of March 26, 2013, adopted LOCAL LAW NO. 6 OF 2013, as follows: "A LOCAL LAW amending Town Code Chapter 8 (Budget) to increase the Town's contingency and tax stabilization reserves and incorporate GASB Statement #54."

Copies of the proposed law, sponsored by Supervisor Anna Throne-Holst, are on file in the Town Clerk's Office, Monday through Friday, from 8:30 a.m. to 4:00 p.m.

NOTES:

Adopted by Town Board Resolution No. 2015-195 on February 10, 2015

NOTICE OF ADOPTION: CHAPTER 8 (BUDGET) RESERVATION OF FUND BALANCES

WHEREAS, the Town Board of the Town of Southampton is considering amending Chapter 8 (BUDGET) in order to re-structure the Town's fund balance policy; and

WHEREAS, a public hearing was held on February 3, 2015 , at which time all persons wither for or against the enactment were heard; and

WHEREAS, the proposed amendment to Chapter 8 of the Southampton Town Code is a Type II Action pursuant to the New York State Quality Review Act (SEQRA) and Chapter 157 of the Southampton Town Code and that no further environmental review is necessary; now therefore be it

RESOLVED, that Local Law No. 7 is hereby adopted which provides as follows:

LOCAL LAW NO. 7 OF 2015

A LOCAL LAW amending Town Code Chapter 8 (Budget) to re-structure the Town's fund balance policy.

BE IT ENACTED by the Town Board of the Town of Southampton as follows:

SECTION I. Legislative Intent.

The Town Board of the Town of Southampton recognizes that the continued maintenance of fund balance is essential to the preservation of the financial integrity of the Town and is fiscally advantageous for both the Town and the taxpayer in that it helps mitigate current and future risks and assists in ensuring stable tax rates. This amendment would continue to establish needed goals and provide guidance as it relates to the desired level of year-end fund balances to be maintained by the Town.

The Southampton Town Board remains committed to maintaining the Town's financial policies in order to reinforce the Town's financial position and stability. It is the intent of this Local Law to continue to protect surplus resources now and in the future in conformance with New York State Law. As part of an overall policy of strengthening the Town's financial position, the Town Board has determined that the changes in the Town's fund balance policy, in addition to the implementation of the "pay as you go" policy and the commitment to reducing the Town's outstanding debt, that this local law further ensure the financial stability of the Town.

Year-end surpluses and fund balances are monies that can provide a mechanism that may be needed from time to time to operate without interruption, reduction in services or staffing levels. These fund balances provide a degree of stability and the resources to weather fluctuations in revenues and expenditures, without severely impacting property tax rates. Fund balances and adequate reserves should be managed and reviewed on a regular basis.

The Town faces significant pressure on the expenditure side of its budget (and therefore also on its reserves) and has restricted itself from raising the overall property tax rate more than 5% annually, together with a requirement for a reserve for tax stabilization and contingency reserve. In addition, New York State has instituted a two percent (2%) annual tax cap that requires a super majority to pierce such a cap, which expires in 2015.

In recognition of sound fiscal policy and in order to stabilize and preserve the current credit rating of the Town, the Town Board affirms its commitment to make all reasonable efforts to maintain a fund balance in its General Fund at the end of each fiscal year equal to no less than 10% of the total respective ensuing year's operating budget, plus maintain at least 7% of the unallocated fund balance, for a total of 17%. Such fund balance will be inclusive of the reserve for tax stabilization purposes pursuant to Chapter 8 of the Southampton Town Code.

NOTES:

FUND BALANCE POLICY

For all other funds and the part-town operating funds, as permitted by law, the Town Board believes that the lower percentage of 7% of the total ensuing year's operating threshold is adequate. Such funds are reliant on property taxes and are less volatile in terms of revenue projections and therefore a lesser fund balance is adequate for purposes of retaining the Town's sound financial position.

SECTION 2. Amendment.

Section 8-5 (Designation of fund balances) of Town Code Chapter 8 (Budget) is hereby amended by deleting the stricken words and adding the underlined words as follows:

§8-5. Designation of Fund Balances.

The Town Board by resolution shall establish a contingency and tax stabilization reserve within the Town of Southampton's total operating budget. This reserve is intended to protect and preserve the future financial status and stability of the Town of Southampton.

A. The Comptroller is hereby directed to restrict an amount equal to 10% of the total respective ensuing year's general fund operating budget, plus maintain at least 7% of the unallocated fund balance consistent with Section 8-5(B) below, for a total of 17%.

B. The Comptroller shall restrict this required 10 % from any budgetary appropriation or surplus revenues as are not otherwise designated by law to other hinds or accounts. The Comptroller is hereby directed to restrict maintain unallocated fund balance of at least an amount equal to 7% of the total respective ensuing year's budgets for each allowable fund of the special district, enterprise funds and part-town operating funds. Beach Erosion Control Districts shall be exempt from this provision.

SECTION 3. Authority.

The proposed local law is enacted pursuant to Municipal Home Rule Law §§10(1)(ii)(a)(1) and 10(1)(ii)(d)(3).

SECTION 4. Severability.

If any section or subdivision, paragraph, clause, phrase or provision of this law shall be adjudged invalid or held unconstitutional by any court of competent jurisdiction, any judgment made thereby shall not affect the validity of this law as a whole or any part thereof other than the part or provision so adjudged to be invalid or unconstitutional.

SECTION 5. Effective Date.

This local law shall take effect upon filing with the Secretary of State pursuant to the Municipal Home Rule Law.

AND BE IT FURTHER RESOLVED, that the Town Clerk is hereby directed to publish the following Notice of Adoption:

NOTICE OF ADOPTION

TAKE NOTICE, that after a public hearing was held by the Town Board of the Town Board of the Town of Southampton on February 3, 2015 at 6:00 p.m., the Town Board of the Town of Southampton adopted Local Law No. 7 of 2015, entitled: "A LOCAL LAW amending Town Code Chapter 8 (Budget) to re-structure the Town's fund balance policy."

NOTES:

Adopt Town of Southampton Investment Policy – Amended April 14, 2015: Resolution 2015-431

WHEREAS, the Town of Southampton's Investment Policy was adopted in 2007 and re-adopted on January 5, 2009 by Town Board Resolution 2009-6, February 24, 2009 by Resolution 2009-201, August 13, 2013 by Resolution 2013-639, and on February 11, 2014 by Resolution 2014-246; now therefore be it

RESOLVED, that the Policy set forth below replaces and supersedes any and all prior policies governing investment of Town Funds; and be it further

RESOLVED, that the Town Board hereby approves the following Investment Policy:

TOWN OF SOUTHAMPTON - INVESTMENT POLICY

BASIC OBJECTIVES

1. Insure secure custody of Town funds.

2. Schedule investments to meet the Town's cash requirements needed for operation of Government.

3. Timely deposit of funds.
4. Investment of surplus funds to insure maximum return as allowed by law.
5. Reduce and/or eliminate need to issue debt.

RESPONSIBILITY - CASH MANAGEMENT

The Town Supervisor (Chief Fiscal Officer) delegates to the Town Comptroller responsibility for controlling cash from the point of receipt until disbursed. This includes the proper coding of incoming funds, the disbursing of such funds to meet labor, contractual and debt obligations, and the investment of surplus funds in excess of current obligations.

CASH REQUIREMENTS

The Comptroller prepares cash requirements schedule (funding) based on the anticipated needs by fund for payroll, contractual expenditures and debt service. This projection is prepared on a semi-monthly basis.

NOTES:

INVESTMENT POLICY

INVESTMENT - TYPE OF ACCOUNTS

The Comptroller shall invest surplus funds in any one or more of the following:

1. Certificates of Deposit.
2. N.O.W. accounts.
3. Money Market Deposit Accounts.
4. Savings and/or demand deposit accounts placed through a depository institution that has a main office or branch office in this state and that contractually agrees to place funds in federally insured depository institutions through the Insured Cash Sweep service or ICS.

TERM OF INVESTMENTS

The term of any investment is determined by the cash requirements schedule for each particular fund so that such cash needs can be met without liquidation of any investment prior to its maturity. Town investments shall range from 1 day to 12 months.

SELECTION OF INSTITUTIONS

Deposits and investments of surplus and any other funds shall be made only with those commercial banks that are authorized by the Town Board and the bank or trust company must be located and authorized to do business in the State of New York.

BOND PROCEEDS

Proceeds from the issuance of Town Serial Bonds shall be deposited in a segregated, interest-bearing account for the purposes of monitoring compliance with IRS Arbitrage Regulations.

