This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 4, 2021

NEW ISSUES **RATINGS: SEE "RATINGS" HEREIN**
BOOK-ENTRY BONDS **SERIAL AND REFUNDING SERIAL BONDS**

In the opinion of Katten Muchin Rosenman LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. In addition, in the opinion of Bond Counsel to the Town, under existing statues, interest on the Bonds is exempt from personal income taxes of New York State and its subdivisions including The City of New York and the City of Yonkers. See "Tax Matters" herein.

The Town WILL NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to the provision of Section 265(b)(3) of the Code.

TOWN OF BABYLON
SUFFOLK COUNTY, NEW YORK

$15,703,500* PUBLIC IMPROVEMENT SERIAL BONDS – 2021 SERIES A
(the "Series A Bonds")

DATED DATE: Date of Delivery **MATURITY DATES: March 15, 2022 – 2040**

$16,520,000* PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS – 2021 SERIES B
(the "Series B Bonds" and together with the Series A Bonds, the "Bonds")

DATED DATE: Date of Delivery **MATURITY DATES: October 1, 2021, April 1, 2022 – 2029**

The Bonds are general obligations of the Town of Babylon, Suffolk County, New York (the "Town"), and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"). (See "*Tax Levy Limit Law*" herein.)

The Series A Bonds are dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Series A Bonds, payable on March 15, 2022, September 15, 2022 and semiannually thereafter on March 15 and September 15 in each year until maturity or redemption. The Series A Bonds shall mature on March 15 in each year in the principal amounts specified on the inside cover page hereof. The Series A Bonds will be subject to optional redemption prior to maturity as described herein. (See *"Optional Redemption"* herein.)

The Series B Bonds are dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Series B Bonds, payable on October 1, 2021 and semiannually thereafter on April 1 and October 1 in each year until maturity. The Series B Bonds shall mature on October 1, 2021 and then subsequently on each April 1 in the years and the principal amounts specified on the inside cover page hereof. The Series B Bonds will not be subject to optional redemption prior to maturity as described herein.

The Bonds will be issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases may be made in book-entry form only, in principal amounts of $5,000 or integral multiples thereof, except for one necessary odd denomination in the first maturity of the Series A Bonds. Purchasers will not receive certificates representing their ownership interests in the Bonds. Payment of the principal of and interest on such Bonds will be made by the Town to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of such Bonds as described herein. (See *"Book-Entry-Only System"* herein.)

The Bonds are offered when, as and if issued and received by the Purchaser and subject to the receipt of the respective final approving opinions of Katten Muchin Rosenman LLP, New York, New York, Bond Counsel. Capital Markets Advisors, LLC has served a Municipal Advisor to the Town in connection with the issuance of the Bonds. It is anticipated that the Series A Bonds will be available for delivery through the offices of DTC in Jersey City, New Jersey on or about March 25, 2021. It is anticipated that the Series B Bonds will be available for delivery through the offices of DTC in Jersey City, New Jersey on or about April 14, 2021.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE TOWN FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE TOWN'S UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AS DESCRIBED IN THE RULE, SEE *"CONTINUING DISCLOSURE"* HEREIN.

Dated: March __, 2021

* Preliminary, subject to change.

The Series A Bonds will mature on March 15, subject to optional redemption, in the following years and principal amounts:

Year	Principal Amount*	Interest Rate	Yield	CUSIP***	Year	Principal Amount*	Interest Rate	Yield	CUSIP***
2022	$673,500				2032	$830,000**			
2023	765,000				2033	840,000**			
2024	770,000				2034	855,000**			
2025	775,000				2035	865,000**			
2026	780,000				2036	880,000**			
2027	785,000				2037	895,000**			
2028	790,000				2038	910,000**			
2029	800,000				2039	925,000**			
2030	805,000**				2040	940,000**			
2031	820,000**								

The Series B Bonds will mature on in the following years and principal amounts:

Year	Principal Amount*	Interest Rate	Yield	CUSIP***	Year	Principal Amount*	Interest Rate	Yield	CUSIP***
October 1, 2021	$3,055,000				April 1, 2026	$ 1,710,000			
April 1, 2022	1,540,000				April 1, 2027	1,750,000			
April 1, 2023	1,565,000				April 1, 2028	1,805,000			
April 1, 2024	1,615,000				April 1, 2029	1,815,000			
April 1, 2025	1,665,000								

* The principal amounts of the Bonds are subject to adjustment following the sale of the Bonds, pursuant to the terms of the respective accompanying Notices of Sale to achieve substantially level or declining annual debt service.

** The Series A Bonds maturing in the years 2030 and thereafter will be subject to redemption prior to maturity, as described herein. (See *"Optional Redemption"* herein.)

*** CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the Bonds or as indicated above.

TOWN OF BABYLON
SUFFOLK COUNTY, NEW YORK

TOWN BOARD

RICHARD SCHAFFER
Supervisor

Antonio A. Martinez ..... Deputy Supervisor

DuWayne Gregory ..... Councilman

Terence McSweeney ..... Councilman

Anthony Manetta ..... Councilman

Victoria Marotta ..... Comptroller

Gerry Compitello ..... Town Clerk

Joseph Wilson, Esq. ..... Town Attorney

BOND COUNSEL

KATTEN MUCHIN ROSENMAN LLP
New York, New York

MUNICIPAL ADVISOR

CAPITAL MARKETS ADVISORS, LLC
Long Island * Hudson Valley * Southern Tier * Western New York
(516) 570-0340

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

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OFFICIAL STATEMENT

TOWN OF BABYLON
SUFFOLK COUNTY, NEW YORK

relating to

$15,703,500*
PUBLIC IMPROVEMENT SERIAL BONDS – 2021 SERIES A

and

$16,520,000*
PUBLIC IMPROVEMENT REFUNDNG SERIAL BONDS – 2021 SERIES B

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Town of Babylon, in the County of Suffolk, in the State of New York (the "Town", "County" and "State," respectively) in connection with the issuance and sale of $15,703,500* Public Improvement Serial Bonds – 2021 Series A (the "Series A Bonds") and $16,520,000* Public Improvement Refunding Serial Bonds – 2021 Series B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds").

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

This Official Statement should be read with the understanding that the ongoiong COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Town's overall economic situation and outlook (and all of the specific Town-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. (See "*Risk Factors*" and "*Impacts of COVID-19*" herein.)

THE BONDS

Description of the Bonds

The Series A Bonds are dated their Date of Delivery and will bear interest from that date until maturity or redemption at the annual rate or rates as specified by the purchaser of the Series A Bonds, payable on March 15, 2022, September 15, 2022 and semiannually thereafter on each March 15 and September 15 in each year until maturity. The Series A Bonds shall mature on March 15 in each year in the principal amounts specified on the inside cover page hereof. The Series A Bonds maturing on or after March 15, 2030 will be subject to redemption prior to maturity as described herein. (See "*Optional Redemption*" herein.)

The Series B Bonds are dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Series B Bonds, payable on October 1, 2021 and semiannually thereafter on each April 1 and October 1 in each year until maturity. The Series B Bonds shall mature on October 1, 2021 and then subsequently on each April 1 in the years and the principal amounts specified on the inside cover page hereof. The Series B Bonds will not be subject to redemption prior to maturity.

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*Preliminary, subject to change.

The Bonds will be issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases may be made in book-entry form only, in principal amounts of $5,000 or integral multiples thereof, except for one necessary odd denomination in the first maturity of the Series A Bonds. Purchasers will not receive certificates representing their ownership interests in the Bonds. Payment of the principal of and interest on such Bonds will be made by the Town to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of such Bonds as described herein. (See *"Book-Entry-Only System"* herein.)

The record payment date for the payment of principal of and interest on the Bonds is the last business day of the calendar month preceding each interest payment date.

Authority for and Purpose of the Series A Bonds

The Series A Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the Town Law, the Local Finance Law and various bond resolutions duly adopted by the Town Board on their respective dates. Proceeds from the sale of the Bonds will be used to provide original or additional original financing for certain objects or purposes as outlined on the following page:

Purpose	Resolution Date	Amount to Bonds
Town Hall HVAC	1/20/2021	2,000,000
Building Improvemnts at Geiger Park - Salt Hut	1/20/2021	1,100,000
Installation of Security Cameras	1/20/2021	59,500
Upgrades to Computer Software Equipment	1/20/2021	549,000
Acquisition of Heavy Machinery & Equipment	1/20/2021	200,000
Acquisition of Heavy Machinery & Equipment (2)	1/20/2021	1,150,000
Acquisition of Light Machinery & Equipment	1/20/2021	65,000
Acquisition of Playground Equipment	1/20/2021	200,000
Reconstruction of Roofs	1/20/2021	700,000
Utility Site Work at Wyandanch Urban Renewal Area	1/20/2021	2,680,000
Construction of Roads	1/20/2021	7,000,000
	Total:	$15,703,500

Authorization and the Refunding Plan for the Series B Bonds

The Series B Bonds are issued pursuant to the Constitution and Laws of the State, including, among others, the Town Law, the Local Finance Law, including sections 90.00 and 90.10, and the refunding bond resolution duly adopted by the Town Board on December 23, 2020 (the "Refunding Bond Resolution"). A refunding financial plan has been prepared and is described on the following page (the "Refunding Plan").

