

NOTICE OF SALE

BABYLON UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

\$7,000,000
TAX ANTICIPATION NOTES, 2019

(the "Notes")

SALE DATE: September 18, 2019 TELEPHONE: (516) 274-4501
TIME: 10:30 A.M. FACSIMILE: (516) 364-9501
(Prevailing Time)
PLACE OF SALE: Capital Markets Advisors, LLC
11 Grace Avenue, Suite 308
Great Neck, New York 11021
DATE OF NOTES: September 26, 2019
MATURITY DATE: June 19, 2020

Sealed proposals will be received and considered by the undersigned President of the Board of Education of the Babylon Union Free School District, Suffolk County, New York (the "District"), at the offices of Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, until 10:30 A.M., Prevailing Time on the 18th day of September 2019, for the purchase of \$7,000,000 Tax Anticipation Notes, 2019 (the "Notes") dated September 26, 2019 and maturing, without the right of prior redemption, on June 19, 2020 with interest thereon payable at maturity. Telephone and fax bids will be accepted. The telephone number is (516) 274-4501 and the fax number is (516) 364-9501.

Please note that the timely delivery of such proposals in legible and complete form, signed by an authorized representative of the bidder(s), shall be solely the responsibility of the bidder(s). The District shall not be responsible for any errors and/or delays in transmission and/or receipt of bids, mechanical or technical failures or disruptions, or any omissions or irregularities in any bids submitted in such manner.

The purchaser(s) shall have the option of having the Notes issued in either certificated registered form in the name of the successful bidder(s) or registered in the name of Cede & Co., as the partnership nominee for DTC. The purchaser(s) must notify Bond Counsel by 2:00 P.M., Prevailing Time, on the date of sale whether the Notes will be issued in non book-entry form or book-entry-only form.

If the Notes are issued in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate(s). Principal of and interest on such Notes will be payable in Federal Funds to the registered purchaser(s).

If the Notes are issued in book-entry-only form, the Notes will be (i) registered in the name of Cede & Co., as partnership nominee of The Depository Trust Company, New York, New York ("DTC"), and (ii) deposited with DTC to be held in trust until maturity. As book-entry-only notes, individual purchases may be made in book-entry-only form only in denominations of \$5,000 or integral multiples thereof. See "Book-Entry-Only System," herein. DTC is an automated depository for securities and a clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry-only system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfer of the interests among its participants. The DTC participants will be responsible for establishing and maintaining records with respect to the Notes. Individual purchases of beneficial ownership interests in the Notes may be made only through book entries made on the books and records of DTC (or a successor depository) and its participants. Principal of and interest on the Notes will be payable by the District to DTC or its partnership nominee as registered owner of

the Notes. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Said Notes are general obligations of the District and the faith and credit of such District are pledged for the payment of the principal of and interest on such Notes. All the taxable real property in said District will be subject to the levy of ad valorem taxes sufficient to pay the principal of and interest on such Notes, subject to applicable statutory limitations.

THE NOTES WILL BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” UNDER SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986.

Bids must be for not less than the par value of the Notes and state a rate of interest in multiples of 1/100 or 1/8 of one per centum per annum. Interest will be calculated on the basis of a 30-day month and 360-day year. Said Notes will be awarded to the bidder(s) offering the lowest net interest cost (that being the interest rate which produces the lowest net interest cost over the life of the Notes after deducting the premium, if any); provided, however, that if two or more bidders offer to purchase said Notes at the same lowest net interest cost, then such award will be made first on the basis of the greatest minimum bid offered, and if two or more bidders offer the same minimum bid, then to the bidder offering the greatest premium, and, if two or more bidders offer the same premium, then to one of said bidder(s) selected by lot from among said bidders. The right is reserved by the District to award to any bidder all or any part of the Notes which such bidder offers to purchase and, in such event, the premium, if any, specified by such bidder will be pro-rated. The right is reserved by said District to reject any or all bids. All conditional bids will be rejected.

Said Notes will be delivered in book-entry-only form in Jersey City, New Jersey through the facilities of DTC, or otherwise as may be agreed with the purchaser(s), at the option of the purchaser(s), in non-book-entry form in form of a single note certificate on September 26, 2019. At such time, the purchase price of said Notes, in accordance with the successful purchaser's(s) bid, shall be paid in FEDERAL FUNDS or other funds available for immediate credit.