NOTES:

INVESTMENT POLICY

COLLATERAL

All Town funds held in banks are to be secured by one or more of the following:

1. Insurance of the Federal Deposit Insurance Corporation.
2. Obligations of NYS.
3. Obligations of Federal agencies with principal and interest guaranteed by the United States.
4. Obligations of NYS local governments.
5. Irrevocable letter of credit issued in favor of the Town of Southampton by a federal home loan bank whose commercial paper and other unsecured short-term debt obligations are rated in the highest rating category by at least one nationally recognized statistical rating organization, for the payment of 100 percent of the aggregate amount of public deposits and investments from the Town of Southampton and agreed-upon interest, if any.

All collateral pledged for the Town is to be held in third party custodial accounts at authorized banks and in the Town of Southampton's name as required by GASB 3. Each month the bank shall supply the Town with written confirmation of the collateral pledged. The value of any such collateral shall not be less than 102% of the obligations it secures. A monthly collateral report is to be prepared by the Comptroller's Office, which shall monitor these requirements.

ANNUAL REVIEW AND ADOPTION

The Investment Policy shall be reviewed annually by the Town Comptroller, and if recommendations are advisable, the Town Board shall consider amendments. The policy shall be included in the Annual Operating Budget with other applicable financial policies.

NOTES:

PROCUREMENT POLICIES AND PROCEDURES

Adopted by Town Board Resolution 2009-1002 on 09/22/09

NOTES:

General Municipal Law Section 103 provides that municipalities are required to obtain competitive bids for the procurement of certain goods and services. Furthermore, General Municipal Law Section 104-b provides that municipalities shall adopt internal policies and procedures to govern the procurement of all goods and services which are not required to be made pursuant to the competitive bidding requirements of General Municipal Law Section 103.

This policy statement is intended to implement these provisions of the General Municipal Law. The Town's policies and procedures prescribe a method for determining whether a procurement of goods and/or services is subject to competitive bidding. The intent of such procedures is to assure maximum quality at the lowest possible cost, while guarding against favoritism, fraud and corruption. No anticipated contract or purchase shall be subdivided or structured with the intention of avoiding these Procurement Policies and Procedures requirements.

Within the framework of these procedures and to the extent permissible by law, the Town encourages all Departments to make an effort to utilize local vendors, contractors, and professionals, and to encourage bidding from minority and women-owned businesses, so that the Town's tax dollars return to the area and contribute to the overall strength of our community. The Town also encourages Departments seeking to purchase goods to identify and specify "green" products where available, to minimize the impact of our operations on the environment.

This policy shall be reviewed annually by the Town Board and be adopted as early as is practicable.

Quick Reference Guide

Introduction

Section A: Purchase of Goods
Section B: Purchase of Non-Professional Services
Section C: Purchase of Professional Services
Section D: Other Types of Purchases/Miscellaneous Provisions
Section E: Award of Contracts
Section F: Payments
Section G: Change Orders to Awarded Contracts
Section H: Additional Requirements for Purchase of Public Works Services and Building Services
Section I: Engineering Oversight Requirement of All Public Works Projects

PROCUREMENT POLICIES AND PROCEDURES

Introduction

The following procedures describe the required methods for purchasing goods and services. Whether or not a purchase must be publicly bid, and how the procurement is accomplished, is dependent upon the following factors:

1- The nature of what you are buying:

Goods

Goods are commodities-items, materials, equipment, etc.

Services

Services are particular skills or labor to accomplish a specific goal. Samples of services would be, e.g., hiring a plumber to address a plumbing problem; hiring a landscaper to cut grass; hiring a sign maker to make signs, etc.

Professional Services

Professional services are particular skills or labor that requires specialized expertise, technical or special skills or training, the exercise of professional judgment, or a high degree of creativity, in the performance of the contract. Samples of professional services would be, e.g., hiring an architect to create building plans; hiring an engineer to design a system; hiring a surveyor to create a survey; hiring a computer expert to design a software system, etc.

Public Works Services

Generally, services involving construction, reconstruction, or maintenance done on behalf of a public agency in a public facility and for the public's benefit are considered to be public works, and are subject to further requirements regarding procurement and payment of wages set forth in Article 8, sections 220 et seq. of the NYS Labor Law.

Building Services

Generally, services undertaken in support of the operation of a public building through the use of building service employees are considered to be building services, and are subject to further requirements regarding procurement and payment of wages set forth in Article 9, sections 230 et seq. of the NYS Labor Law.

NOTES:

2-The estimated cost of what you are buying:

Goods valued in excess of $10,000:

GML 103 requires that procurement of goods that exceed $10,000 in value, whether purchased all at one time or in smaller increments over the course of one year, must be competitively bid.

Goods valued at less than $10,000:

The procurement method utilized to purchase goods valued at less than $10,000, whether purchased all at once or in smaller increments, is governed by this Policy.

See Section A below regarding purchases of goods.

Services valued in excess of $20,000:

GML 103 requires that procurement of services that exceed $20,000 in value, whether purchased all at one time or in smaller increments over the course of one year, must be competitively bid.

Services valued at less than $20,000:

The procurement method utilized to purchase services valued at less than $20,000, whether purchased all at once or in smaller increments, is governed by this Policy.

See Section B below regarding purchases of services.

Professional Services:

The procurement method utilized to purchase professional services in support of a single project is governed by this Policy and by the guidance of GML 104-b.

See Section C below regarding procurement of professional services.

Public Works Services and/or Building Services:

If the services to be purchased are determined to be public works services or building services, certain additional procurement thresholds and other requirements apply.

See Section H below regarding special rules applying to public works procurement.

NOTES:

PROCUREMENT POLICIES AND PROCEDURES

Dollar Value	Method of Purchase	Required Documentation	Special Notes
Less than $500	Town-issued P-Card; OR For vendors who do not accept credit cards, Purchase Order.	Must secure paid invoice for attachment to P-Card statement. Must secure a detailed invoice for submission for payment.	**Please note: $500 is the new maximum purchase amount for purchases made on a P-card.** **Requests for exceptions to this maximum must be approved by the Comptroller & Supervisor.** **Note that vouchers will no longer be used for these purchases.**
$500, up to $1,000	Purchase Order.	Must secure a detailed invoice for submission for payment.	**Note that vouchers will no longer be used for these purchases.** **Vouchers may be used only on an EXCEPTION basis, as determined by the Comptroller.**
$1,000, up to and including $2,500	Purchase Order. Purchase Order must be created PRIOR to making purchase.	Must secure written price quote from vendor providing goods. Must secure a detailed invoice for submission for payment.	None.
Greater than $2,500, up to and including $10,000	Purchase Order. Purchase Order must be created PRIOR to making purchase.	Price Quotation Form with TWO written price quotes attached.	Written price quotes must be based secured from prospective vendors on SAME set of specifications provided by Town, and must be from vendor (fax or internet pricing pages acceptable). Written price quotes must be clearly legible.
Greater than $10,000	Competitive Bid (through Office of Contracts Admin.) Contract must be awarded and approved Town Purchase Order must be in place prior to completing purchase	Correctly completed bid forms, submitted to the Town Clerk according to bid requirements and schedule, with non-collusion forms signed.	Department is responsible for providing specifications for items to be purchased to Office of Contracts Administration.

Section A: Purchase of Goods

The following table summarizes the methods and required documentation to purchase goods:

Exceptions

Following are a list of items that may be procured and paid for without adhering to the above-referenced procedures:

Expenditures for certain bills, including but not limited to:

- insurance
- equipment leases
- legal services
- performance bond requirements
- snow contractors
- legal settlements
- Cultural Arts & Recreation (CAR) grants
- tax bills
- permit refunds
- travel reimbursements
- gas
- utility payments (e.g., electric, gas, telephones, water)

In addition, goods procured under a valid County or State contract that the Town is permitted to use are exempted from the above-referenced procedures; however, when a purchase made on a valid County or State contract would exceed the mandatory bidding threshold for goods (i.e., $10,000), a resolution authorizing the purchase must be submitted and approved by the Town Board.