The Series B Bonds are being issued to refund up to $3,030,000 outstanding principal of the Town's $27,780,000 Public Improvement Serial Bonds, Series 2009, which mature in the year 2021 (the "2009 Refunded Bonds") and up to $15,755,000 outstanding principal of the Town's $31,420,000 Public Improvement Serial Bonds, 2011, which mature in the years 2022 to 2029, inclusive (the "2011 Refunded Bonds" and together with the 2009 Refunded Bonds, the "Refunded Bonds"). Under the Refunding Plan, the Refunded Bonds are to be called and redeemed on May 14, 2021. The net proceeds of the Series B Bonds (after payment of the underwriting fee and other costs of issuance relating to the Series B Bonds) will be used to purchase non-callable, direct obligations of or obligations guaranteed by the United States of America (the "Government Obligations") which, together with remaining cash proceeds from the sale of the Series B Bonds, will be placed in an irrevocable trust fund (the "Escrow Fund") to be held by Manufacturers and Traders Trust Company, (the "Escrow Holder"), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the Town and the Escrow Holder, dated as of the delivery date of the Series B Bonds (the "Escrow Contract"). The Government Obligations so

deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of and interest on the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the Refunding Bond Resolution of the Town and the Escrow Contract, to pay the redemption price of the Refunded Bonds on the earliest date on which the Refunded Bonds may be called for redemption prior to maturity.

The holders of the Refunded Bonds will have a first lien on all investment income from, and maturing principal of the Government Obligations, along with other available monies held in the Escrow Fund. The Escrow Contract shall terminate upon final payment by the Escrow Holder amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds, including interest payable with respect thereto.

The Refunding Plan will permit the Town to realize, as a result of the issuance of the Series B Bonds, cumulative dollar and present value debt service savings.

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

2009 Refunded Bonds*:

Maturity Date	Principal*	Interest Rate	Redemption Date/Price*	CUSIP
November 1, 2021	$3,030,000	3.500%	May 14, 2021 @ 100%	05620P BV4
Total:	$3,030,000			

2011 Refunded Bonds*:

Maturity Date	Principal*	Interest Rate	Redemption Date/Price*	CUSIP
April 1, 2022	$ 1,835,000	4.000%	May 14, 2021 @ 100%	05620P CH4
April 1, 2023	1,855,000	4.000	May 14, 2021 @ 100%	05620P CJ0
April 1, 2024	1,900,000	4.000	May 14, 2021 @ 100%	05620P CK7
April 1, 2025	1,945,000	4.250	May 14, 2021 @ 100%	05620P CL5
April 1, 2026	1,990,000	4.250	May 14, 2021 @ 100%	05620P CM3
April 1, 2027	2,035,000	4.500	May 14, 2021 @ 100%	05620P CN1
April 1, 2028	2,090,000	4.500	May 14, 2021 @ 100%	05620P CP6
April 1, 2029	2,105,000	4.500	May 14, 2021 @ 100%	05620P CQ4
Total:	$15,755,000			

(The remainder of this page has been intentionally left blank.)

*Preliminary, subject to change.

Sources and Uses of Proceeds for the Series B Bonds

Sources:

Par Amount	
Net Original Issue Premium	
Total:	

Uses:

Refunding Escrow Deposit	
Costs of Issuance and Contingency	
Underwriter's Discount	
Total:	

Verification of Mathematical Computations for the Series B Bonds

Causey, Demgen & Moore P.C. will verify from the information provided to them, the mathematical accuracy, as of the date of the closing of the Series B Bonds, of the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits listed in the underwriter's schedules, to be held in escrow, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. Causey, Demgen & Moore P.C. will express no opinion on the assumptions provided to them, nor as to the exclusion from taxation of the interest on the Series B Bonds.

Optional Redemption

The Series A Bonds maturing on or before March 15, 2029 are not subject to redemption prior to maturity. The Bonds maturing on or after March 15, 2030 will be subject to redemption prior to maturity, at the option of the Town, on any date on or after March 15, 2029, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

The Series B Bonds are not callable prior to maturity.

Notice of Redemption

Notice of such call for redemption shall be given by mailing such notice to the registered owner at least thirty (30) days prior to the date set for such redemption. Notice of redemption having been given as aforesaid, the Series A Bonds so called for redemption shall, on the date for redemption set forth in such call notice, become due and payable, together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

The Town may select the maturities of the Series A Bonds to be redeemed prior to maturity and the amount to be redeemed of each maturity selected, as the Town shall determine to be in the best interest of the Town at the time of such redemption. If less than all of the Series A Bonds of any maturity are to be redeemed prior to maturity, the particular Series A Bonds of such maturity to be redeemed shall be selected by the Town by lot in any customary manner of selection as determined by the Town. Notice of such call for redemption shall be given by mailing such notice to the registered owner not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Series A Bonds so called for redemption shall, on the date of redemption set forth in such call for redemption, become due and payable, together with accrued interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

Nature of Obligation

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

The Bonds will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Bonds, the Town has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Town, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See "*Tax Levy Limit Law*" herein.)

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town's power to increase its annual tax levy. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*" herein.)

BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), Jersey City, New Jersey, will act as securities depository for the Bonds. Said Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, and will be deposited with DTC.

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

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

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

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

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

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

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

REMEDIES UPON DEFAULT

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

The following information describes the rights and remedies available to owners of the general obligations issued by political subdivisions and school districts of the State, including the Town.

Current Law Remedies

Under current law, provision is made for contract creditors (including the owners of the Bonds) of the Town to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum (9%) from the due date to the date of payment. As a general rule, property and funds of municipal corporations serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials of taxing jurisdictions to appropriate and pay such judgments out of current funds or the proceeds of a tax levy.

Events Relating to the Rights of Bondowners

The State has, by statute, given its consent to any municipality in the State to file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, Congress has jurisdiction over such matters under the United States Constitution and has enacted amendments to the existing federal bankruptcy statute, generally affording municipal corporations, under certain circumstances, with access to judicially approved adjustments of debts, including judicial control over identifiable and unidentifiable creditors. The Courts to date have generally upheld and sustained rights of the owners of general obligations of municipal corporations. No assurance can be given, however, that future courts will not limit the rights of owners of general obligations in order to provide for the continuation of essential services to the public.

RISK FACTORS

There are certain potential risks associated with an investment in the Bonds, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The Town's credit rating could be affected by circumstances beyond the Town's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of Town property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the Town's credit rating could adversely affect the market value of the Bonds.

If and when an owner of any of the Bonds should elect to sell all or a part of the Bonds prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Bonds. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; for instance, if interest rates rise, the price of a bond will decline, causing the bondholder to incur a potential capital loss if such bond is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Town to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The Town receives financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The Town's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the Town fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the Town is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in

anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Town will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid could have a materially adverse effect upon the financial condition of the Town requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "*State Aid*" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Bonds, for income taxation purposes could have an adverse effect on the market value of the Bonds (see "*Tax Matters*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Bonds. (See "*The Tax Levy Limit Law*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Town could impair the financial condition of such entities, including the Town and the ability of such entities, including the Town to pay debt service on their respective obligations.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact on the Town's operations and finances as a result of COVID-19 is extremely difficult to predict due to uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurface later in the year could have a material adverse effect on the State and municipalities, including the Town. The Town is continuously monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*Impacts of COVID-19*" herein.)

LITIGATION

The Town is subject to a number of lawsuits in the ordinary course of its affairs. In the opinion of the Town's Attorney, the resolution of such various other claims presently pending against the Town will not have an adverse material effect on the Town's financial position. Such matters are immaterial or adequately covered by existing insurance coverage. Pursuant to the Local Finance Law, the Town is authorized to issue debt to finance judgments and claims, if necessary.

CYBERSECURITY

The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not

limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

TAX MATTERS

In the opinion of Katten Muchin Rosenman LLP, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, and assuming compliance by the Town with certain covenants and the accuracy of certain representations, interest on the Bonds is not includable in gross income for federal income tax purposes.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various limitations, conditions and other requirements which must be met on a continuous basis during the term of the Bonds in order that interest on the Bonds will be and remain not includable in gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Bonds, restrictions on the use of property financed or refinanced by the Bonds and, in certain circumstances, payment of amounts in respect of such proceeds to the United States. Failure to comply with the requirements of the Code may cause interest on the Bonds to be includable in gross income for purposes of federal income tax, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with certain procedures, and it has made certain representations and certifications, designed to assure satisfaction of the requirements of the Code in respect of the Bonds. The opinion of Bond Counsel assumes compliance with such covenants and the accuracy, in all material respects, of such representations and certifications. Bond Counsel expresses no opinion with respect to the exclusion from gross income for federal income tax purposes of interest on the Bonds in the event that any such representations and certifications are materially inaccurate or that there occurs a failure to comply with such covenants. These covenants, representations and certifications may be modified if the Town obtains an opinion of nationally recognized bond counsel that any action required thereunder is no longer required or that some further action is required.

Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest on the Bonds of any such modification or change that occurs or is taken in reliance upon an opinion obtained by the Town from counsel other than Katten Muchin Rosenman LLP.

Bond Counsel is of the further opinion that interest on the Bonds is not an "item of tax preference" for purposes of federal alternative minimum tax on individuals and corporations.