CUSIP identification numbers may be printed on the Notes if the purchaser(s) provides Bond Counsel with such numbers by telefax or any other mode of written communication (verbal advice will not be accepted) by three o'clock p.m. on the day following the sale of the Notes but neither the failure to print such number on any Note nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser(s) thereof to accept delivery of and pay for the Notes in accordance with the terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the District; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser(s).

Following the sale of the notes, on the Sale Date, the successful bidder will be required to provide to the School District and its Bond Counsel certain information regarding the reoffering price to the public of the notes. If the winning bidder is purchasing the notes for its own account and not with a view to distribute or resale, they should inform the financial advisor at the time of award and a certificate to that effect will be required on or before closing. Otherwise, the successful bidder also must submit to the School District a certificate (the “Reoffering Price Certificate”), satisfactory to Bond Counsel, dated as of the day of the delivery of the notes, which assuming three bids are received from underwriters, states:

(a)(i) on the date of award, such successful bidder made a bona fide public offering of the notes at the initial offering price corresponding to the price or yield indicated in the information furnished in connection with the successful bid, and (ii) as of such date, the first price or yield at which an amount equal to at least ten percent of the notes was reasonably expected to be sold to the public was, respectively, a price not higher or a yield not lower than indicated in the information furnished with the successful bid (the “first price rule”), and (iii) provides a copy of the pricing wire or equivalent communication for the notes attached to the Reoffering Price Certificate. The term “public” as used herein means any persons including an individual, trust, estate, partnership, association, company

or corporation (other than the successful bidder(s) or a related party to the successful bidder(s), being two or more persons who have greater than 50% common ownership directly or indirectly, or any person that agrees pursuant to a written contract or other agreement with a successful bidder to participate in the initial sale of the notes to the public).

(b) the successful bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) the bid submitted by the successful bidder constituted a firm offer to purchase the notes.

In the event that at least three bids are not received by the School District on the Sale Date, and at least ten percent of the notes have been sold on the Sale Date, the successful bidder shall certify as to the first price or yield at which ten percent of the notes was sold in accordance with the first price rule and provide a copy of the pricing wire or equivalent communication.

In addition, in the event that (1) at least three bids are not received by the School District on the Sale Date, and (2) 10% of the notes have not been sold on the Sale Date, the successful bidder (and any members of its underwriting group or syndicate) shall have the option (i) to provide to the School District (or its agents) ongoing pricing information, together with reasonable supporting documentation acceptable to bond counsel (such as the pricing wire), until 10% of the notes is sold (the "Follow-the-Price Requirement"), or (ii) shall be required to hold the initial reoffering price to the public of such notes (as reported to the School District on the Sale Date) for the lesser of five (5) business days after the Sale Date or the date on which at least 10% of such notes are sold (the "Hold-the-Offering-Price Requirement"). A certification as to the details of compliance with this requirement shall be part of the Reoffering Price Certificate.

The School District or its Financial Advisor on its behalf shall advise the successful bidder on the Sale Date as to whether at least three bids were received. Delivery of a bid shall constitute the bidder's agreement to comply with the Hold-the-Offering-Price Requirement or the Follow-the-Price Requirement of this Notice of Sale and to certify to compliance therewith under the circumstances described herein.

Such certificate shall state that it is made on the best knowledge, information and belief of the successful bidder after appropriate investigation.

The term "public" as used herein means any person, including an individual, trust, estate, partnership, association, company or corporation (other than the winning bidder(s) or a related party thereto or any person that agrees pursuant to a written contract or other agreement with the winning bidder(s) to participate in the initial sale of the Notes to the public).

Any party executing and delivering a bid for the Notes agrees, if its bid is accepted by the District, to provide to the District, in writing, within two business days after the date of such award, all information which such bidder determines is necessary for it to comply with SEC Rule 15c2-12, including all necessary pricing and sale information, with respect to the purchase of municipal bond insurance, if any, and underwriter identification. Within five business days following receipt thereof by the District, the District will furnish to the purchaser(s), in reasonable quantities as requested by the purchaser(s), copies of the final Official Statement to be dated September 18, 2019 which shall be updated, as necessary, to include said information. Failure by the purchaser(s) to provide such information will prevent the District from furnishing such final Official Statement.

The District shall not be responsible or liable in any manner for the purchaser(s) determination of information necessary to comply with SEC Rule 15c2-12 or the accuracy of any such information provided by such successful bidder(s) or for failure to furnish such Official Statements as described above which results from a failure by the successful bidder(s) to provide the aforementioned information within the time specified. Acceptance by the purchaser(s) of such final Official Statements shall be conclusive evidence of the satisfactory completion of the obligations of said District with respect to the preparation and delivery thereof.