NOTES:

PROCUREMENT POLICIES AND PROCEDURES

Dollar Value	Method of Purchase	Required Documentation	Special Notes
Less than $500	Town-issued P-Card; OR For vendors who do not accept credit cards, Purchase Order.	Must secure paid invoice for attachment to P-Card statement. Must secure a detailed invoice for submission for payment.	**Please note: $500 is the new maximum purchase amount for purchases made on a P-card.** **Requests for exceptions to this maximum must be approved by the Comptroller & Supervisor.** **Note that vouchers will no longer be used for these purchases.**
$500, up to $1,000	Purchase Order.	Must secure a detailed invoice for submission for payment.	**Note that vouchers will no longer be used for these purchases.** **Vouchers may be used only on an EXCEPTION basis, as determined by the Comptroller.**
$1,000, up to and including $2,500	Purchase Order. Purchase Order must be created PRIOR to making purchase.	Must secure written price quote from contractor providing services. Must secure a detailed invoice for submission for payment.	None.
Greater than $2,500, up to and including $10,000	Purchase Order. Purchase Order must be created PRIOR to making purchase.	Price Quotation Form with TWO written price quotes attached.	Written price quotes must be based secured from prospective vendors on SAME set of specifications provided by Town, and must be from vendor (fax or internet pricing pages acceptable). Written price quotes must be clearly legible.
Greater than $10,000, up to and including $20,000	Purchase Order. Purchase Order must be created PRIOR to making purchase.	Price Quotation Form with THREE written price quotes attached, only one of which may be a declination to price (outreach to firm declining to price must be documented).	Written price quotes must be based secured from prospective contractors on SAME set of specifications provided by Town, and must be from vendor (fax or internet pricing pages acceptable). Written price quotes must be clearly legible.
Greater than $20,000	Competitive Bid (through Office of Contracts Admin.) Contract must be awarded and approved Town Purchase Order must be in place prior to completing purchase	Correctly completed bid forms, submitted to the Town Clerk according to bid requirements and schedule, with non-collusion forms signed.	Department is responsible for providing specifications for items to be purchased to Office of Contracts Administration.

Section B: Purchase of Non-Professional Services

The following table summarizes the methods and required documentation to purchase non-professional services:

Exceptions

Non-public works, non-professional services procured under a valid County or State contract that the Town is permitted to use are exempted from the above-referenced procedures; however, when a purchase made on a valid County or State contract would exceed the mandatory bidding threshold for services (i.e., $20,000), a resolution authorizing the purchase must be submitted and approved by the Town Board.

Additional Requirements for Procurement of Non-Professional Services

Public Works Services

If the services to be purchased are determined to be public works services (i.e., services related to the construction, reconstruction, or maintenance of a public building), certain additional procurement thresholds and other requirements apply.

NOTE THAT THAT NO MINIMUM DOLLAR THRESHOLD IS APPLIED WHEN DETERMINING IF SERVICES ARE CONSIDERED "PUBLIC WORKS" SERVICES.

Building Services

If the services to be purchased are determined to be building services (i.e., services related to the operation of a public building), AND the cost of the services is expected to exceed $1,500.00, certain additional requirements apply.

See Section H below regarding special rules applying to public works procurement.

NOTES:

Section C: Purchase of Professional Services

Professional services for a single project in an amount less than $5,000.00:

Professional services for a single project in an amount less than $5,000.00 for the year may be secured without the use of comparative pricing, and do not require a Town Board Resolution. The Department must, however, adhere to the following requirements:

a. The Department must establish a documented Scope of Work for the project that is accepted and agreed to by the professional service provider;

b. The Department must ensure the professional provider is aware payments may not exceed $5,000 in total without further authorization; and

c. The Department must advise the professional service provide to STOP WORK and notify the Department in writing if the provider believes s/he is being asked to provide services beyond the agreed-upon scope of work, or if the provider believes that by performing the requested work, his/her billing will exceed $5,000.

Professional services for a single project in an amount greater than $5,000.00 but less than $20,000.00:

Professional services for a single project in an amount greater than $5,000.00 but less than $20,000.00 for the year may be secured without the use of comparative pricing, but require a Town Board Resolution and a written agreement prepared by the Office of Contracts Administration (OCA), which must include elements a, b, and c above.

Professional services for a single project in an amount greater than $20,000.00 but less than $50,000.00:

Professional services for a single project in an amount greater than $20,000.00 but less than $50,000.00 for the year must be secured through comparative pricing, and require a Town Board Resolution and a written agreement prepared by OCA, which must include elements a, b, and c above.

Departments must establish a Scope of Work and transmit it to three qualified professionals for comparative pricing, and must receive back three written prices, only one of which may be a declination to bid. The Department is not required to select the lowest bidder, but must provide OCA a memo setting forth its reason for selecting a non-lowest bidder. A Department head wishing to award a professional service contract in an amount greater than $20,000.00 but less than $50,000.00 WITHOUT seeking comparative pricing must provide OCA a memo setting forth the reasons it believes the Town's best interests will be served by awarding a contract to a certain professional service provider without seeking comparative pricing. OCA will make the determination regarding whether it believes the Department head has provided a sufficient justification for foregoing comparative pricing. If OCA determines the Department has NOT provided sufficient justification for foregoing comparative pricing, it will provide its determination to the Department, which may appeal OCA's determination to the Town Board.

Professional services for a single project in an amount greater than $50,000.00:

NOTES:

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Professional services for a single project in an amount greater than $50,000.00 for the year must be secured through a formal Request for Proposals process. The award of such a contract requires a Town Board Resolution and a written agreement prepared by OCA, which must include elements a, b, and c above.

A formal Request for Proposal (RFP) process is similar to a competitive bid; therefore, it is critical that the Department contact OCA with sufficient time to prepare the RFP package. The Department must draft and provide to OCA the following:

- a description of the project;
- a Scope of Work; and
- any specific requirements of the project (e.g., schedule, pre-qualification requirements, etc.).

OCA will prepare the RFP package and the Notice to Proposers.

Because RFPs are not required by law to follow the same procedures as formal bids, a Town Board resolution authorizing the issuance of the Notice to Proposers is not required. However, the Town has determined that it is in its best interest to have the Town Clerk manage the formal RFP process for Departments in the same way it manages competitive bids.

Therefore, the Notice to Proposers must be submitted to the Town Clerk's office, which will arrange for the placement of a newspaper advertisement according to the scheduled agreed upon with the Department preparing the RFP.

Copies of the prepared RFP must be provided to the Town Clerk by the deadline for the placement of the advertisement, or the Town Clerk may not place the advertisement.

The Town Clerk will distribute the RFP packages and receive proposers' submissions according to the same rules that govern distribution of bid packages and receipt of bids, i.e., no RFP packages will be given out in advance of the published date the RFP is to become available to the public, and no submissions will be accepted past the deadline for submissions.

There is no public reading of RFP results. The Clerk will contact the Department once the deadline for receipt of RFP responses has passed so that the Department can receive and review the submissions.

The Department is not required to select the lowest bidder, but must provide OCA a memo setting forth its reason for selecting a non-lowest bidder. A Department head wishing to award a professional service contract in an amount greater than $50,000.00 WITHOUT going through a formal RFP process must get approval from the Town Board to forego the formal process, by submitting for approval a Town Board resolution setting forth the reasons it believes the Town's best interests will be served by awarding a contract to a certain professional service provider without undertaking a formal RFP.

Departments must be aware that other governmental entities that provide funding for Town projects through grants or programs (e.g., the County, State, or Federal governments) may decline to provide funding for a professional service contract awarded without some form of comparative pricing.

NOTES:

Section D: Other Types of Purchases/Miscellaneous Provisions

Combined Goods and Services Purchases

When a prospective purchase involves BOTH goods and services, the department should apply the rules applicable to the dominant element of the purchase. So, if the more significant element of the combined purchase is the labor (service) element, the rules for procuring services should be followed. If the more significant element of the combined purchase is the goods element, the rules for procuring goods should be followed.

Cumulative Purchases

The Comptroller may develop an estimate of the cumulative amount of a particular good that is likely to be needed by all Town Departments during a given fiscal year based on past history. Procurement of goods or services for which the cumulative order by all Town Departments is anticipated to meet or exceed competitive bidding thresholds and which are so identified by the Comptroller shall be subject to competitive bidding requirements.

Vehicle Purchases

The Office of General Services maintains an inventory of the fleet of Town vehicles and by Local Law is responsible for insurance matters. Moreover, the Town Management Services Administrator is charged, by Town Board Resolution 2005-590, with "review(ing) vehicle specifications prior to any new Town vehicle purchases to determine whether a potential comparable alternative fuel vehicle exists" that can serve the Department's needs.

For both reasons, Department Heads are required to coordinate all purchases of new Town vehicles with the Office of General Services, to both facilitate the review of alternative fuel vehicles and to ensure compliance by Department employees with the Town's insurance policies, registration requirements, and other rules governing use of the Town vehicles.

Sole Source Purchase

A sole source purchase is one in which only one vendor or contractor can supply the commodity, technology and/or perform the services required, and that there is no substantial equivalent. Procurement by this method must be documented to the Office of Contracts Administration by an explanation of: (i) the unique nature of the requirement; (ii) the basis upon which it was determined that there is only one known vendor able to meet the need (i.e. the steps taken to identify potential competitors); and (iii) the basis upon which the cost was determined to be reasonable (i.e. a fair market price was inferred based upon the sole source provider's product catalogs, published price lists and the like).