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient. If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Certain maturities of the Bonds may be initially offered to the public at prices greater than the principal amount thereof payable at maturity. If Bonds of the same maturities are sold at a price in excess of their principal amount ("Premium Bonds"), the excess constitutes amortizable bond premium which, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or

loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. No deduction is allowable for amortizable bond premium. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of such owners and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Certain maturities of the Bonds may be initially offered to the public at prices less than the principal amount thereof payable at maturity. If the first price at which a substantial amount of the Bonds of the same maturity is sold in the initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or brokers) is less than the principal amount thereof payable at maturity, the difference between such price and the principal amount constitutes original issue discount with respect to each Bond of the same maturity (the "OID Bonds"). Bond Counsel is of the opinion that original issue discount, as it accrues, is not includable in gross income for federal income tax purposes, and is subject to the alternative minimum tax, to the same extent as interest on the Bonds. Original issue discount accrues in each taxable year over the term of the Bonds under the "constant yield method" described in the regulations interpreting Code Section 1272, with certain adjustments. Original issue discount may be treated as continuing to accrue even if payment of the OID Obligations becomes doubtful. Accruals of original issue discount are treated as tax-exempt interest earned by owners of OID Bonds who are on the accrual basis of tax accounting and as tax-exempt interest received by owners of OID Obligations who are on the cash basis of tax accounting (with possible tax consequences under the alternative minimum tax, as described above), even though no cash corresponding to the accrual is received in the year of accrual. The tax basis of an OID Bond, if held by an original purchaser, can be determined by adding to such owner's purchase price of such OID Bond, the original issue discount that has accrued. Owners of OID Bonds should consult their own tax advisors with respect to the calculation of the amount of original issue discount that will be treated for federal income tax purposes as having accrued for any taxable year (or portion thereof) of such owner and with respect to other federal, state, and local tax consequences of owning and disposing of the OID Bonds.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds, and the accrual or receipt of interest thereon, may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, taxpayers eligible for the earned income credit, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences of their ownership of the Bonds and their accrual or receipt of interest thereon. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

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

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issue of the Bonds may adversely affect the value of, or the federal, state and local tax status of interest on, the Bonds. The opinion of Bond Counsel is based on current legal authority. Future tax legislation, administrative actions taken by tax authorities, and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price or marketability of the Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of Katten Muchin Rosenman LLP, Bond Counsel. Such opinion will be available at the time of delivery of the Bonds and will be to the effect that the Bonds are valid and legally binding general obligations of the Town for

which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon without limitation of amount or rate, subject to certain limitations imposed by Chapter 97 of the New York Laws of 2011.

For a discussion of Bond Counsel's opinion as to the exemption of interest on certain of the Bonds from federal income taxes and New York State, New York City and City of Yonkers personal income taxes, see the section entitled "Tax Matters" herein.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12") with respect to the Bonds, the Town will execute a Certificate to Provide Continuing Disclosure, the form of which is attached hereto as Appendix D to this Preliminary Official Statement.

Compliance History

The continuing disclosure undertaking of the Town with respect to the Town's Public Improvement Serial Bonds, 2011 requires the Town to provide certain annual financial information and operating data of the type contained in the 2011 Official Statement of the Town by no later than the 270th day following the end of each fiscal year of the Town. The Town failed to comply with this requirement with respect to fiscal year ending December 31, 2016.

Each continuing disclosure undertaking of the Town requires the Town to deliver certain annual financial information and operating data of the type contained in the Town's official statements. For each of its fiscal years ending December 31, 2014 through and including December 31, 2015, the Town provided the requisite annual financial information and operating data in an official statement for each such fiscal year made publically available on EMMA, thereby complying with the Town's continuing disclosure obligation, but did not separately file such annual information under the separate continuing disclosure tab on EMMA. For convenience, on November 28, 2017, the Town incorporated the official statements by reference on the EMMA continuing disclosure tab.

The continuing disclosure undertaking of the Town with respect to the Town's Public Improvement Refunding Serial Bonds – 2017 Series A and Various Purposes Serial Bonds – 2017 Series B requires the Town to provide certain annual financial information and operating data of the type contained in the 2017 Official Statement of the Town by no later than the end of the 6th month following the end of each fiscal year of the Town. The Town failed to comply with this requirement with respect to fiscal years ending December 31, 2017, 2018 and 2019.

The Town has adopted a continuing disclosure policy to ensure future compliance with its continuing disclosure obligations.

RATINGS

On March 3, 2021, Moody's Investors Service, Inc. ("Moody's") affirmed the Town's "Aaa" long-term issuer rating with a stable outlook and applied such rating to the Bonds.

On November 22, 2017, S&P Global Ratings ("S&P") affirmed the Town's underlying credit rating of 'AA+' with a stable outlook. The Town did not apply to S&P for a rating on the Bonds.

Any explanation of the significance of any rating should be obtained from the rating agency at the following addresses: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases it's rating on information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance such a rating will continue for any given period of time or that a rating will not be revised downward or

withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. A downward revision or withdrawal of such a rating could have an adverse effect on the market price of the Bonds, as well as any outstanding bonds.

MUNICIPAL ADVISOR

Capital Market Advisors, LLC, Great Neck, New York (the "Municipal Advisor"), has served as the independent Municipal Advisor to the Town in connection with this transaction.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Town to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from Ms. Victoria Marotta, Comptroller, Town of Babylon, 200 E. Sunrise Highway, Lindenhurst, New York 11757, (631) 957-3043, or from the Town's Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 570-0340.

The Town will act as Paying Agent with respect to the Bonds issued in book-entry form. The Town Comptroller, Ms. Victoria Marotta, (631) 957-3043, vmarotta@townofbabylon.com should be used as the Paying Agent contact.

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

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The Town hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Estimates and Forecasts. The statements contained in this Official Statement and the appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking

statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date of this Official Statement, and the Town assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or in part for any other purpose. The preparation and distribution of this Official Statement has been authorized by the Supervisor of the Town, as Chief Fiscal Officer thereof.

TOWN OF BABYLON
SUFFOLK COUNTY, NEW YORK

By: _____
Richard Schaffer
Supervisor

DATED: March __, 2021

APPENDIX A

THE TOWN

THE TOWN

General Information

The population of the Town according to the 2019 U.S. Census Bureau estimate was 210,141. The Town encompasses an area of 53 square miles and is located approximately 33 miles east of New York City in southwestern Suffolk County on Long Island. It is bordered by the Town of Oyster Bay to the west, the Town of Islip to the east, the Town of Huntington to the north, and the Great South Bay and Atlantic Ocean to the south.

The Town includes within its borders three incorporated villages: Amityville, Babylon, and Lindenhurst. In addition, there are the unincorporated communities of Copiague, Deer Park, North Babylon, West Babylon, North Amityville, East Farmingdale, North Lindenhurst, Wheatley Heights and Wyandanch.

The Town is responsible for providing most governmental services to its residents. Highway construction and maintenance is a Town function under the direction of the Commissioner of the Department of Public Works. In addition, recreation services are provided, garbage collection, recycling and disposal services are provided, and parks and beaches are maintained through the Town government. Other services performed at the Town level include: property assessment, building inspection and zoning administration. Police protection is provided by the County except in the Village of Amityville which has its own police force. Fire protection is provided by the Town's various fire districts or volunteer fire corporations. Public education is the responsibility of the ten school districts located in the Town, each of which is independent, and has its own taxing and borrowing authority. The County provides various social and health services.

Electric and natural gas services are provided by the Public Service Enterprise Group, Inc. of Long Island ("PSEG-LI"), formerly the Long Island Power Authority, and National Grid Energy Services-Long Island, respectively. Water service is supplied by the Suffolk County Water Authority and the East Farmingdale Water District. Sewer service is provided to most parts of the Town by the Suffolk County Department of Public Works' Southwest Sewer District.

As for transportation, Route 110 is one of the major north-south traffic arteries in the Town and is the center of an industrial corridor. Other major north-south roads are Route 231 and Wellwood Avenue. East-west highways include Route 109, Southern State Parkway, Sunrise Highway (Route 27) and Montauk Highway (Route 27A).

The northern portion of the Town is served by the Main Line of the Long Island Railroad with stations at Republic Airport, Pinelawn, Wyandanch and Deer Park. This line is electrified to Ronkonkoma. The MTA completed a capital improvement project which added an additional track to ease congestion and prevent bottlenecks. The southern portion of the Town is served by the Babylon Branch of the Long Island Railroad with stations in Amityville, Copiague, Lindenhurst and Babylon. The Babylon Branch is electrified to Babylon. The Central Branch of the railroad connects the Montauk and main lines and provides freight facilities to industry in the area.

Republic Airport, located in the Town, is operated by the New York State Department of Transportation and offers private scheduled service to points in the Northeast United States. LaGuardia Airport, J.F. Kennedy International Airport and Long Island MacArthur Airport are all less than a one hour drive from the Town.

Form of Town Government

The Town was established in 1872 by New York State as a separate political entity vested with independent taxing and debt authority. The legislative power of the Town is vested in the Town Board, which consists of five members, including the Town Supervisor, who is the presiding member. All members of the Board serve four-year terms. All of the Town Board members are elected at large, and there are no limitations as to the number of terms which they may serve.

The Town Clerk serves as custodian of the Town's legal documents and papers, maintains the minutes of proceedings of the Town Board and is responsible for the publication and filing of all official notes. According to the Town Law, the Town Clerk is elected to serve a four-year term. The number of terms the Town Clerk may serve is unlimited. The Receiver of Taxes is elected to a four-year term and has the duty to receive and collect all State, County, Town and school district taxes and all assessments that may be levied in the Town. Other officers of the Town include: the Town Attorney who is appointed by the Town Board to a four-year term, the Town Assessor who is appointed by the Town Board for a six-year term and the Town Comptroller who is appointed by the Town Board to a four-year term.

Financial Organization

Pursuant to Local Law No. 12, 1974 of the Town, certain of the financial functions of the Town are the responsibility of the Town Comptroller. The Supervisor, however, is the chief fiscal officer of the Town. The Comptroller, who is responsible to the Town Board, also acts as the accounting officer of the Town. The duties of the Comptroller include administration, direction and control of the following divisions: Accounting, Accounts Payable, Accounts Receivable, Audit, Control and Risk Management. The current Town Comptroller was reappointed by the Town Board on January 18, 2018 for a four-year term.

Employees

As of December 31, 2020, the Town provides services through approximately 382 full-time employees. The Town's contract with the Civil Service Employees Association, covers approximately 112 employees and expires on December 31, 2024. The Town's contract with the Local 237, covers approximately 195 employees and expires on December 31, 2022.

Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System (the "Retirement System" or "ERS"). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for members hired after January 1, 2010 whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 through and including December 31, 2009, must contribute 3% of gross annual salary toward the cost of retirement programs until they attain ten years in the Retirement System, at such time contribution become voluntary. Members hired after January 1, 2010 must contribute 3%, or more of their gross annual salary toward the cost of retirement programs for the duration of their employment.