In the event of a default in the payment of the principal of and/or interest, Section 99-b of the State Finance Law provides for a covenant between the State and the purchasers, and owners of the bonds and notes, issued by school districts in the State for school purposes (including the bonds and notes issued by the District), that it will not repeal, revoke or rescind the provisions of Section 99-b of the State Finance Law, or amend or modify the same so as to

limit, impair or impede the rights and remedies granted thereby.

As a condition to each purchaser's obligation to accept delivery of and pay for the Notes, the purchaser(s) will be furnished, without cost, the following, dated as of the date of the delivery and payment for the Notes: (i) a certificate of the President of the Board of Education certifying that (a) the Official Statement issued in connection with the sale of \$7,000,000 Tax Anticipation Notes, 2019 (which Official Statement is deemed by the District to be final for purposes of Securities and Exchange Commission Rule 15c2-12, except for the omission therefrom of these items allowable under said Rule), did not contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement, obtained from sources other than the District is not guaranteed as to accuracy, completeness or fairness she has no reason to believe and does not believe that such information is materially inaccurate, and (b) to her knowledge, there have been no material transactions not in the ordinary course of affairs entered into by the District and no material adverse changes in the general affairs of the District or in its financial condition as shown in said Official Statement other than as disclosed in or contemplated by said Official Statement, (ii) a Closing Certificate constituting receipt for the Note proceeds and a signature certificate, which will include a statement that no litigation is pending or, to the knowledge of the signers, threatened affecting the Notes; (iii) an arbitrage certificate executed on behalf of the District, which includes, among other things, covenants relating to compliance with the Internal Revenue Code of 1986 (the "Code"), with the owners of the Notes that the District will, among other things, (a) take all actions on its part necessary to cause interest on the Notes not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (b) refrain from taking any action which would cause interest on the Notes to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Notes and investment earnings thereon on certain specified purposes, (iv) a Certificate of the District, executed by the President of the Board of Education stating that the District has agreed, in accordance with the Rule, to provide or cause to be provided, timely notice of the occurrence of certain material events with respect to the Notes, and (v) the approving legal opinion, as to the validity of the Notes, of Orrick Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. Reference should be made to said Official Statement for a description of the scope of Bond Counsel's engagement in relation to the issuance of the Notes and the matters covered by such legal opinion. Furthermore, reference should be made to the information under the heading "Legal Matters" in the Official Statement.

BABYLON UNION FREE SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

/s/ ELIZABETH O'BRIEN
President of the Board and Chief Fiscal Officer

Dated: September 11, 2019

Additional copies of the Official Statement and Notice of Sale may be obtained from Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York, 11021, Telephone, (516) 274-4501 and are also available at www.capmark.org.

PROPOSAL FOR NOTES

September 18, 2019

Tricia Pane
 President of the Board and Chief Fiscal Officer
 Babylon Union Free School District
 C/O Capital Markets Advisors, LLC
 11 Grace Avenue, Suite 308
 Great Neck, NY 11021

TELEPHONE: (516) 274-4501

FACSIMILE (516) 364-9501

BABYLON UNION FREE SCHOOL DISTRICT
 SUFFOLK COUNTY, NEW YORK

\$7,000,000
 TAX ANTICIPATION NOTES, 2019
 (the "Notes")

DATED: September 26, 2019

MATURITY DATE: June 19, 2020

	Amount	Interest Rate	Premium	Net Interest Cost*
Bid 1	\$	%	\$	%
Bid 2				

*The computation of the net interest cost is made as provided in the above-mentioned Notice of Sale, but does not constitute any part of the foregoing Proposal for the purchase of the Notes therein described.

Please select one of the following (if no option is selected, the book-entry-only option will be assumed to have been selected by the bidder):

- Book-Entry-Only registered to Cede & Co.
- Registered in the name of the bidder

Please check one of the following:

- We are purchasing the Notes for our own account and not with a view to distribution or resale to the public.

In the event the Competitive Sale Requirements are not met, we hereby elect to

- Hold the Offering Price Requirement
- Follow the Offering Price Requirement

The computation of the net interest cost is made as provided in the above-mentioned Notice of Sale, but does not constitute any part of the foregoing Proposal for the purchase of the Notes therein described.

Signature: _____

Name of Bidder: _____

Address: _____

Telephone (Area Code): _____

Fax (Area Code): _____