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Emergency Purchases

Except when directed by the Town Board, no solicitation of written proposals or quotations shall be required in emergencies.

For purposes of this section, an emergency arises out of an accident or unforeseen condition or occurrence that threatens curtailment or terminates an essential service to the public, or a dangerous condition develops, affecting the life, health, safety or property of the Town or its inhabitants. The situation MUST require immediate attention, which cannot await competitive bidding.

In cases of emergency, the Department head may purchase, directly, the necessary supplies or services. A written record of the circumstances shall be prepared and submitted to the Office of Contracts Administration. Further, the Department Head shall endeavor to abide as closely as possible to procurement standards and attempt, as best possible in the circumstances, to mitigate any emergency situation.

Leases/Equipment Leases

Lease agreements for equipment, facilities, etc. that exceed 12 months in term and/or $2,500.00 require approval by Town Board Resolution and the Supervisor's signature on the lease document.

"True lease" agreements are neither purchases nor contracts for public work and, thus, are not subject to bidding under General Municipal Law Section 103. The bidding requirements of 103 cannot be avoided or circumvented by simply drafting an agreement that is truly a purchase contract or a contract for public work in terms of a lease. The total character and substance of each agreement must be viewed and examined on its own merits, without regard to how the agreement is denominated by the parties, to determine whether it constitutes a true lease.
Similarly, equipment may not be acquired without competitive bidding under an agreement which is called a "lease" but which, in fact, is an installment purchase contract. Although no one factor is necessarily determinative, numerous factors will be considered when evaluating whether an agreement is indicative of an installment purchase rather than a true lease. Such factors include, but are not limited to; the amount of money exchanged, the intent of the parties and terms of the agreement, and the life, ownership and responsibility for maintenance of the item.

Travel/Education Purchases

With regard to expenditures for seminars, training schools and related travel, the following rules shall apply:

- Town Board approval shall not be required for Town Police Department assignments that do not exceed the amount budgeted for training and travel.

- Except as provided above, Town Board approval shall be required for combined seminar and travel expenditures exceeding $1,000.00 per attendee per event and requiring an over-night stay.

NOTES:

Legal Services

Legal services are provided by the Town Attorney. Requests for legal services must be initiated by a Department Head and must be addressed to the Town Attorney.

In the event that the Town Board and the Town Attorney determine that the assistance of special counsel, associated expert witnesses and/or litigation consultants are required, the Town Attorney shall submit to the Town Board for approval a resolution authorizing the retention of outside legal and/or related services. Legal services are included under the category of professional services; however, the Town Attorney shall be exempted from the requirements of Section C of this Policy, unless the Town Board determines it is in the best interest of the Town to require the Town Attorney to follow the procedures set forth in Section C with respect to any or all retention of outside counsel.

Department Heads involved in matters being handled by outside counsel shall be required to work with and through the office of the Town Attorney on all matters related thereto, including billings, which should be directed to the attention of the Town Attorney if received directly by the Department. The Town Attorney will be responsible for the review and approval of all requests by outside counsel for payment, and may request the participation of the Department Head in the review process.

Preparation of Bid/Contract Documents-Use of Contractor Forms

For procurements of goods and/or services below required bidding thresholds, the Department is responsible to:

- establish specifications
- secure and document required competitive pricing

For procurements of good and/or services above required bidding thresholds, or for procurement of professional services above the dollar thresholds set forth above in Section C, the Office of Contracts Administration typically prepares bid or RFP documents and the resulting contract documents. In some instances, however, these documents may come from other sources, e.g.:

- a Department may use a consultant to prepare its bid or RFP documents;
- a vendor may require the use of its own forms in contract with the Town (this typically occurs when procuring technical items or services, such as software or computer support services);
- an equipment vendor may require the use of its own lease forms to establish equipment leases.

All such forms are subject to review and acceptance by OCA, which must ascertain that the vendor's forms do not include provisions that are unacceptable to the Town.

NOTES:

Section E: Award of Contracts

In all contracts except those involving professional services, the lowest responsible bidder shall be awarded the contract unless the purchaser prepares a written justification providing reasons why it is in the best interest of the Town to make an award to a vendor or contractor other than the vendor or contractor that submitted the lowest price for the goods and/or services to be purchased. Such justification shall be submitted to the Office of Contracts Administration and reviewed by the Town Attorney or his designee to determine if the justification is sufficient, and must be retained with the Department records relating to the contract.

If a vendor or contractor is not deemed responsible, facts supporting the judgment shall also be documented on the Price Quotation Form.

In determining the lowest responsible bidder, the employee making the assessment shall consider:

A. The ability, capacity and skill of the bidder to adequately perform the contract or provide the service required.

B. Whether the bidder can perform the contract or provide the service promptly or within the time specified without delay or interference.

C. The character, integrity, reputation, judgment, experience and efficiency of the bidder.

D. The quality of performance of previous contracts or services.

E. The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service.

F. Whether there are any identifiable financial concerns relating to the bidder.

Section F: Payments

The Comptroller's Office must be provided with complete, clear, and legible documentation, as specified above, in order to process payments. Following are a list of items and/or documentation that must be made available by the Department to the Comptroller and/or OCA before payments can be processed:

- Prior to disbursement of any payment under an approved contract, OCA must possess a copy of the fully executed contract as well as documentation of insurance and contract security/performance bond, where required.

- Prior to disbursement of any payment for an invoice, the Comptroller's Office must possess an original invoice, which must include the invoice number, description and date of service provided or delivery of items, and amount payable.

NOTES:

- If a Price Quotation Form or Town Board Resolution is required for a purchase, it must be forwarded to the Comptroller's Office prior to Purchase Order approval.
- Documentation for purchases made under County or State contracts must include the contract number, contract term and the Town Board Resolution number (where applicable) on the purchase requisition.
- For Article 8 Public Works projects, certified payrolls must be received from the contractor with each invoice submitted before payment can be processed.

Section G: Change Orders to Awarded Contracts

Departments overseeing major projects should present to the Town Board for adoption an overall project budget, broadly outlining the items of work to be undertaken in the project and the approximate cost of each item of work.

All purchases of goods and services, including professional services, should be awarded pursuant to a specific and detailed Scope of Work (SOW) or set of specifications. The purpose of the SOW/specifications is to clearly establish between the Town and the Contractor the goods to be provided or work to be performed under the contract, and the payment or rate of payment to be provided as remuneration for the goods/services.

If for reasons unforeseen when the SOW/specifications were created it becomes necessary for an addition to be made to the SOW/specifications-e.g., unseen conditions at a project site necessitate additional work, a permitting entity requires additional tasks to be completed before a permit can be issued, the Town needs to add additional services to a project's scope, additional goods are needed, etc. -such that the total value of the contract is increased, the result is known as a change order to the contract.

Under certain specific circumstances, a formal change order must be established before the additional goods or services can be procured. The purpose of this requirement is to ensure:

- the additional goods or services required are outside of the agreed-upon SOW/specifications, and thus, the provider of the goods and/or services is entitled to additional remuneration;
- the additional goods or services are either the same or of a similar enough nature to the subject of the original contract such that additional goods or services should not become the subject of a new bid; and
- there is sufficient funding in the project's budget to cover the cost of the additional remuneration.

Competing interests need to be balanced when managing change orders. The Town Board wants oversight opportunity when a project's costs are increasing; however, the Project Manager often needs to make rapid determinations in the field when new or additional work appears to be required, since delay could impact the availability of the contractor to do the extra work, and could negatively affect overall project scheduling if work must be stopped while Town Board approvals are sought.

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Therefore, the following guidelines have been established to guide project managers as to the level of review and approval required when a change order is necessary:

Dollar Amount of Proposed Change Order	Approval Required
Change orders of ANY amount, where additional funding must be authorized by the Town Board	Town Board approval via resolution
Change orders less than $50,000, where NO additional funding is required	Department Head approval
Change orders of $50,000 to $100,000, regardless of need for additional funding	Department Head/Town Board Liaison approval
Change orders greater than $100,000	Town Board approval via resolution

The following is required to establish a formal change order when Town Board authorization is required:

1. A written change order proposal, including a detailed description of the additional goods and/or services required and the cost to provide same, is provided by the vendor/contractor/professional service provider;

2. The Department head must complete and sign the Public Contract Change Order Approval Form and attach the detailed proposal from the vendor/contractor/ professional service provider;

3. The Public Contract Change Order Approval Form, with attachments, must be submitted to OCA for review against the original contract document, and must be approved by OCA; and

4. Once approved by OCA, the Public Contract Change Order Approval Form, with attachments, must be submitted to the Comptroller's office for review to determine if sufficient funding is in place to cover the cost of the change order.