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

Pension reform enacted by New York State changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with the required payment until after its budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year are based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. The law also requires a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible. The pension payment date for all local governments was changed from December 15 to February 1.

The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount. The Town has prepaid its employer contributions each December since the option was made available in 2004.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State's Retirement System continues to be higher than the minimum contribution rate established by law. Contribution rates are expected to remain higher than the minimum contribution rates set by law in the near-term. To mitigate the expected increases in the employer contribution rate, legislation was enacted that permits local governments and

school districts to borrow a portion of their required payments from the State pension plan. The legislation also requires those local governments and school districts, who decide to amortize their pension obligations pursuant to this law, to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The Town has not amortized any pension payments in the past five years.

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

In Spring 2013, the State and ERS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). The plan authorizes municipalities to pay the SCO amount in lieu of the ARC amount. The Town has not participated and will not be participating in the modified ERS SCO plan in the foreseeable future.

Payments by the Town to the Employee Retirement System for the past five audited fiscal years and the amount budgeted for the current fiscal year are as follows:

	ERS
2016	$3,791,130
2017	3,792,810
2018	3,817,477
2019	3,895,294
2020	4,102,942
2021 (Budget)	4,596,118

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic has caused extreme volatility across all financial markets, including those markets in which the Retirement System funds are invested. While State Comptroller DiNapoli has made recent comments that the Common Retirement Fund is well-positioned to withstand current market disruption, the impacts of such volatility on future contribution rates, if any, cannot be known at this time. (See "*Risk Factors*" herein.)

Other Post-Employment Benefits

The Town implemented GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), which replaces GASB Statement No. 45 as of fiscal year ended December 31, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

GASB 75 requires state and local governments to measure a defined benefit OPEB plan as the portion of the present value of projected benefit payments to be provided to current active and inactive employees, attributable to past periods of service in order to calculate the total OPEB liability. Total OPEB liability generally is required to be determined through an actuarial valuation using a measurement date that is no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year.

GASB 75 requires that most changes in the OPEB liability be included in OPEB expense in the period of the changes. Based on the results of an actuarial valuation, certain changes in the OPEB liability are required to be included in OPEB expense over current and future years.

The Town's total OPEB liability as of December 31, 2019 was $180,979,279 using a discount rate of 2.74% and actuarial assumptions and other inputs as described in the Town's December 31, 2019 audited financial statements.

Should the Town's be required to fund the total OPEB liability, it could have a material adverse impact upon the Town's finances and could force the Town to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Town to partially fund its OPEB liability.

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

Legislation has been introduced to create an optional investment pool to help the State and local governments fund retiree health insurance and OPEB. The proposed legislation would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the proposed legislation, there would be no limits on how much a local government can deposit into the trust. The Town cannot predict whether such legislation will be enacted into law in the foreseeable future.

Waste Management Program

The Town's municipal solid waste ("MSW") disposal needs are influenced by a variety of environmental factors unique to Long Island municipalities. Long Island's geology dictates that ground water, the only source of drinking water on the island, is extremely vulnerable to contamination from surface conditions. Consequently, landfilling has been severely curtailed and banned by the State of New York on most of Long Island effective December 18, 1990. In addition, Long Island's geographical location impedes transportation of solid waste to other locations due to the costs associated with long hauls to landfills and other waste disposal facilities in, among other areas, Upstate New York, Pennsylvania or other points west. Accordingly, the MSW disposal options open to Long Island communities, including the Town, are limited.

In response to its unique MSW disposal needs and certain requirements of Federal and New York State law, the Town of Babylon has developed and has implemented a comprehensive and integrated solid waste management program (the "Waste Management Program"). The Waste Management Program is designed to provide the Town with MSW processing and disposal at moderate cost and insulate the Town's residents and businesses from uncertain and potentially high costs now and for the next fifteen to twenty years.

Components of the Waste Management Program include: local ordinances and procured contracts governing the collection and disposal of residential and commercial MSW in the Town; primary facilities for the treatment and disposal of MSW in the Town, including a resource recovery waste-to-energy facility, systems for collection of commercial and residential waste and recyclables; and agreements for the processing and disposal of solid waste for entities located outside of the Town.

The Town created a commercial waste district in October 1994. The Town has collected and disposed of MSW in the commercial waste district pursuant to competitively procured contracts since January 1, 1996. The Town has awarded a contract to Progressive Waste Solutions of LI, Inc. for commercial waste collection for a term commencing January 1, 2011 and ending December 31, 2020; subsequently, Winters Bros. Waste Systems purchased the assets of Progressive Waste Solutions of LI, Inc. and assumed the obligations of the contract. Pursuant to the terms of that contract, the term may be extended for two additional, successive five year periods, at the Town's sole discretion. Since December 1, 1996, the Town has been assessing charges and collecting MSW from eligible parcels situated in the commercial waste district; currently the Town charges an annual charge of $1,200 per eligible parcel plus additional monthly charges for handling MSW quantities greater than 1.5 cubic yards per week.

Primary facilities of the Waste Management Program include:

Landfill. The Town landfill encompasses approximately 85 acres, 70 acres of which comprise the actual disposal area. The landfill was capped and closed pursuant to New York State Department of Environmental Conservation ("NYSDEC") Part 360 regulations in the late 1990's.

Covanta Energy Corporation Resource Recovery Facility (the "Facility"). The Town entered into agreements whereby Covanta of Babylon, Inc. (formerly known as Ogden Martin Systems of Babylon, Inc.) ("Covanta") has designed, constructed, and currently leases and operates the Facility. On April 1, 2019, the Town and Covanta entered into an Amended and Restated Service Agreement (the terms of which became operative as of January 1, 2019) which, among other provisions, i) extends the Service Agreement until February 29, 2028, and ii) unless written notice of termination is provided by either party to the other party no later than August 31, 2027, the Service Agreement shall be further extended automatically to expire on December 19, 2035. Pursuant to such agreements, Covanta has agreed to process the Town's MSW at the Facility.

The Facility is designed to receive all acceptable municipal solid waste generated in the Town and produces approximately 17 megawatts of electrical power. Most of this power is sold to PSEG—LI pursuant to an Electricity Agreement with a small portion used to satisfy the operational needs of the Facility. Approximately thirty-one percent of the revenues generated from the Electricity Agreement are credited to the Town pursuant to the Amended and Restated Service Agreement between the

Town and Covanta. The Facility is the primary means of waste disposal for all of the Town's residential waste and commercial waste materials that cannot be recovered at the Recycling Facility described below.

Ash Disposal Capacity. The Town has constructed and operates a variety of state-of-the-art resource recovery facility ash landfill cells to be used for disposal of ash residue from the Facility. The Town's ash landfill capacity is comprised of two facilities: (1) the Southern Ash Landfill cells; and (2) the Northern U Ash Landfill, both located immediately adjacent to the Facility. Phases I and II of an expansion of the Southern Ash Landfill has been completed and is currently accepting ash. Planning, engineering and construction of a further expansion of the Southern Ash Landfill (phase III) has begun with completion expected in 2021. The Town estimates that it currently has permitted ash capacity to continue taking ash from the Covanta Facility through the initial extension of the Amended and Restated Service Agreement, August 31, 2027 and is developing plans for future ash capacity expansion beyond that date.

Commercial and Residential Recycling Facility. The Commercial and Residential Recycling Facility (the "Recycling Facility") is operated by Omni Recycling of Babylon, Inc. ("Omni") pursuant to a Recycling Services Agreement between Omni and the Town dated October 31, 1995 (the "Omni Service Agreement"). The Town Board and Omni have recently extended the term of the Omni Service Agreement for an additional 15 years beyond the original expiration in 2016; the terms of the extension also include an additional 5-year option at the Town's sole discretion which would extend directly beyond the new 15-year extension.

Wyandanch Rising Community Redevelopment Project

The Town has undertaken a major downtown revitalization effort for the hamlet of Wyandanch located in the northern central part of the Town. In connection with such redevelopment, the Town designated the downtown Wyandanch business district an Urban Renewal Area in accordance with Article 15 of General Municipal Law. The redevelopment is focused on the Wyandanch area which surrounds the existing railroad station of the same name (which has been completely re-built) and included pre-development work including property purchases, re-zoning, securing necessary permits, community approval, demolishing existing structures and grading the properties, some of which is on-going. Phase I of the construction, handled by a private developer contracted by the Town through a request for proposal process, began in the Summer of 2013, and included the construction of building A and Building B, which contain 177 residential units that are fully occupied. The construction of the Intermodal Plaza, which includes green space, ice rink and other amenities, were completed in 2016. The MTA has also constructed a new train station with platforms and sidewalks. Along with this redevelopment, the Metropolitan Transit Authority (MTA) constructed a five-story parking garage. Planning is currently underway for a "liner" building, to be located at 11 Park Drive, which shall surround the north and west sides of the parking garage, and is intended to improve the aesthetics of same, along with activating the streetscape. This building will be a senior living residential building, operated by the non-profit group Self Help. Building E, containing 124 residential units totaling 124,000 square feet, is currently under construction and is anticipated to be complete by the fourth quarter of 2020. Building C, an approximately 90,000 square foot health and wellness center, will contain the YMCA and Hudson River Health Center. Funding sources are currently being finalized. There are several additional buildings in the pre-construction phase of development including the above-mentioned liner building at 11 Park Drive, a proposed 1,260 SF building for the new Wyandanch Community Resource Center which will contain two offices, an open office, area and a conference room, all of which will better facilitate the Resource Center's operations, and the health and wellness center, described above.

Pre-development work has started for Phase II of the Wyandanch Rising revitalization initiative, which is slated to include four buildings with 34,200 square feet of commercial units and an additional 264 residential housing units, including a mix of varying-sized dwelling units, and townhouses. Phase II is comprised of approximately 12.9 acres and is located at the southeast corner of Long Island Avenue and Straight Path, stretching east to Doe Street. The proposed development includes the continuation of the Wyandanch Village transit-oriented development along the Straight Path corridor, while connecting and transitioning to the existing Wyandanch community.