After the Comptroller signs off on the Public Contract Change Order Approval Form, the Department will be instructed to create a Town Board resolution to present the proposed change order to the Town Board.

Where Town Board authorization is required, the change order work can commence ONLY after the above-listed steps are completed.

Where Town Board authorization is NOT required, the Project Manager must still secure a written change order proposal from the vendor/contractor/ professional service provider. This document should be provided to the Office of Contracts Administration, so it can be scanned into the Bidtraq contract file and the hard copy can be filed with the Town Clerk. The Project Manager must also keep a copy for his/her project files.

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Section H: Additional Requirements for Purchase of Public Works Services and Building Services

The Town is required, when contracting for public works projects or for certain building service contracts, to ensure that contractors base their bids and pay all employees working on such projects the prevailing wages established by the New York State Labor Department for such work. Article 8, Section 220 et seq. addresses the requirements with respect to public work projects, and Article 9, Section 230 et seq. addresses the requirements with respect to building service contracts.

These statutes set forth compliance requirements for both Departments of Jurisdiction (i.e., the contracting agency) and employers employing workers on either a public works project or through a building service contract. Recent additions to the law have also created obligations for third parties with whom the Town contracts to perform a public works project on the Town's behalf. In essence, if the contracting agency would itself be required to pay prevailing wages, the third party would also be required to pay prevailing wages when performing work on the contracting agency's behalf.

Recent changes to the Labor Law have also increased the responsibility of the contracting agency to ensure contractors are providing required documentation of payment of prevailing wages, to review the documentation (i.e., certified payrolls) for facial validity, to provide a Town contact person for all public works projects (name to be posted at the work site), and to alert the Labor Department in the event of suspicion of any contractor's lack of compliance. There are criminal penalties associated with a contracting agency's failure to comply with these new requirements!

Unfortunately, the law in this area does not provide clear, concise guidance on when a project qualifies as a public works project, such that the provisions of Article 8 of the Labor Law apply, or when a service contract should be treated as a building service contract, such that the provisions of Article 9 of the Labor Law apply.

Therefore, it is critically important, before a Department embarks on a public works project or enters into a building services contract, to consult with the Department of General Services and/or the Office of Contracts Administration for guidance on whether the laws apply, and for assistance in ensuring all necessary documentation and required provisions appear in the bidding documents for such projects or contracts.

Since public works projects are often managed with the assistance of outside engineering or construction management firms, these professionals should also be consulted in the event of any uncertainty regarding the applicability of the Labor Law. In addition, professional service contracts with such firms to oversee public works projects should include a requirement that the firm monitor contractor compliance with Labor Law requirements, including but not limited to the receipt of certified payrolls and review of payrolls for facial validity. This requirement will ensure another level of scrutiny, *but does not excuse the Town from its own obligations in these matters.*

Summary publications of the Labor Department that provide guidance on the applicability of the provisions of Article 8 and Article 9 of the Labor Law are available for review at the General Services department, or on line at http:// www. labor. state.ny.us/workerprotection/publicwork/PWContents.shtm.Departments that engage in public works or contract for building services should carefully review them and retain them for future reference.

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Section I: Engineering Oversight Requirement of All Public Works Projects

Department heads and staff who undertake or oversee public works projects must be aware, and take the necessary steps to ensure compliance with, the requirement of Article 145, § 7209 (s) of New York State Education Law:

No county, city, town or village or other political subdivision of this state shall engage in the construction or maintenance of any public work involving engineering or land surveying for which plans, specifications and estimates have not been made by, and the construction and maintenance supervised by, a professional engineer or land surveyor; provided that this section shall not apply to the construction, improvement or maintenance of county roads or town highways, nor to any other public works wherein the contemplated expenditure for the completed project does not exceed five thousand dollars. This section shall not be construed as affecting or preventing any county, city, town or village or other political subdivision of this state from engaging an architect licensed in this state for the preparation of plans, specifications and estimates for and the supervision of construction or maintenance of public works.

Amended by Town Board Resolution 2009-1334 on 12/08/09

WHEREAS, pursuant to Town Board Resolution 2009-1002, the Town adopted its Procurement Policy for 2009; and

WHEREAS, Section B of the policy addresses the procurement requirements imposed by General Municipal Law section 103 for the purchase of non-professional services, including public works contracts; and

WHEREAS, General Municipal Law section 103 has recently been amended by the State Legislature to increase the dollar amount threshold of public works contracts subject to competitive bidding requirements from $20,000 to $35,000, with said amendment signed into law by the Governor; now, therefore, be it

RESOLVED, that the Town Procurement Policy is amended to reflect this change.

Amended by Town Board Resolution 2010-648 on 06/22/10

WHEREAS, pursuant to Town Board Resolution 2009-1002, the Town adopted its Procurement Policy for 2009, as further amended by Town Board Resolution 2009-1334, which remains in force while the Policy is reviewed for 2010; and

WHEREAS, the Town is implementing a new Purchasing Requisition System, which will enable purchases of certain dollar amounts to be approved by Department heads, Division heads, and other designated staff; and

NOTES:

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WHEREAS, the Town is implementing a new Purchasing Requisition System, which will enable purchases of certain dollar amounts to be approved by Department heads, Division heads, and other designated staff; and

Supervisor	Above $10,000
Town Comptroller	Up to $10,000
Department Heads	Up to $5,000
Division Heads	Up to $2,500
Department Head Administrators	Up to $750; and

WHEREAS, specific issues may arise in a department that will require amendments to the above mentioned approval limits and authorized approval individuals, and Department Heads may request exceptions to the policy from the Town Board; and

WHEREAS, there will be times when the Department Head is unavailable to approve a requisition and will require an alternate; now, therefore, be it

RESOLVED, that the Town Board of the Town of Southampton hereby amends the Town's Procurement Policy to encompass the list of approved designations and approval level to be employed with the Town's new Paramount Requisition System; and be it further

RESOLVED, that any exception, such as delegation of approval limits by Department Heads or any increase in approval limits, will require a Town Board Resolution; and be it further

RESOLVED, that the Town Comptroller is authorized to act as an alternate to Department Heads in their absence.

Amended by Town Board Resolution 2010-794 on 08/10/10

WHEREAS, pursuant to Town Board Resolution 2009-1002, the Town adopted its Procurement Policy for 2009; and

WHEREAS, this policy, as amended by Town Board Resolutions 2009-1334 and 2010-648, remains in effect in 2010; and

WHEREAS, Section A of the policy addresses the procurement requirements imposed by General Municipal Law section 103 for the purchase of goods; and

WHEREAS, General Municipal Law section 103 has recently been amended by the State Legislature to increase the dollar amount threshold of purchase contracts for goods subject to competitive bidding requirements from $10,000 to $20,000, with said amendment signed into law by the Governor; now, therefore, be it

RESOLVED, that the Town Procurement Policy is further amended to reflect this change.

NOTES:

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Amended by Town Board Resolution 2011-348 on 03/08/11

WHEREAS, pursuant to Town Board Resolution 2009-1002, the Town adopted its current Procurement Policy, as further amended by Town Board resolutions 2009-1334, 2010-648, and 2010-794; and

WHEREAS, Sections A and B of the Procurement Policy address the procurement requirements imposed by General Municipal Law sections 103 and 104-b for the purchase of goods and services via competitive bidding procedures, and, where bidding is not required, by comparative pricing; and

WHEREAS, consistent with the Town's desire to become a more responsible consumer of commodities and technologies that may have an adverse impact on public health and the environment, the Town wishes to establish additional requirements to be imposed on Town departments when procuring cleaning products, janitorial supplies, and janitorial services; and

WHEREAS, the objective of these additional requirements is to ensure the Town procures and employs cleaning products and janitorial supplies (or companies using cleaning products and janitorial supplies) that are safe, non-toxic (or the least toxic alternative available), effective, and cost-effective; and

WHEREAS, the Town has used as a model to guide the development of its policy Suffolk County's "Green Clean" Program, which was adopted in 2004 and has been successfully implemented by the County; now, therefore, be it

RESOLVED, that the following section be added to the Town's Procurement Policy as Section J, "Green Clean Policy," which establishes additional requirements to be complied with, in addition to other applicable requirements set forth in this policy, when procuring cleaning products, janitorial supplies, and janitorial services:

Section J: "Green Clean" Policy

1. All departments issuing specifications for the procurement of cleaning products, janitorial supplies, or janitorial services, whether issuing those specifications for comparative pricing or through the issuance of a formal Bid document, shall include a specification that requires such seller, supplier, or service provider to offer for sale to the Town of Southampton products, supplies, or services that meet "Green Clean" standards or utilize products meeting the "Green Clean" standard.

"Green Clean" standards are defined as follows:

A designation that the products, supplies or services shall meet a standard designed to replace all traditional toxic cleaning agents with ones that are virtually toxic free. This means a product should not contain phosphates, ammonia, chlorine bleach, chlorine solvents, artificial dyes, artificial additives and preservatives such as EDTA or NTA, no phenolic compounds or glycol ether, no hydrochloric acid, perchloroethylene, aerosols, should not be glycol ether based, may not be any synthetic chemical that is a suspected or known carcinogen, no ozone depleting compounds, no heavy metals, no dibutyl phthalate, no added fragrance or dye, no formaldehyde, each organic ingredient must be readily biodegradable, may not be toxic to humans in its undiluted form, may not be corrosive to eyes or skin, may not, as used, be toxic to aquatic life, must have a ph between 4.0 and 9.0, is not made from petroleum derivatives and does not contain arsenic, cadmium, chromium, lead, mercury, nickel, and selenium.

Products meeting the Green Seal GS-37 standards shall be deemed to meet "Green Clean" standards. A list of the products that meet this standard can be found at http://www.greenseal.org/findaproduct/i&icleaners.cfm.

NOTES:

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Please note that Green Seal ratings are continually updated, and departments should refer to the Green Seal website to ascertain they are consulting the most up-to-date certification list. See further information regarding Green Seal at the end of this Section.

2. In any solicitation by a department for the purchase of cleaning products, janitorial supplies, and janitorial services which may not be available in a form that meets the specifications and criteria in paragraph one (1) of this section, the department shall include an alternate specification calling for such products that have (and/or services that employ products that have) the least caustic or corrosive elements, fewest hazardous chemicals, and least unnecessary dyes or fragrances.

3. In any solicitation by a department for the purchase of "Green Clean" products which may not available in a form that meets the specifications and criteria of paragraphs 1 and 2 of this section, the department shall include a second alternate specification for products that contain (and/or services that employ products that contain) the least hazardous products and/or supplies.

4. All bidders shall be required to provide complete specifications and MSDS for each product bid at the date and time of the bid opening or by the deadline for submission of comparative pricing. Bidders offering alternate items in response to specifications issued pursuant to paragraphs 1, 2, and/or 3 of this section shall be required to include full details and specifications (manufacturer, model #, size, weight, packaging, dilution ratio, and any other pertinent fact(s) with their bid at the date and time of the bid opening or by the deadline for submission of comparative prices. Failure to include this information may result in disqualification.

5. Samples of products and product dispensers (where applicable) may be required for testing before a contract is awarded, and must be made available by bidders on request, within five business days of said request.

6. The Town will award the contract or procure the product or services put forth by the lowest qualified bidder offering the lowest priced qualified product or service. Product performance will be considered as a factor in determining the lowest priced qualified product or service. The final determination regarding the lowest priced qualified product or service shall be made by the Town.

7. Any department seeking to procure a good and/or service covered by this section that does not meet "Green Clean" standards, or otherwise wishes to be exempt from the requirements of this section for the purposes of a specific procurement shall submit a waiver request form to the Town's Sustainability Coordinator explaining why compliance with the requirements of this section in this instance is not in the best interest of the Town. Waivers may be granted upon proper documentation of the following reasons:

    - Performance shortcomings: product does not perform properly, or is too costly to use properly, or exceeds by 15 percent the cost of the product currently in use and/or the nearest priced alternative product;
    - Emergency situations;
    - No Known Alternative product exists; or
    - Other, to be specified and documented by the department submitting the waiver request.

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Prior to submitting a waiver request, the department shall be required to reach out to Suffolk County's Department of Public Works, Office of Operations and Maintenance, Suffolk County Department of Energy and Environment, or other relevant County offices to solicit County input regarding the performance of the product or service at issue. The Town's Sustainability Coordinator will provide contact information and facilitate discussions with the County.

Results must be documented and submitted to the Town's Sustainability Coordinator on the waiver request form, and the waiver must be approved, PRIOR to undertaking any purchase or solicitation to purchase not in compliance with the requirements of this section.

8. Products used as floor strippers and toilet bowl cleaners are specifically excluded from the requirements of paragraphs 1, 2, and 3, above.

9. A Green Clean Advisory Committee, comprised of the Town Sustainability Coordinator, Safety Officer, representatives of the Town's Contracts office, and an adhoc member, will be formed. This committee will advise the Town's Sustainability Coordinator as necessary with respect to requests for policy waivers from departments. It shall also meet on a quarterly basis for the purpose of reviewing purchasing data and policy compliance rates, in order to assess trends and develop strategies for more effective procurement of green cleaning products (e.g., 'piggy-backing' on State and/or County contracts for green cleaning products, joining and/or utilizing the services of procurement collectives with similar "green clean" standards, consolidating department purchase requests, etc.) The Committee will review and recommend modifications to the Town's "Green Clean" Procurement Policy as appropriate, and will make an annual presentation to the Town Board regarding the Town's compliance with this section of the Procurement Policy.

10. This Policy shall be phased in over the next six months allowing affected departments ample time to investigate alternative products that comply with the Town's new policy. Six months from the date the resolution is passed, this Policy shall apply immediately to any and all applicable products and/or services not currently available under existing Town contracts; and to all such products and/or services once existing contracts covering the purchase of such products and/or services shall expire.

Further information regarding Green Seal: Founded in 1989, Green Seal provides science-based environmental certification standards that are credible, transparent, and essential in an increasingly educated and competitive marketplace. The organization's industry knowledge and standards help manufacturers, purchasers, and end users alike make responsible choices that positively impact business behavior and improve quality of life. A 501 (c)(3) nonprofit organization, Green Seal issued its first environmental standards in 1991-2, and the first product certifications were completed in 1992. Hundreds of products and services from major companies such as 3M, Benjamin Moore, and Andersen Windows have now been certified to meet Green Seal standards, and the number of major product categories covered by standards has increased to more than 40. Green Seal has established a significant market among large institutional purchasers, including government agencies, universities, and the lodging and architectural building industries, and actively advises and assists these institutions and industry sectors in their efforts to green their purchasing, operations, and facilities management functions.

NOTES:

Amended by Town Board Resolution 2011-855 on 08/23/11

WHEREAS, pursuant to Town Board Resolution 2009-1002, the Town adopted its current Procurement Policy, as further amended by Town Board resolutions 2009-1334, 2010-648, and 2010-794; and

WHEREAS, Section D, addressing miscellaneous purchases, includes a paragraph that provides guidance on the procurement of vehicles, and directs Town departments to abide by TBR #2005-590, which charges the Town's Management Services Administrator with reviewing vehicle specifications prior to any new Town vehicle purchases to determine whether a potential comparable alternative fuel vehicle exists that can serve the Department's needs; and

WHEREAS, consistent with the Town's desire to become a more responsible consumer of commodities and technologies that may have an adverse impact on public health and the environment, the Town wishes to establish different requirements to be imposed on Town departments when procuring vehicles; and

WHEREAS, the objective of these additional requirements is to ensure the Town procures and employs the most fuel-efficient vehicles available for ordinary Town uses; now, therefore, be it

RESOLVED, that TBR 2005-590 shall be rescinded and that the paragraph contained within Section D of TBR 2009-1002, the Town's Procurement Policy, addressing the procurement of vehicles shall be stricken from the policy; and be it further

RESOLVED, that the following section be added to the Town's Procurement Policy as Section J, "Green Vehicle" Policy, which establishes new requirements to be complied with, in addition to other applicable requirements set forth in this policy, when procuring regular passenger vehicles and SUV/light trucks:

Section J: Green Vehicle Procurement Policy.

Any Town department seeking to procure a regular passenger vehicle or SUV/light truck for the performance of Town duties shall be restricted to selecting from those vehicles that conform to Corporate Average Fuel Economy (CAFE) standards as established and revised from time to time by the Environmental Protection Agency (EPA) and the National Highway Traffic and Safety Administration (NHTSA).

The CAFE standard is the minimum average mileage per gallon (MPG) a vehicle class must meet. It represents the sales weighted average fuel economy, expressed in miles per gallon (MPG), of a manufacturer's fleet of passenger cars or light trucks with a gross vehicle weight rating (GVWR) of 8,500 lbs. or less, manufactured for sale in the United States, for any given model year. Fuel economy is defined as the average mileage traveled by an automobile per gallon of gasoline (or equivalent amount of other fuel) consumed as measured in accordance with the testing and evaluation protocol set forth by the Environmental Protection Agency (EPA).

The standards are monitored and maintained by the EPA and the NHTSA, and are typically adjusted annually.

NOTES:

PROCUREMENT POLICIES AND PROCEDURES

The CAFE standard for 2011 is 30.2 MPG, including highway and city, for passenger cars.