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FINANCIAL FACTORS

Impacts of COVID-19

The COVID-19 pandemic has impacted the Town's revenues including building permit fees, beach concession fees, court fees, Parks and Recreation and interest earnings; however, the impact on mortgage tax has been positive. The Town is actively working with its assigned Disaster Assistance Representative from New York State to capture all expenses directly related to the COVID-19 crisis for FEMA reimbursement.

In addition, through December of 2020, residential waste collection in terms of tonnage notably increased as compared to prior years. Commercial waste collection in terms of tonnage has partially recovered recently from prior years; however, it is still less than 2019. It is worth noting that in recent months the Town has witnessed a return to pre-pandemic levels in construction and demolition debris collections.

The COVID-19 pandemic impacts the 2021 Adopted Budget with budgeted revenue decreases in fines, zoning fees, rental of real property, interest earnings and Parks and Recreation fees. The Town appropriated over $3.6 million in its 2021 Adopted Budget largely due to the pandemic (see Appendix B herein).

Budgetary Procedures

The Supervisor, with the assistance of the Comptroller (acting in her capacity as Budget Officer) prepares a tentative budget each year and holds a public hearing thereon. Subsequent to the public hearing, revisions (if any) are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. The budget is not subject to referendum. The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions outlined in the new law. All budgets of the Town adopted in accordance with the procedure discussed herein must comply with the requirements of the new law. (See "*The Tax Levy Limit Law*" herein).

Financial Statements

The Town complies with the Uniform System of Accounts as prescribed for towns in the State. This system conforms with generally accepted accounting principles as promulgated in the "Codification of Governmental Accounting and Financial Reporting Standards," as published by the Governmental Accounting Standards Board in connection with the Government Accounting Research Foundation of the Government Finance Officers' Association.

Independent Audits

The Town has retained the firm of Albrecht, Viggiano, Zureck & Company, P.C., Certified Public Accountants, to audit its financial statements for the past seven fiscal years. Appendix B to this Official Statement includes summaries of the Town's most recent audit reports covering the fiscal years ended December 31, 2014 through 2018 for the General Fund.

Results of Operations

Fiscal Year 2015. Audited financial results for Fiscal Year 2015 include General Fund revenues of $56,610,308 with expenses of $53,361,541 for a projected ending year fund balance of $42,790,971 up $5,793,100 from the prior year; Highway Fund revenues of $22,914,699 with expenses of $22,548,155 for a year end fund balance of $7,605,904 up $437,579 from the prior year. The Garbage Improvement District's unaudited results included revenues of $23,571,527 and expenses of $25,576,314 for a year end projected fund balance of $18,119,689 down $2,004,202 from the prior year; and the Commercial Garbage District projected revenues of $26,017,771 with expenses of $21,347,381 for a year end fund balance of $11,844,891 up $4,671,126 from the prior year.

Fiscal Year 2016. In the independent audit of the Town for the fiscal year ending December 31, 2016, prepared by AVZ, the General Fund reported revenues of $57,776,480 with expenses of $52,504,206 for a closing fund balance of $49,289,930 up $6,498,959 from the prior year's balance. The Highway fund recorded revenues of $23,317,371 and expenses of $22,381,311 for a year end fund balance of $9,186,851 up $1,242,047 from the year prior. The Garbage Improvement District's audited results included revenues of $22,930,131 and expenses of $24,824,900 for an end of year balance of $16,544,358 down $1,575,331 from the year prior; and the Commercial Garbage District reported revenues of $25,505,349 with expenses of $21,649,730 for a year end balance of $15,920,407 up $4,075,516 from the year prior.

Fiscal Year 2017. In the independent audit of the Town for the fiscal year ending December 31, 2017, prepared by AVZ, the General Fund reported revenues of $58,214,522 with expenses of $54,333,965 for a closing fund balance of $53,153,256 up $3,863,338 from the prior year's balance. The Highway fund recorded revenues of $24,791,505 and expenses of $24,732,377 for a year end fund balance of $9,539,841 up $352,990 from the year prior. The Garbage Improvement District's audited results included revenues of $23,134,513 and expenses of $28,023,252 for an end of year balance of $13,655,619 down $2,888,739 from the year prior; and the Commercial Garbage District reported revenues of $25,079,584 with expenses of $21,157,815 for a year end balance of $19,842,176 up $3,921,769 from the year prior.

Fiscal Year 2018. In the independent audit of the Town for the fiscal year ending December 31, 2018, prepared by AVZ, the General Fund reported revenues of $59,899,978 with expenses of $55,812,976 for a closing fund balance of $54,060,867 up $907,601 from the prior year's balance. The Highway fund recorded revenues of $24,837,765 and expenses of $23,546,743 for a year end fund balance of $10,959,941 up $1,420,100 from the year prior. The Garbage Improvement District's audited results included revenues of $23,069,066 and expenses of $26,732,425 for an end of year balance of $8,918,641 down $4,736,978 from the year prior; and the Commercial Garbage District reported revenues of $23,808,620 with expenses of $17,297,893 for a year end balance of $25,212,163 up $5,278,987 from the year prior.

Fiscal Year 2019. In the independent audit of the Town for the fiscal year ending December 31, 2019, prepared by AVZ, the General Fund reported revenues of $60,810,394 with expenses of $55,714,749 for a closing fund balance of $57,920,977 up $3,860,110 from the prior year's balance. The Highway fund recorded revenues of $24,686,515 and expenses of $22,716,879 for a year end fund balance of $13,430,210 up $2,470,269 from the year prior. The Garbage Improvement District's audited results included revenues of $24,824,059 and expenses of $20,612,879 for an end of year balance of $10,951,004 up $42,032,363 from the year prior; and the Commercial Garbage District reported revenues of $20,637,779 with expenses of $12,753,346 for a year end balance of $27,945,439 up $2,733,276 from the year prior.

2020 Fiscal Year Adopted Budget. The Town's 2020 adopted fiscal year budget included General Fund revenues and expenses of $63,962,835 and total budgeted cumulative Highway Fund revenues and expenses of $24,916,510. The Town's fiscal year 2020 budget for the Garbage Improvement District and Commercial Garbage district included revenues and expenses of $26,980,502 and $19,289,340, respectively. (See "*Budgetary Procedures*" herein).

2021 Fiscal Year Adopted Budget. The Town's 2021 adopted fiscal year budget includes General Fund revenues and expenses of $66,260,612 and total budgeted cumulative Highway Fund revenues and expenses of $25,355,343. The Town's fiscal year 2021 budget for the Garbage Improvement District and Commercial Garbage district includes revenues and expenses of $23,342,357 and $18,939,450, respectively. (See "*Budgetary Procedures*" herein).

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the Town is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The Town may also temporarily invest moneys in: (1) Special Time Deposits; (2) Certificates of deposit issued by a bank or trust company located and authorized to do business in the State of New York; (3) Through a Deposit Placement Program in one or more banking institutions, as defined in Banking Law Section 9-r: (4) Obligations of the United States of America; (5) Obligations guaranteed by agencies of the United States of America where the payments of principal and interest are guaranteed by the United States of America; (6) Obligations of the State of New York; Obligations issued pursuant to Sections 24.00 or 25.00 of the Local Finance Law with approval of the State Comptroller by any municipality, school district or district corporation other than the Town; (8) Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments; (9) Certificates of Participation (COPs) issued pursuant to Section 109-b of the General Municipal Law to the extent that the enabling authority is in effect; and (10) Obligations of this Town, but only with any moneys in a reserve fund established pursuant to Sections 6-c, 6-d, 6-e, 6-f, 6-g, 6-h, 6-j, 6-k, 6-l, 6-m or 6-n of the General Municipal Law.

The Town's investment policy does not permit the Town to invest in so-called derivatives or reverse repurchase agreements and the Town has never invested in derivatives or reverse repurchase agreements.

Real Property Taxes

The Town derives a major portion of its revenues from a tax on real property. (See "*Statement of Revenues, Expenditures and Changes in Fund Balance*" in Appendix B, herein). In its General Fund Budget for the 2021 fiscal year, rea; property taxes accounted for approximately 65.32% of total general fund revenues. On June 24, 2011, the Tax Levy Limit Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Town. (See "*Tax Levy Limit Law*" herein).

The following table sets forth total General Fund revenues and real property taxes received for each of the last five fiscal years and the amounts budgeted for the most recent and current fiscal years.

General Fund Revenues & Real Property Taxes

Fiscal Year Ended December 31:	Total Revenues[1]	Real Property Taxes	Ratio of Real Property Taxes to Total Revenues
2016	$57,776,480	$35,140,048	60.82%
2017	58,214,522	36,752,602	63.13
2018	59,899,978	36,724,800	61.31
2019	60,810,394	36,924,187	60.72
2020 (Budget)	63,962,835[2]	37,197,996	58.16
2021 (Budget)	66,260,612[2]	43,283,718	65.32

(1) General Fund, Townwide.
(2) Includes appropriated reserves.

Source: Audited Financial Statements and Adopted Budgets of the Town. Summary is not audited.

State Aid

The Town receives financial assistance from the State. In its General Fund Budget for the 2021 fiscal year, approximately 6.36% of the operating revenues of the Town are estimated to be received in the form of State aid. The State is not constitutionally obligated to maintain or continue State aid to any local government, including the Town. There can be no assurance that the State appropriation for State aid to municipalities will be continued in future years, either pursuant to existing formulas or in any form whatsoever. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget and other circumstances including State fiscal stress. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefor, State budgetary restrictions, which eliminate or substantially reduce State aid could have a material adverse effect upon the Town requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "*Risk Factors*" herein).

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The follow table sets forth total General Fund revenues and State aid received for each of the last five fiscal years and the amounts budgeted for the most recent and current fiscal years.

General Fund Revenues & State Aid

Fiscal Year Ended December 31:	Total Revenues[1]	State Aid[2]	Ratio of State Aid to Total Revenues
2015	$56,610,308	$4,165,207	7.36%
2016	57,776,480	4,822,357	8.35
2017	58,214,522	5,275,507	9.06
2018	59,899,978	5,373,531	8.97
2019	60,810,394	6,107,855	10.04
2020 (Budget)	63,962,835[3]	4,215,814	6.59
2021 (Budget)	66,260,612[3]	4,215,814	6.36

(1) General Fund, Townwide.

(2) Excludes Local aid components (primarily sales tax revenues), which are reflected as Non-Property Tax Items in the Town's Audited Financial Statements.

(3) Includes appropriated reserves.

Source: Audited Financial Statements and Adopted Budgets of the Town. Summary is not audited.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. There can be no assurance that the State's financial position will not change materially and adversely from current projections. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also *"Risk Factors*" and "*Impacts of COVID-19*" herein.)

The Governor's Executive Budget for the State's 2019-2020 fiscal year included the elimination of State Aid and Incentives for Municipalities ("AIM") for certain municipalities, including the Town. However, in the State's final 2019-2020 Executive Budget, additional sales tax revenue from the elimination of the internet tax advantage will be used to keep towns and villages whole. The Governor's Executive Budget for the State's 2020-2021 fiscal year maintains the Aid and Incentives for Municipalities ("AIM") Related Revenue Sharing consistent with the 2019-2020 Enacted Budget.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2019-2020 Budget continues authorization for a process by which the State would manage significant reductions in federal aid during Federal fiscal year 2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by $850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by $850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to Dec. 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state

special revenue fund appropriation … and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically.

On August 13, 2020, the New York State Division of the Budget released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update, which projects a $14.5 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of $62 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State has announced that in the absence of Federal funding to offset this revenue loss, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State. (See also "*Impacts of COVID-19*," and "*Risk Factors*," herein).

The amount of State aid to municipalities, including the Town, and school districts in the State is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19, the State has declared a state of emergency and the Governor has taken and continues to take steps designed to mitigate the spread and impacts of COVID-19. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have negatively impacted the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will be required to take certain gap-closing actions. Such actions may include but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of local governments in the State, including the Town.

Should the Town fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller ("OSC") has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

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

The most current applicable report of the State Comptroller designates the Town as "No Designation" with a Fiscal Score of 1.7 and an Environmental Score of 30.0.

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

The financial affairs of the Town are subject to periodic compliance reviews by OSC to ascertain whether the Town has complied with the requirements of various State and federal statutes. The Town was one of eight municipalities audited for a Statewide report entitled Long Island Workforce Housing Act for the audit year 2016. In addition, on September 20, 2019, the OSC released an audit on the Town related to findings for the Town of Babylon, one of five Towns audited for a regional

entitled Tax Exemption Administration. Complete reports can be obtained from OSC's website. Reference to this website implies no warranty of accuracy of information therein.

TAX INFORMATION

Valuations and Tax Data

The following table shows the trend during the last five years for taxable assessed valuations, State equalization ratios, full valuations, real property taxes and real property tax rates per $1,000 assessed valuation.

Valuations and Tax Data
(For the Fiscal Years Ending December 31:)

	2017	2018	2019	2020	2021
Assessed Value	$244,492,069	$244,602,924	$245,775,322	$247,719,552	$248,401,780
Equal. Ratio	0.118	0.112	.107	.97	.91
Full Value	20,719,666,864	21,839,546,786	22,969,656,262	25,538,062,062	27,296,898,901
Total Tax Levy(1)	$696,777,435	$700,172,303	$719,034,944	$745,681,736	$772,468,071
Town: General Fund	36,752,602	36,724,800	36,924,187	37,197,996	43,283,718
Part Town Fund	2,755,767	2,749,093	2,330,802	2,095,765	3,989,158
Highway Fund	21,995,556	21,959,776	22,047,198	22,446,388	22,486,334
General Fund Tax Rate	149.98	149.98	149.98	149.98	174.12
Part Town Fund Tax Rate	14.93	14.93	12.60	11.26	21.40
Highway Fund Tax Rate	119.22	119.22	119.22	120.57	120.57

(1) Per $1,000 assessed valuation of the Town – General Fund.

Source: Town of Babylon, Office of the Comptroller.

Tax Collection Procedure

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

As a result of the COVID-19 pandemic, in certain counties in the State during their 2020 fiscal year, the deadline to pay property taxes, without interest or penalty, was extended. No assurance can be given that similar extensions with respect to the deadlines to pay property taxes, without interest or penalty, may occur during the 2021 fiscal year. Any such extensions may result in a delay in the receipt of taxes collected and paid to municipalities (such as the Town) and school districts.

The Town Tax Receiver distributes the collected tax money to the Town Comptroller, the Comptroller distributes to fire and school districts prior to distributing the balance collected to the County. After May 31st, when the rolls are turned over to the County, all taxes are payable to the County Treasurer with an additional penalty to date of payment. Tax sales are held annually by the County. Uncollected amounts are not segregated by the Receiver and any deficiency in tax collection is the County's liability. The Town thereby is assured of full tax collection.

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The following table reflects real property tax levies and collections of the Town for the past five fiscal years:

Real Property Tax Levies and Collections

Fiscal Year Ended December 31:	Gross Tax Levy[1]	Current Taxes Collected	Percentage Current Taxes Collected[2]
2015	$684,376,045	$653,996,255	95.56%
2016	698,835,658	669,965,606	95.87
2017	696,777,435	668,729,909	95.97
2018	700,172,303	671,065,525	95.84
2019	719,034,944	690,499,813	96.02
2020	745,681,736	707,660,533	94.90

(1) Includes School, Fire, County, Town and Special District.
(2) The Town annually receives 100% of its tax levy. See "Tax Collection Procedure".

Largest Taxpayers

The following table presents the taxable assessments of the Town's ten largest taxpayers for the 2020 fiscal year:

Taxable Assessments

Taxpayer	Nature of Business	Assessed Valuation	% of Total Assessed Valuation[1]
Long Island Power Authority	Public Utility	$ 3,088,926	1.24%
Long Island Lighting Co.	Public Utility	2,104,900	0.85
Keyspan- National Grid	Public Utility	1,614,270	0.65
Airport Plaza LLC	Shopping Center	1,022,550	0.41
MLO Great South Bay LLC	Shopping Center	639,900	0.26
Fairfield Apartments	Apartments	601,340	0.24
Verizon New York Inc.	Public Utility	477,395	0.19
GRI Sunset Plaza LLC	Shopping Center	424,600	0.17
Metropolitan Tower Life Ins. Co.	Insurance	388,810	0.16
Seiff, Saul & Maurice, Barbash	Apartments	372,000	0.15
	Total:	$10,734,691	4.33%

(1) Based on the 2020 certified assessment roll. The total 2020 assessed value of the Town's General Fund is $247,719,202.

The Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011, as amended (the "*Tax Levy Limit Law*"), all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year commencing after January 1, 2012, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town, without limitation as to rate or amount is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus

the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The governing board of the Town may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Town first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Town, a local law to override such limit for such coming fiscal year. The Town has not voted to override such limit since its 2014 Final Budget.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the Town or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

TOWN INDEBTEDNESS

Constitutional Requirements

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

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

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

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. As has been noted under "*Nature of Obligation*", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Chapter 97 of the Laws of 2011, as amended, imposes a statutory limitation on the Town's power to increase its annual tax levy. (See "*Tax Levy Limit Law*" herein).

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

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof shall not exceed seven per centum of the most recent five-year average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the final equalization rate as determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such rate shall be

determined. The average full valuation is determined by taking the sum of full valuations of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law, imposes a statutory limitation on the power of the Town to increase its annual tax levy. (See "*Tax Levy Limit Law*" herein).

Pursuant to Article VIII of the Constitution and Title 8 of Article 2 of the Local Finance Law, the debt limit of the Town is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Certain resolutions are subject to permissive referendum or may be submitted to the Town voters at the discretion of the Town Board.

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

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution, except for alleged constitutional violations. The Town will comply with such procedure prior to closing for the validation of the bond resolutions pursuant to which the Bonds are being issued.

Statutory law in New York permits bond anticipation notes to be issued. Bond anticipation notes may be renewed each year, provided annual principal installment payments are made in reduction of the total amount of such notes, commencing no later than two years after the date of the first of such notes and provided that, other than for assessable projects, such renewals do not extend five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "*Payment and Maturity*" under "*Constitutional Requirements*" herein.)

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

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

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Constitutional Debt-Contracting Limitation

The following table sets forth the current debt-contracting limitation of the Town.

Debt Contracting Limitation

Fiscal Year Ended December 31:	Assessed Valuation	State Equalization Ratio[1]	Full Valuation
2017	244,492,069	0.118	20,719,666,864
2018	244,602,924	0.112	21,839,546,786
2019	245,775,322	0.107	22,969,656,262
2020	247,719,552	0.97	25,538,062,062
2021	248,401,780	0.91	27,296,898,901
Total Five-Year Full Valuation			$118,363,830,875
Average Five-Year Full Valuation			$ 23,672,766,175
Debt Contracting Limitation - 7% of Average Full Valuation			$ 1,657,093,632

(1) Equalization rates are established by the New York State Board of Real Property Services.

Source: Town of Babylon, Town Receiver of Taxes Office and the New York State Board of Real Property Services.

Statement of Debt-Contracting Power
(as of March 4, 2021)

Debt-Contracting Limitation:		$1,657,093,632
Gross Direct Indebtedness[1]:		
Bonds:	$164,550,000	
Bond Anticipation Notes:	0	
Revenue Anticipation Notes:	0	
Total Gross Direct Indebtedness		164,550,000
Less Exclusions and Deductions:		
Water Bonds	0	
Appropriations for Non-Exempt Indebtedness – Balance of 2021 Fiscal Year	15,825,000	
Total Exclusions & Deductions		15,825,000
Total Net Direct Indebtedness		148,725,000
Debt-Contracting Margin		$1,508,368,632
Percentage of Debt-Contracting Power Exhausted		8.98%

(1) Inclusive of debt issued on behalf of the Town through the New York State Environmental Facilities Corporation. Exclusive of U.S. Department of Housing and Urban Development guaranteed assistance contract loan. (See *"U.S. Department of Housing and Urban Development Loan"* herein.)

Source: Town of Babylon, Office of the Town Comptroller.

Bond Anticipation Notes

The Town currently has no bond anticipation notes outstanding.

U.S. Department of Housing and Urban Development Loan

The Town's guaranteed assistance contract loan payable consists of a loan due to the U.S. Department of Housing and Urban Development issued under Section 108 of the Housing and Community Development Act of 1974 (the "HUD Loan"). The HUD Loan dated December 2012, stipulates a maximum commitment amount of $4,100,000 for a specific capital project. As of December 31, 2017, the Town received the full amount of the commitment, plus interest earnings in the aggregate amount of $4,103,700. The HUD Loan was bearing interest at a variable rate, which was adjusted monthly at the London Interbank Offered Rate plus 0.20%, however, the Town refinanced the HUD Loan to a fixed rate loan in April 2019. The HUD Loan is secured by all current and future community development block grant allocations and will be liquidated from the community development agency fund. The new debt service schedule for the HUD Loan following the refinancing is as follows:

HUD Loan Principal Maturity Table

Maturity Date	Interest Rate	Principal
8/1/2020	2.55%	$ 195,000
8/1/2021	2.57	202,000
8/1/2022	2.55	211,000
8/1/2023	2.62	219,000
8/1/2024	2.67	228,000
8/1/2025	2.74	238,000
8/1/2026	2.86	247,000
8/1/2027	2.87	246,000
8/1/2028	2.99	230,000
8/1/2029	3.19	230,000
8/1/2030	3.24	230,000
8/1/2031	3.29	230,000
8/1/2032	3.34	230,000
	Total:	$2,936,000

Environmental Facilities Corporation State Revolving Loan Fund Program

The Town has participated in the past and expects to participate in the future in the New York State Environmental Facilities Corporation's ("EFC") loan programs for various projects in and for the Town. In March 2016, EFC provided available financing in the amount of $1,200,000 through a bond anticipation note, however, the Town has decided to no longer move forward with EFC financing and will finance such projects with general obligation bonds in the near future.

Installment Purchase Obligations

The Town does not have any installment debt obligations.

Trend of Outstanding Indebtedness

	2016	2017	2018	2019	2020[(1)]
Bonds	$168,210,000	$166,385,000	$164,568,350	$163,090,000	$164,550,000
Bond Anticipation Notes	1,200,000	1,200,000	1,200,000	0	0
Total Debt Outstanding	$169,410,000	$167,585,000	$165,768,350	$163,090,000	$164,550,000

(1) Unaudited.

Source: Town Audited Financial Records.

Authorized but Unissued Debt

The Town anticipates issuing additional bond anticipation notes and/or bonds from time to time to provide financing for new projects. Following the issuance of the Bonds, the Town will have $140,000 in authorized but unissued debt, however, the Town no longer plans on issuing debt for such projects.

Overlapping and Underlying Debt

The real property taxpayers of the Town are responsible for a proportionate share of outstanding debt obligations of the County, as well as various villages, school districts, and fire districts. Such taxpayers' share of this overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values. The table below sets forth both the total outstanding principal amount of debt issued by the Town and the approximate magnitude of the burden on taxable property in the Town of the debt issued and outstanding by such overlapping entities.

Statement of Direct and Estimated Overlapping Indebtedness

Gross Direct Indebtedness	$ 164,550,000
Exclusions and Deductions	15,825,000
Net Direct Indebtedness	$ 148,725,000

Overlapping Debt

Issuer	Net Debt Outstanding	Town Share	As of	Amount Applicable To Town
Suffolk County	$1,364,875,571	7.55%	12/03/20	$103,048,106
Village of Amityville	5,860,000	100.00	10/24/19	5,860,000
Village of Babylon	7,585,000	100.00	05/31/20	7,585,000
Village of Lindenhurst	8,907,916	100.00	02/29/20	8,907,916
Amityville Union Free School District	56,255,000	69.00	10/07/20	38,815,950
Babylon Union Free School District	24,555,000	100.00	09/17/20	24,555,000
Copiague Union Free School District	38,365,000	100.00	09/25/20	38,365,000
Deer Park Union Free School District	5,973,595	100.00	07/27/20	5,973,595
Farmingdale School District	19,985,252	20.94	08/27/20	4,184,912
Half Hollow Hills School District	18,455,190	13.09	09/17/20	2,415,784
Lindenhurst School District	16,156,740	100.00	09/28/20	16,156,740
North Babylon School District	26,050,200	100.00	09/29/20	26,050,200
West Babylon School District	32,055,000	100.00	09/01/20	32,055,000
Wyandanch School District	12,675,000	100.00	07/10/20	12,675,000
Fire Districts (3)	0	100.00	12/31/19	0
Total Net Overlapping Debt				326,648,203
Total Net Direct Debt				148,725,000
Total Net Direct and Overlapping Debt				$475,373,203

Debt Ratios

The following table presents certain debt ratios relating to the Town's direct and overlapping indebtedness.

Debt Ratios

	Amount	Debt Per Capita[1]	Debt to Full Value[2]
Net Direct Debt	$ 148,725,000	$ 707.74	0.54%
Net Direct and Overlapping Debt	475,373,203	2,262.16	1.74

(1) The population of the Town is 210,141 according to the U.S. Census Bureau 2019 estimates.
(2) The full value of real property located in the Town for the 2021 fiscal year is $27,296,898,901.

Capital Planning and Budgeting

The Town is responsible for the provision of certain services which require the procurement, construction and maintenance of capital assets. Such capital assets have and may in the future include but are not limited to maintenance of a road system, street lighting, road and storm water drainage, machinery and equipment, improvements and maintenance of Town buildings, facilities, parks, marinas and recreational facilities.

In conjunction with the Town's annual budget process, capital asset inventory and infrastructure needs are cataloged, reviewed and prioritized to develop a plan for the forthcoming year as well as the next three years. The Town's capital improvement plan allows for the continued improvements to infrastructure, buildings and equipment while remaining consistent with the Town's debt service requirements. The Town Board reviews, updates and amends the capital plan on an annual basis. In general, the need for capital funding for the above referenced projects are expected to continue and be in amounts that are substantially the same as in recent years.

Debt Service Schedule

The following table sets forth the annual debt service requirements on all outstanding long-term Town general obligation bonds, exclusive of the Bonds, and exclusive of the HUD Loan.

Bond Principal and Interest Maturity Table

FY Ending Dec. 31	Principal Payments	Interest Payments	Debt Service Payments
2021[(1)]	$ 15,825,000	$ 5,373,262	$ 21,198,262
2022	11,665,000	4,832,031	16,497,031
2023	11,960,000	4,451,019	16,411,019
2024	12,285,000	4,041,471	16,326,471
2025	12,630,000	3,612,116	16,242,116
2026	13,000,000	3,160,838	16,160,838
2027	12,565,000	2,687,470	15,252,470
2028	12,925,000	2,225,819	15,150,819
2029	11,685,000	1,757,074	13,442,074
2030	7,785,000	1,425,338	9,210,338
2031	7,990,000	1,160,259	9,150,259
2032	8,185,000	939,223	9,124,223
2033	6,535,000	701,142	7,236,142
2034	6,650,000	533,995	7,183,995
2035	4,665,000	375,300	5,040,300
2036	2,165,000	250,547	2,415,547
2037	1,110,000	195,225	1,305,225
2038	1,115,000	155,239	1,270,239
2039	1,125,000	114,644	1,239,644
2040	1,145,000	73,204	1,218,204
2041	505,000	30,617	535,617
2042	515,000	18,489	533,489
2043	520,000	6,183	526,183
	$164,550,000	$38,120,505	$202,670,505

(1) For the entire fiscal year.

Source: Town of Babylon, Office of the Comptroller.

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ECONOMIC AND DEMOGRAPHIC DATA

The following tables provide information concerning employment and unemployment in the Town, County and State. Data provided for the County and State are not necessarily representative of the Town. Unemployment has drastically increased since mid-March due to the COVID-19 global pandemic.

While the Town is primarily residential, more than 4,530 acres of the Town are zoned for industrial use. Some of the major employers in the Town and the approximate number of persons employed by each include the following:

Name	Primary Business Activity	Approximate Number of Employees
United Parcel Service	Mailing/Trucking	5,412
PC Richard & Son	Electronic Sales	1,864
Lindenhurst UFSD	Education	1,400
Telephonics Corp.	Electronics	1,200
South Oaks Hospital	Health Services	1,100
Farmingdale State College	Education	987
Broadlawn Manor Adult Day Center	Human Services	900
Copiague UFSD	Education	736
Amityville UFSD	Education	629
Catholic Home Care	Health Services	600

Source: Town of Babylon 2020 Adopted Budget, November 2019

Population Trends

	Town	County	State
2000	211,792	1,419,369	18,976,457
2010	213,603	1,493,350	19,378,12
2019	210,141	1,476,601	19,453,561

Source: U.S. Census Bureau

Unemployment Rate Statistics

The information set forth below with respect to the County, State and Town is included for information purposes only. Unemployment has drastically increased since mid-March due to the COVID-19 global pandemic.

Yearly Average Unemployment Rates

Year	Town	County	State
2015	5.0%	4.7%	5.3%
2016	4.7	4.4	4.9
2017	4.8	4.5	4.7
2018	4.1	3.8	4.1
2019	3.9	3.7	4.0

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Monthly Unemployment Rates

Month	Town	County	State
January 2020	4.1%	4.2%	4.1%
February	3.9	4.0	3.9
March	4.0	4.1	4.2
April	18.9	16.5	15.1
May	14.7	12.4	14.2
June	14.8	12.7	15.5
July	15.9	13.6	16.0
August	12.2	10.3	12.5
September	7.5	6.1	9.3
October	7.4	6.2	9.0
November	6.2	5.3	8.1
December	6.2	5.5	8.1

Source: State of New York, Department of Labor. (Note: Figures not seasonally adjusted).

End of Appendix A

APPENDIX B

SUMMARY OF FINANCIAL STATEMENTS

Town of Babylon

Adopted Budgets - General Fund

Fiscal Year Ended December 31:

	2020	2021
Revenues:		
Real Property Taxes	$ 37,197,996	$ 43,283,718
Other Tax Items	1,150,000	1,150,000
Non-Property Taxes	4,500,000	4,900,000
Departmental Income	3,730,000	3,500,000
Use Of Money And Property	3,400,000	2,629,476
Licenses and Permits	121,000	119,500
Fines and Forfeitures	1,110,000	1,010,000
Sale of Property and Compensation for Loss	180,000	177,000
Miscellaneous Local Sources	754,433	724,076
Interfund Revenues	100,000	100,000
State and County Aid	4,215,814	4,215,814
Federal Aid	555,000	580,000
Appropriated Reserves	6,948,592	3,871,028
Total Revenue	$ 63,962,835	$ 66,260,612
Expenditures:		
General Government Support	$ 18,579,075	$ 20,100,900
Public Safety	2,396,284	2,361,359
Health	3,624,119	3,795,653
Economic Assistance And Opportunity	119,648	125,679
Culture And Recreation	12,095,160	12,242,519
Home And Community Services	1,838,659	1,867,973
Employee Benefits	13,014,664	13,309,146
Bond Issuance Costs	110,000	50,000
Debt Service	9,685,226	9,907,383
Interfund Transfer	2,500,000	2,500,000
Total Expenditures	$ 63,962,835	$ 66,260,612

Source: Adopted Budgets of the Town.

Town of Babylon
Balance Sheet
General Fund
Fiscal Year Ended December 31:

	2018	2019
Assets:		
Cash and Cash Equivalents	$ 62,116,772	$ 48,936,432
Accounts Receivable, Net	1,795,397	2,495,894
Due from State & Federal & Other Governments	3,284,568	2,527,382
Taxes Receivable	9,557,840	26,542,553
Inventory	267,318	261,277
Property Held for Resale	17,236,529	17,236,529
Due from Other Funds	368,872	374,401
Cash with Fiscal Agent	267,129	259,801
Total Assets	$ 94,894,425	$ 98,634,269
Liabilities:		
Accounts Payable and Accrued Liabilities	$ 1,531,410	$ 1,387,792
Due To Other Governments	6,742	6,783
Unearned Revenue	800,823	533,882
Total Liabilities	$ 2,338,975	$ 1,928,457
Deferred Inflows of Resources:		
Unearned Revenue - Property Taxes	36,924,187	37,197,996
Unavailable Revenue	1,570,396	1,586,839
Total Deferred Inflows of Resources:	38,494,583	38,784,835
Fund Balance:		
Non-spendable	$ 4,105,068	$ 4,854,267
Restricted	14,688,108	13,925,540
Assigned	4,575,599	7,035,249
Unassigned	30,692,092	32,105,921
Total Fund Balance	$ 54,060,867	$ 57,920,977
Total Liabilities and Fund Balance	$ 94,894,425	$ 98,634,269

Source: Audited Financial Statements of the Town.
Summary itself is not audited.

Town of Babylon
Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
General Fund
Fiscal Year Ending December 31:

	2015	2016	2017	2018	2019
Revenues:					
Real Property Taxes	$ 34,875,975	$ 35,140,048	$ 36,752,602	$ 36,724,800	$ 36,924,187
Other Real Property Tax Items	1,056,898	1,096,378	1,308,919	1,269,353	1,228,915
Non-Property Tax Items	4,381,914	4,749,123	4,930,571	4,908,208	5,046,684
Departmental Income	3,436,768	3,499,602	3,789,415	4,132,334	4,356,831
Use Of Money And Property	2,535,620	2,711,975	2,872,709	3,554,037	4,030,140
Licenses And Permits	226,308	239,194	224,645	231,796	243,989
Fines And Forfeitures	1,466,324	1,474,890	1,442,351	1,116,705	1,096,465
Sale Of Property And Compensation For Loss	6,645	8,766	5,188	1,070,193	375,231
Miscellaneous Local Sources	741,667	672,433	884,772	833,573	631,952
Interfund Revenues	2,956,087	2,801,385	110,479	92,542	162,918
State and County Aid	4,165,207	4,822,357	5,275,507	5,373,531	6,107,855
Federal Aid	760,895	560,329	617,364	592,906	605,227
Total Revenues	$ 56,610,308	$ 57,776,480	$ 58,214,522	$ 59,899,978	$ 60,810,394
Expenditures:					
General Government Support	$ 16,109,334	$ 14,038,227	$ 15,128,688	$ 15,862,433	$ 15,758,831
Public Safety	1,603,738	1,667,705	1,784,254	1,955,415	2,161,194
Health	2,753,283	2,843,945	2,947,953	2,961,561	3,212,512
Transportation	-	-	-	-	342
Economic Assistance and Opportunity	235,443	121,194	101,620	88,575	83,254
Culture And Recreation	10,139,010	10,191,081	10,599,153	11,021,219	11,230,016
Home And Community Services	1,387,859	1,362,674	1,542,309	2,128,353	1,460,524
Employee Benefits	11,742,611	11,468,934	11,227,975	11,903,941	12,206,727
Bond Issuance Costs	127,139	85,289	85,316	38,597	30,650
Debt Service	9,263,124	10,725,157	10,916,717	9,852,882	9,570,699
Total Expenditures	$ 53,361,541	$ 52,504,206	$ 54,333,985	$ 55,812,976	$ 55,714,749
Excess (Deciciency) of Revenues Over (Under) Expenditures	3,248,767	5,272,274	3,880,537	4,087,002	5,095,645
Other Financing Sources (Uses):					
Refunding Bonds Proceeds	$ -	$ -	$ 2,226,000	$ -	$ -
Principal Amount of Bond Proceeds	1,600,000	-	-	-	-
Premium on Obligations	349,987	260,381	176,205	248,914	168,975
Payments to Refunded Bond Escrow Agent	-	-	(2,340,000)	-	
Operating Transfers In	428,008	951,483	35,549	128,425	1,099,990
Operating Transfers Out	(8,788)	(174,391)	(51,709)	(3,800,000)	(2,504,500)
Sale of Capital Assets	138,045	179,045	204,370	241,746	-
Insurance Recovery	37,081	10,167	7,173	1,514	-
Total Other Financing Sources (Uses)	$ 2,544,333	$ 1,226,685	$ 257,588	$ (3,179,401)	$ (1,235,535)
Special Item					
Property held for Resale Reclassified as Town Owned Assets	-	-	(274,789)	-	-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	5,793,100	6,498,959	3,863,336	907,601	3,860,110
Fund Balance Beginning of Year	$ 36,997,871	$ 42,790,971	$ 49,289,930	$ 53,153,266	$ 54,060,867
Prior Period Adjustments	-	-	-	-	-
Fund Balance End of Year	$ 42,790,971	$ 49,289,930	$ 53,153,266	$ 54,060,867	$ 57,920,977

Source: Audited and Unaudited Financial Statements of the Town.
Summary itself is not audited.

APPENDIX C

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019*

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

https://emma.msrb.org/P21508064.pdf

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

*** Albrecht, Viggiano, Zureck & Company, P.C. Certified Public Accountants has not commented on or approved this Official Statement, has not been requested to perform any procedures on the information in its included report since its date and has not been asked to consent to the inclusion of its report in this Official Statement.**

APPENDIX D

FORM OF DISCLOSURE UNDERTAKING FOR THE BONDS

FORM OF
UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

The Issuer (herein defined) agrees to the following:

Section 1. Definitions.

"Annual Information" shall mean the information specified in Section 3 hereof.

"EMMA" shall mean the Electronic Municipal Market Access System implemented by the MSRB.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"Holder" shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

"Issuer" shall mean the Town of Babylon**,** in the County of Suffolk, a municipal corporation of the State of New York.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

"Purchaser" shall mean the Underwriter referred to in the Certificate of Determination, executed by the Supervisor as of March ___, 2021.

"Rule" shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued on or before the effective date of this Undertaking which are applicable to this Undertaking.

"Securities" shall mean the Issuer's $_____ Public Improvement Serial Bonds – _____, dated _____, maturing in various principal amounts on _____ in each of the years ____ to ____, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York, to the EMMA System:

(i) (A) no later than 270 days after the end of each fiscal year, commencing with the fiscal year ending December 31, 2021, the Annual Information relating to such fiscal year, and (B) no later than 270 days after the end of each fiscal year, commencing with the fiscal year ending December 31, 2021, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then

available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933; and

(ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;

(7) modifications to rights of Securities holders, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Securities, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Issuer

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for

the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(12) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(13) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(14) incurrence of financial obligations of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect Holders, if material; and

(15) default event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally

consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the heading "LITIGATION" and in Appendix A under the headings: "THE TOWN," "FINANCIAL FACTORS," "TAX INFORMATION," "TOWN INDEBTEDNESS" and "ECONOMIC AND DEMOGRAPHIC DATA" and in Appendix B.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

(a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

(f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of _____, 2021.

TOWN OF BABYLON

By_____
Supervisor