NHTSA classifies a "passenger car" as any 4-wheel vehicle not designed for off-road use that is manufactured primarily for use in transporting 10 people or less.

The CAFE Standard for 2011 is 24.1 MPG, including highway and city, for light duty 2WD or 4WD trucks, mini-vans or SUVs.

NHTSA classifies a "light duty truck" as any 4-wheel vehicle designed for on or off-road use, including 2WD or 4WD sports utility vehicles (SUVs), mini-vans, and pickup trucks less than 8,500 pounds.

Vehicles weighing equal to or more than 8,500 pounds are exempt from this standard.

The Town Police Department vehicles are exempt from this policy.

Non Police Department vehicles which may be deemed as "emergency use" vehicles subject to condition #2 below are exempt from the policy.

Vehicle Purchase Instructions.

1. In addition to complying with all other applicable procurement laws and rules, any Department seeking to purchase a vehicle meeting NHTSA definition of a "passenger car" or "light duty truck" must select a vehicle that meets or exceeds current CAFE standards for that model year.

2. The Department must state, in the Town Board resolution authorizing the purchase, the manufacturer's estimated miles per gallon for the vehicle.

3. The Department must also affirmatively assert, in the Town Board resolution authorizing the purchase that the vehicle meets or exceeds current CAFE standards.

Departments other than the Police wishing to purchase an "emergency use" vehicle that does not comply with the mileage requirements must note in the resolution why it should be considered an emergency use vehicle and thus excluded from the policy.

NOTES:

Amended by Town Board Resolution 2012-929 on 09/12/12

WHEREAS, pursuant to Town Board Resolution 2009-1002, the Town adopted its Procurement Policy, as further amended by Town Board Resolutions 2009-1334, 2010-648, 2010-794, 2011-348, 2011-855; and

WHEREAS, the Town has implemented a new Purchasing Requisition System, which will enable purchases of certain dollar amounts to be approved by Department heads, Division heads, and other designated staff; and

WHEREAS, it is the recommendation of the Town Board of the Town of Southampton to amend the purchase approval thresholds for Department Heads, Division Heads, and Department Administrators to further enhance controls over purchasing, cost savings, and enhance budget compliance; and

WHEREAS, this is part of the effort to maintain compliance with the New York State Two Percent (2%) Tax Cap Law and to curtail spending of non essential purchasing in an effort to further enhance the financial position of the Town for the benefit of the taxpayer; now therefore be it

RESOLVED, the Town Board of the Town of Southampton hereby directs prior approval of all Purchase Orders in excess of $500.00 to be approved by the Town Comptroller for the last quarter of this fiscal year; and be it further

RESOLVED, such requisitions and check requests shall only be made for critical and essential needs for the continued operation of each department; and be it further

RESOLVED, all savings will close to fund balance at the end of the fiscal year and be used for tax stabilization in ensuing years.

Amended by Town Board Resolution 2013-918 on 09/24/13

WHEREAS, pursuant to Town Board Resolution 2009-1002, the Town adopted its Procurement Policy, as further amended by Town Board Resolutions 2009-1334, 2010-648, 2010-794, 2011-348, 2011-855, and 2012-929; and

WHEREAS, the Town has implemented a Purchasing Requisition System, which enables purchases of certain dollar amounts to be approved by Department heads, Division heads, and other designated staff; and

NOTES:

Adopted by Town Board Resolution No. 2013-1114 on November 20, 2013

Amend Procurement Policy to add "Pay as You Go" Account

WHEREAS, pursuant to Town Board Resolution 2009-1002, the Town adopted its current Procurement Policy, as amended by Town Board resolutions 2009-1334, 2010-648 and 2010-794; and

WHEREAS, the Town Board is committed to a "Pay-As You-Go" program in the Town which reduces borrowing by purchasing short term/smaller capital items and assets with current operating funds; and

WHEREAS, the Town Board believes that some parameters, in the form of Town Board oversight, should be set for how monies in the "Pay-As You-Go" account are expended; and

WHEREAS, that in order to set those parameters, the Towns Procurement Policy and Procedures must be amended; now therefore be it

RESOLVED, that the following section shall be added to the Town's Procurement Policy as "Section K", "The Pay-As-You-Go Policy," which shall read as follows:

"Pay-as-You-Go Fund"- A fund used to purchase assets that could be considered capital assets that typically have a short term useful life or that in the interests of reducing borrowing, the Town Board determines is better purchased with current operating funds.

Expenditures made from the "Pay-As You-Go" account in excess of Two Thousand Dollars ($2,000), as a single purchase item or in the aggregate, must be approved by a duly adopted resolution of the Town Board prior to the submission of a purchase order.

NOTES:

PROCUREMENT POLICIES AND PROCEDURES

General Municipal Law Section 103 provides that municipalities are required to obtain competitive bids for the procurement of certain goods and services. Furthermore, General Municipal Law Section 104-b provides that municipalities shall adopt internal policies and procedures to govern the procurement of all goods and services which are not required to be made pursuant to the competitive bidding requirements of General Municipal Law Section 103.

This policy statement is intended to implement these provisions of the General Municipal Law. The Town's policies and procedures prescribe a method for determining whether a procurement of goods and/or services is subject to competitive bidding. The intent of such procedures is to assure maximum quality at the lowest possible cost, while guarding against favoritism, fraud and corruption. No anticipated contract or purchase shall be subdivided or structured with the intention of avoiding these Procurement Policies and Procedures requirements.

Within the framework of these procedures and to the extent permissible by law, the Town encourages all Departments to make an effort to utilize local vendors, contractors, and professionals, and to encourage bidding from minority and women-owned businesses, so that the Town's tax dollars return to the area and contribute to the overall strength of our community. The Town also encourages Departments seeking to purchase goods to identify and specify "green" products where available, to minimize the impact of our operations on the environment.

This policy shall be reviewed annually by the Town Board and be adopted as early as is practicable.

Quick Reference Guide

Introduction

Section A: Purchase of Goods
Section B: Purchase of Non-Professional Services
Section C: Purchase of Professional Services
Section D: Other Types of Purchases/Miscellaneous Provisions
Section E: Award of Contracts
Section F: Payments
Section G: Change Orders to Awarded Contracts
Section H: Additional Requirements for Purchase of Public Works Services and Building Services
Section I: Engineering Oversight Requirement of All Public Works Projects

NOTES:

PROCUREMENT POLICIES AND PROCEDURES

RESOLVED, that the following section shall be added to the Town's Procurement Policy as "Section K", "The Pay-As-You-Go Policy," which shall read as follows:

> "Pay-as-You-Go Fund"- A fund used to purchase assets that could be considered capital assets that typically have a short term useful life or that in the interests of reducing borrowing, the Town Board determines is better purchased with current operating funds.

Expenditures made from the "Pay-As You-Go" account in excess of Two Thousand Dollars ($2,000), as a single purchase item or in the aggregate, must be approved by a duly adopted resolution of the Town Board prior to the submission of a purchase order.

NOTES:

Adopted by Town Board Resolution No. 2015-808 on August 11, 2015

ADOPT ARBITRAGE COMPLIANCE POLICY

This policy is intended to guide the Town of Southampton, herein after (TOS) in meeting its obligations under applicable statutes, regulations and documentation associated with publicly offered and privately placed securities of the TOS. This policy addresses obligations of the TOS that arise and will continue following the issuance of securities. **[**The TOS maintains a separate Debt Policy with respect to matters related to the issuance of security obligations, including compliance with the TOS's disclosure obligations related to securities issuance.**]** These obligations may arise as a result of federal tax law (with respect to tax-exempt securities) and securities laws (with respect to ongoing disclosure) or as a result of contractual commitments made by the TOS. This policy outlines obligations that may be applicable to each issue of securities and identifies the party to be responsible for monitoring compliance. In the TOS the Comptroller will be responsible for ensuring that the policy is followed and checklists and records maintained. The TOS will provide educational opportunities (opportunities to attend educational programs/seminars on the topic) for the parties identified in this policy with responsibilities for post-issuance compliance in order to facilitate their performance of these obligations.

A. Transcripts.

1. The TOS's bond counsel shall provide the TOS with 1 copy of a full transcript related to the issuance of securities (for each issue). The transcript shall be delivered in the following form: excel spreadsheet to the TOS within 3 month[s] following the date of issuance of securities. It is expected that the transcript will include a full record of the proceedings related to the issuance of securities, including proof of filing an 8038-G or 8038-GC, if applicable.

2. Bond transcripts will be retained by the Comptroller's Office.

B. Arbitrage Rebate. The Comptroller of the TOS ("Rebate Monitor") will monitor compliance with the arbitrage rebate obligations of the TOS for each issue ("issue") of securities which are described in further detail in the tax certificate if any, executed by the TOS for each issue and included in the transcript for the issue. If the TOS did not execute a tax certificate in connection with an issue, the Rebate Monitor should consult with the TOS's bond counsel regarding arbitrage rebate requirements. The TOS will provide educational opportunities (opportunities to attend educational programs/seminars on the topic) for the Comptroller in order to facilitate his/her performance of these obligations.

1. *Rebate Exceptions.* The Rebate Monitor will review the tax certificate, if any, in the transcript in order to determine whether the TOS is expected to comply with a spending exception that would permit the TOS to avoid having to pay arbitrage rebate. If the tax certificate identifies this spending exception, then the Rebate Monitor will monitor the records of expenditures to determine whether the TOS met the spending exception (and thereby avoid having to pay any arbitrage rebate to the federal government). If the TOS did not execute a tax certificate in connection with an issue, the Rebate Monitor should consult with bond counsel regarding the potential applicability of spending exceptions.

2. *Investment Earnings*. The Rebate Monitor will review the investment earnings records retained. Even if the investment earnings records clearly and definitively demonstrate that the rate of return on investments of all proceeds of the issue were lower than the yield on the issue (see the tax certificate in the transcript), the TOS will consult with bond counsel to discuss its findings.

NOTES:

ADOPT ARBITRAGE COMPLIANCE POLICY

C. Unused Proceeds Following Completion of the Project. Following completion of the project(s) financed with the issue proceeds, the Comptroller will:

1. Review the expenditure records to determine whether the proceeds have been allocated to the project(s) intended (and if any questions arise, consult with bond counsel in order to determine the method of re-allocation of proceeds); and

2. Direct the use of remaining unspent proceeds (in accordance with the limitations set forth in the authorizing proceedings (i.e., bond ordinance) and if no provision is otherwise made for the use of unspent proceeds, to the redemption or defeasance of outstanding securities of the issue.

D. Records Retention.

1. Records with respect to matters described in this policy will be retained by the TOS for the life of the securities issue (and any issue that refunds the securities issue) and for a period of three years thereafter.

NOTES:

ENACT WATER QUALITY IMPROVEMENT PROJECT RESERVE FOR COMMUMITY PRESERVATION FUND (CPF)

Adopted by Town Board Resolution No. 2017-138 on February 14, 2017

WHEREAS, the Community Preservation Fund (CPF) Program is financed by a 2% tax on real property transfers town-wide pursuant to New York State Town Law Section 64-e and Tax Law Section 1449-ee; and

WHEREAS, the CPF Program was established by a voter-approved local law in 1998 and by three (3) subsequent voter-approved local laws, most recently in 2016; and

WHEREAS, in 2016, the voters of the Town of Southampton approved an extension of the CPF tax until 2050 and the allowance of up to 20% of the annual fund to be used for water quality improvement projects; and

WHEREAS, the Town Board has the discretion to utilize 0-20% of the CPF for this purpose in any year; and

WHEREAS, the Town Board wishes to establish a policy whereby 20% of the CPF annual revenue is set aside in a reserve, similar to other CPF reserves such as for debt payments and PILOT payments; and be it further

RESOLVED, that the aforementioned 20% of CPF annual revenue shall be set aside and reflected in the CPF Cash Flow spreadsheet as an additional reserve line.

NOTES:

RESOLUTION OF ADOPTION AMENDING TOWN CODE CHAPTER 8 (BUDGET) TO ESTABLISH A DEBT REDUCTION POLICY FOR CAPITAL PROJECTS

Adopted by Town Board Resolution No. 2017-308 on March 28, 2017

NOTES:

WHEREAS, the Town Board is considering amending Town Code Chapter 8 (Budget) to establish a debt reduction policy for capital projects; and

WHEREAS, a public hearing was held by the Town Board of the Town of Southampton on March 14, 2017, at which time all persons either for or against said amendment were heard; and

WHEREAS, the Department of Land Management has advised the Town Board that this proposed local law is considered a "Type II Action" under 6 NYCRR Part 617.5, provisions of the New York State Environmental Quality Review Act (SEQRA) and Chapter 157 of the Town Code, and that no further review under New York Conservation Law, Article 8, is necessary; now therefore be it

RESOLVED, that Local Law No. 4 of 2017 is hereby adopted as follows:

LOCAL LAW NO. 4 OF 2017

A LOCAL LAW amending Town Code Chapter 8 (Budget) to establish a debt reduction policy for capital projects.

BE IT ENACTED by the Town Board of the Town of Southampton as follows:

Section 1. Legislative Intent.

The Southampton Town Board remains committed to strengthening the Town's financial policies in order to ensure its sound fiscal position and stability both now, and for the future. As part of these policies, the Town Board has determined that further work can be done to reduce the Town's future borrowing needs. In particular, by way of this local law, the Town Board seeks to allocate unanticipated surpluses in its funds, such as the General Fund or the Highway Fund, to offset the amount of money needed to borrow to fund capital projects within that fund in the ensuing fiscal year.

Indeed, while ideally the Town hopes to adopt a balanced budget with annual estimates for revenues equaling anticipated expenditures, often times, due to the Town's conservative budgeting approach, unexpected grant awards and/or reimbursements, and unanticipated rises in revenues, the Town is left with a surplus in one or more of its funds. While a certain percentage of fund balance must first be set aside for the Town's contingency and tax stabilization reserve fund pursuant to Town Code §8-5, remaining monies, that is, the difference between the prior year's adopted budget projections, and the actual fund balance reported in the annual auditing process, may be attributed to reduce other costs, such as the amount needed to borrow for approaching capital projects.

By devoting these unanticipated surplus monies to lowering the cost of capital projects - because less money would need to be borrowed - the Town is working towards reducing its overall debt and, as a residual effect, ultimately reducing the amount of taxes that need to be

RESOLUTION OF ADOPTION AMENDING TOWN CODE CHAPTER 8 (BUDGET) TO ESTABLISH A DEBT REDUCTION POLICY FOR CAPITAL PROJECTS

raised from its taxpayers, a goal the Town Board continually strives towards. Ultimately, the Town Board intends to use this new practice as an additional check and balance, that is, a mechanism to limit increased spending by protecting unanticipated surplus monies from being used in a way that does not stabilize or lower taxes in the future.

Section 2. Amendment.

Town Code Chapter 8 (Budget) is hereby amended by adding the underlined words as follows:

§8-5.1. Debt Reduction for Capital Projects.

A. The Town Board shall allocate at least 75% of the difference between the prior year's adopted budget projections and the actual fund balance reported by the Comptroller pursuant to subsection D below, to offset capital project borrowing in the current fiscal year.

B. This allocation shall be made only within the fund from which the unappropriated unreserved fund balance originated.

C. This allocation shall be memorialized by Town Board resolution, identifying the capital project(s) towards which said monies shall be applied.

D. The Town Comptroller shall provide the Town Board with a report on the status of the Town's year-end fund balances no later than March 31st of the current fiscal year.

E. If no capital project exists towards which the allocation may be made, then the monies shall remain in the fund from which they originated, for the Town Board to use as it deems appropriate.

Section 3. Authority.

The proposed local law is enacted pursuant to Municipal Home Rule Law §§10(1)(i), 10(1)(ii)(a)(11), and 10(1)(ii)(a)(12), as well as in furtherance of Town Law §112.

Section 4. Severability.

If any section or subsection, paragraph, clause, phrase, or provision of this law shall be adjudged invalid or held unconstitutional by any court of competent jurisdiction, any judgment made thereby shall not affect the validity of this law as a whole, or any part thereof other than the part or provision so adjudged to be invalid or unconstitutional.

NOTES:

RESOLUTION OF ADOPTION AMENDING TOWN CODE CHAPTER 8 (BUDGET) TO ESTABLISH A DEBT REDUCTION POLICY FOR CAPITAL PROJECTS

Section 5. Effective Date.

This local law shall take effect immediately upon filing with the Secretary of State pursuant to Municipal Home Rule Law.

AND BE IT FURTHER RESOLVED, that the Town Clerk is hereby authorized and directed to publish the following Notice of Adoption:

NOTICE OF ADOPTION

TAKE NOTICE, that after a public hearing was held by the Town Board of the Town of Southampton on March 14, 2017, the Town Board, at its meeting of March 28, 2017, adopted LOCAL LAW NO. 4 OF 2017, as follows: "A LOCAL LAW amending Town Code Chapter 8 (Budget) to establish a debt reduction policy for capital projects."

Copies of the proposed law, sponsored by Supervisor Schneiderman, are on file in the Town Clerk's Office, Monday through Friday, from 8:30 a.m. to 4:00 p.m.

NOTES: