

NEW ISSUE



\$38,505,000

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK  
ITHACA COLLEGE, REVENUE BONDS, SERIES 2008**

CUSIP Number 649903 C41\*

**Dated: Date of Delivery**

**Price: 100%**

**Due: July 1, 2038**

**Payment and Security:** The Series 2008 Bonds (the "Series 2008 Bonds") are special obligations of the Dormitory Authority of the State of New York (the "Authority"), payable solely from certain payments to be made by the Bank under the Letter of Credit (as herein defined) and if such amounts are insufficient, the Revenues (as defined herein), and secured by a pledge of (i) the Revenues received under the Loan Agreement dated as of April 23, 2008 (the "Loan Agreement") between Ithaca College (the "College") and the Authority, and (ii) all funds and accounts (with the exception of the Arbitrage Rebate Fund, the Purchase and Remarketing Fund established to pay the purchase price of the Tendered Bonds and the Credit Facility Repayment Fund) established under the Authority's Ithaca College Revenue Bond Resolution, adopted April 23, 2008 (the "Resolution") and the Ithaca College Series 2008 Resolution Authorizing the Series 2008 Bonds, adopted April 23, 2008 (the "Series 2008 Resolution").

The Series 2008 Bonds will be secured by, and principal of, Sinking Fund Installments and interest on and purchase price and Redemption Price of the Series 2008 Bonds will be payable from amounts drawn by the Trustee under an irrevocable, transferable direct pay letter of credit (the "Letter of Credit") issued by RBS Citizens, N.A. (the "Letter of Credit Issuer" or the "Bank")



held by The Bank of New York, as trustee and tender agent (the "Trustee"). The Letter of Credit provides for payment of an amount not to exceed the principal of and up to 35 days' interest on the Series 2008 Bonds, at a maximum rate of 12% per annum, and the Purchase Price of the Series 2008 Bonds tendered for purchase and not remarketed as described herein. The Letter of Credit will expire on May 28, 2013, unless terminated or extended prior to such date, in accordance with its terms. The College and the Bank will enter into a Reimbursement Agreement, dated May 29, 2008 (the "Reimbursement Agreement"), providing for reimbursement to the Bank of amounts drawn under the Letter of Credit. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS - The Letter of Credit."

The Loan Agreement is a general obligation of the College. The obligations of the College under the Loan Agreement are secured by The Pledged Revenues and by a mortgage granted by the College to the Authority on the Mortgaged Property. For a more complete description of the security for the obligations of the College under the Loan Agreement, see "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS."

**The Series 2008 Bonds will not be a debt of the State of New York (the "State") nor will the State be liable thereon. The Authority has no taxing power.**

**Description:** The Series 2008 Bonds will be issued initially as fully registered Variable Interest Rate Bonds and Option Bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Series 2008 Bonds will bear interest at the Weekly Rate for Weekly Rate Periods until converted to another Rate Mode. Each Weekly Rate will be determined on the Business Day immediately preceding the first day of each Weekly Rate Period, and interest is payable in arrears, on the first Business Day of each calendar month, commencing on June 2, 2008, for as long as the Series 2008 Bonds bear interest at a Weekly Rate.

RBC Capital Markets Corporation is the remarketing agent for the Series 2008 Bonds (the "Remarketing Agent").

The interest rate to be borne by the Series 2008 Bonds may be changed to other Rate Modes at the times and in the manner set forth herein. **Unless otherwise set forth herein, the descriptions of the Series 2008 Bonds and the related documents included herein generally relate only to the terms and provisions which are applicable while the Series 2008 Bonds bear interest at a Weekly Rate.**

The Series 2008 Bonds will be issued initially under a Book-Entry Only System, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases of beneficial interests in the Series 2008 Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2008 Bonds, payments of the principal, Sinking Fund Installments, purchase price and Redemption Price of and interest on the Series 2008 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement to beneficial owners is the responsibility of DTC participants. See "PART 3 - THE SERIES 2008 BONDS - Book-Entry Only System" herein.

**Redemption:** *The Series 2008 Bonds are subject to mandatory tender and to redemption prior to maturity as more fully described herein.*

**Tax Exemption:** In the opinion of Harris Beach PLLC, Bond Counsel to the Authority, under existing statutes, regulations, administrative rulings and court decisions, and assuming compliance with the tax covenants described herein, interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. However, such interest is included in "adjusted current earnings" for purposes of calculating the federal alternative minimum tax liability of certain corporations. See "PART 11 - TAX MATTERS" herein regarding certain other related federal tax considerations. Bond Counsel is also of the opinion that, under existing statutes, including the Act (as defined herein), interest on the Series 2008 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof. Bond Counsel expresses no opinion regarding any other consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2008 Bonds.

*The Series 2008 Bonds are offered when, as and if issued. The offer of the Series 2008 Bonds may be subject to prior sale or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Harris Beach PLLC, Rochester, New York, Bond Counsel to the Authority, and to certain other conditions. Certain legal matters will be passed upon for the College by its Counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York. Certain legal matters will be passed upon for the Underwriter by its Counsel, Hodgson Russ LLP, Albany, New York. Certain legal matters will be passed upon for the Bank by its Counsel, Hiscock & Barclay, LLP, Syracuse, New York. The Authority expects to deliver the Series 2008 Bonds in definitive form in Rochester, New York, on or about May 29, 2008.*



May 20, 2008

\*See inside cover

No dealer, broker, salesperson or other person has been authorized by the Authority, the College or the Underwriter to give any information or to make any representations with respect to the Series 2008 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by the Authority, the College or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2008 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

Certain information in this Official Statement has been supplied by the College, the Bank and other sources that the Authority believes are reliable. The Authority does not guarantee the accuracy or completeness of such information and such information is not to be construed as a representation of the Authority.

The College reviewed the parts of this Official Statement describing the College, the Series 2008 Project and the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B - FINANCIAL STATEMENTS OF ITHACA COLLEGE AND INDEPENDENT AUDITORS REPORT. It is a condition to the sale and the delivery of the Series 2008 Bonds that the College certify that, as of each such date, such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. Other than with respect to information contained in such parts, the College makes no representations as to the accuracy or completeness of any other information included in this Official Statement.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities law, but the Underwriter does not guarantee the accuracy or completeness of such information.

Other than with respect to information concerning the Bank, the Letter of Credit and the Reimbursement Agreement, none of the information in this Official Statement has been supplied or verified by the Bank, and the Bank makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Series 2008 Bonds; or (iii) the tax status of the interest on the Series 2008 Bonds.

References in this Official Statement to the Act (as described herein), the Resolution, the Series 2008 Resolution, the Bond Series Certificate, the Loan Agreement, the Intercreditor Agreement, the Reimbursement Agreement and the Letter of Credit do not purport to be complete. Refer to the Act, the Resolution, the Series 2008 Resolution, the Bond Series Certificate, the Loan Agreement, the Intercreditor Agreement, the Reimbursement Agreement and the Letter of Credit for full and complete details of their provisions. Copies of the Resolution, the Series 2008 Resolution, the Bond Series Certificate, the Loan Agreement, the Intercreditor Agreement, the Reimbursement Agreement and the Letter of Credit are on file with the Authority and the Trustee.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

Under no circumstances shall the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of the Authority, the College or the Bank have remained unchanged after the date of this Official Statement.

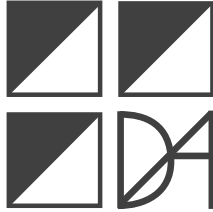
**IN CONNECTION WITH THE OFFERING OF THE SERIES 2008 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2008 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

\*CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2008 Bonds. The Authority is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2008 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2008 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2008 Bonds.

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**DORMITORY AUTHORITY-STATE OF NEW YORK**  
**MICHAEL T. CORRIGAN - ACTING EXECUTIVE DIRECTOR**

**515 BROADWAY, ALBANY, N.Y. 12207**  
**GAIL H. GORDON, ESQ. - CHAIR**

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**OFFICIAL STATEMENT RELATING TO**  
**\$38,505,000**  
**DORMITORY AUTHORITY**  
**OF THE STATE OF NEW YORK**  
**ITHACA COLLEGE**  
**REVENUE BONDS, SERIES 2008**

**PART I-INTRODUCTION**

**Purpose of the Official Statement**

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Authority, the Bank and the College, in connection with the offering by the Authority of \$38,505,000 principal amount of its Ithaca College Revenue Bonds, Series 2008 (the "Series 2008 Bonds").

The following is a brief description of certain information concerning the Series 2008 Bonds, the Authority, the Bank and the College. A more complete description of such information and additional information that may affect decisions to invest in the Series 2008 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in Appendix A hereto.

**Purpose of the Issue**

The Series 2008 Bonds are being issued (i) to pay the Costs of the Series 2008 Project, which consists of various renovation projects throughout the College's campus, (ii) to refund the remaining outstanding maturities of the Authority's Ithaca College Insured Revenue Bonds, Series 1998 (the "Series 1998 Bonds"), and (iii) to pay certain Costs of Issuance of the Series 2008 Bonds. See "PART 7 - ESTIMATED SOURCES AND USES OF FUNDS."

**Authorization of Issuance**

The Resolution authorizes the issuance of Bonds pursuant to separate Series Resolutions for the benefit of the College. The Series 2008 Bonds will be issued pursuant to the Act, the Resolution, and the Series 2008 Resolution. The Series 2008 Bonds are the first Series of Bonds to be issued under the Resolution. In addition to the Series 2008 Bonds, the Resolution authorizes the issuance of other Series of Bonds (collectively, the "Bonds") to pay other Costs of one or more Projects, to pay the Costs of Issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of the Authority issued on behalf of the College. Each Series of Bonds will be separately secured from each other Series of Bonds. Except as provided in the Resolution, there is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time prior to or after the scheduled delivery date of the Series 2008 Bonds. See "PART 3 - THE SERIES 2008 BONDS."

**The Authority**

The Authority is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, governmental and not-for-profit institutions. See "PART 8 - THE AUTHORITY."

## **The College**

The College is an independent, coeducational, nonsectarian, not-for-profit institution of higher education chartered by the Board of Regents of the State. The College is located in the Ithaca, New York. See "PART 5 - THE COLLEGE" and "Appendix B - Financial Statements of Ithaca College and Independent Auditors' Report."

## **The Series 2008 Bonds**

The Series 2008 Bonds will be dated the date of their initial delivery, will bear interest from that date and will mature, subject to prior redemption or tender for purchase, as described herein. Commencing on the date of delivery, the Series 2008 Bonds will bear interest at the Weekly Rate until converted to a Daily Rate, a Term Rate or a Fixed Rate. If any Bonds are converted to another Rate Mode all Series 2008 Bonds must be converted to the same Rate Mode. See "PART 3 - THE SERIES 2008 BONDS - Description of the Series 2008 Bonds."

**As a general matter, this Official Statement describes the terms of the Series 2008 Bonds only in the Weekly Rate Mode.**

Interest on the Series 2008 Bonds while in the Weekly Rate Mode is payable on June 2, 2008 and thereafter on the first Business Day of each month.

The Series 2008 Bonds are subject to mandatory tender on each Conversion Date and upon the expiration of the Letter of Credit, the delivery of a Substitute Credit Facility and the occurrence of an Event of Default under the Reimbursement Agreement (and election by the Bank to effect a mandatory tender in connection therewith). While the Series 2008 Bonds bear interest at the Weekly Rate, Bondholders will have the right to tender the Series 2008 Bonds (or portion thereof under certain circumstances) as described herein. See "PART 3 - THE SERIES 2008 BONDS - Tender of the Series 2008 Bonds."

## **Payment of the Series 2008 Bonds**

The Series 2008 Bonds will be special obligations of the Authority payable solely from certain payments to be made by the Bank under the Letter of Credit and, if such amounts are insufficient, from the Revenues. The Loan Agreement is a general obligation of the College. Pursuant to the Resolution and the Series 2008 Resolution, the Revenues and the Authority's right to receive the Revenues have been pledged to the Trustee. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS."

## **Security for the Series 2008 Bonds**

The Series 2008 Bonds will be secured by the Pledged Revenues and by all funds and accounts established under the Resolutions (with the exception of the Arbitrage Rebate Fund, the Purchase and Remarketing Fund established to pay the purchase price of the Tendered Bonds and the Credit Facility Repayment Fund). See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS - Security for the Series 2008 Bonds."

The Series 2008 Bonds will not be a debt of the State nor will the State be liable thereon. The Authority has no taxing power.

## **The Letter of Credit**

Pursuant to the Reimbursement Agreement, dated May 29, 2008, between the College and the Bank (the "Reimbursement Agreement"), the Bank will deliver an irrevocable direct pay letter of credit (the "Letter of Credit"), dated the date of the Series 2008 Bonds, pursuant to which the Bank will be obligated, subject to the terms and conditions of the Letter of Credit, to pay, when due, an amount not to exceed the principal of and up to 35 days interest on the Series 2008 Bonds, computed at a maximum interest rate of twelve percent (12%) per annum, and the Purchase Price of such Bonds tendered for purchase pursuant to the Resolutions and the Bond Series Certificate but not remarketed. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS - The Letter of Credit."

While in the Weekly Rate Mode, the Series 2008 Bonds are subject to optional and mandatory tender for purchase as described herein. Pursuant to the Letter of Credit, the Bank will be obligated to purchase Series 2008 Bonds tendered for purchase pursuant to the Bond Series Certificate and not remarketed. The Letter of Credit will expire on May 28, 2013 unless renewed or extended or terminated pursuant thereto. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS - The Letter of Credit".

## **The Mortgage**

The College's obligations to the Authority under the Loan Agreement and to the Bank under the Reimbursement Agreement will be secured by the Mortgage on the Mortgaged Property and a security interest in certain fixtures now or hereafter located thereon granted by the College to the Authority. At the time of delivery of the Series 2008 Bonds, the Authority will assign the Mortgage and such security interests to the Bank and the Trustee. Notwithstanding such assignment, portions of the Mortgaged Property may be released, and the Mortgage may be amended, with the prior written consent of the Authority and the Bank but without the consent of the Trustee or the Holders of the Series 2008 Bonds. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS - Security for the Series 2008 Bonds - *The Mortgage*."

## **The Series 2008 Project and the Refunding Plan**

A portion of the proceeds of the Series 2008 Bonds will be used to finance the Series 2008 Project which consists of various renovation projects throughout the College's campus.

A portion of the proceeds of the Series 2008 Bonds will be used to refund the remaining outstanding maturities of the Series 1998 Bonds. Such proceeds and other available moneys will be used to provide for the payment of the principal of and interest on which, when due, will be sufficient to pay the redemption price of and interest on the Series 1998 Bonds. See "PART 6 - THE SERIES 2008 PROJECT AND THE REFUNDING PLAN."

## **PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS**

*Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2008 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolution, the Series 2008 Resolution, the Bond Series Certificate, the Intercreditor Agreement, the Reimbursement Agreement and the Letter of Credit. Copies of the Loan Agreement, the Resolution, the Series 2008 Resolution, the Bond Series Certificate, the Intercreditor Agreement, the Reimbursement Agreement and the Letter of Credit are on file with the Authority and the Trustee. See also "Appendix C - Summary of Certain Provisions of the Loan Agreement", "Appendix D - Summary of Certain Provisions of the Resolution" and "Appendix E - Summary of Certain Provisions of the Reimbursement Agreement" for a more complete statement of the rights, duties and obligations of the parties thereto.*

### **Payment of the Series 2008 Bonds**

The Series 2008 Bonds will be special obligations of the Authority payable solely from certain payments to be made by the Bank under the Letter of Credit and, if such amounts are insufficient, the Revenues.

Payments of principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2008 Bonds are expected to be made to the Holders of the Series 2008 Bonds from funds drawn under the Letter of Credit and, in the case of the Purchase Price of Tendered Bonds, from remarketing proceeds or, if remarketing proceeds are insufficient, from funds drawn under the Letter of Credit as described herein.

The Loan Agreement is a general obligation of the College. The Loan Agreement obligates the College to make monthly payment to satisfy principal Sinking Fund Installments and Redemption Price of and interest on Outstanding Series 2008 Bonds and, to the extent remarketing proceeds are not available, the purchase price thereof. With respect to payments relating to principal and Sinking Fund Installments, each such payment is to be equal to a proportionate share of the principal and Sinking Fund Installments of the Series 2008 Bonds coming due on the next succeeding July 1. Interest payments are due and payable in the Weekly Rate Mode three (3) days prior to the related interest payment date. The Loan Agreement also obligates the College to pay, at least 45 days prior to a redemption date or purchase date of Series 2008 Bonds called for redemption or contracted to be purchased, with certain exceptions, the amount, if any, required to pay the purchase price or Redemption Price of such Bonds. See "PART 3 - THE SERIES 2008 BONDS - Redemption and Purchase in Lieu of Redemption."

The Authority has directed the College, and the College has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to repay the Bank with respect to draws under the Letter of Credit or, if such amounts drawn under the Letter of Credit are insufficient to pay Bondholders, to pay principal, Sinking Fund Installments, purchase price and Redemption Price of and interest on the Series 2008 Bonds.

## **Security for the Series 2008 Bonds**

The Series 2008 Bonds will be secured by the payments described above to be made under the Letter of Credit, the Revenues and all funds and accounts established under the Resolution (with the exception of the Arbitrage Rebate Fund, the Purchase and Remarketing Fund established to pay the purchase price of the Tendered Bonds and the Credit Facility Repayment Fund). The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Bank and the Holders of the Series 2008 Bonds. Each Series of Bonds issued pursuant to the Resolution will be separately secured from each other Series of Bonds. See "Appendix D - Summary of Certain Provisions of the Resolution."

### *The Mortgage*

The College's obligations to the Authority under the Loan Agreement and to the Bank under the Reimbursement Agreement will be additionally secured by the Mortgage on the Mortgaged Property and a security interest in certain fixtures now or hereafter located thereon granted by the College to the Authority. At the time of delivery of the Series 2008 Bonds, the Authority will assign the Mortgage and such security interests to the Bank and the Trustee. Notwithstanding such assignment, property subject to the Mortgage may be released, and the Mortgage may be amended, with the prior written consent of the Authority and the Bank but without the consent of the Trustee or the Holders of the Series 2008 Bonds.

### *Loan Agreement*

In addition, in order to secure the obligations of the Authority under the Resolutions and to secure the payment of all amounts due and owing by the Authority to the Holders of the Series 2008 Bonds and in order to secure the obligations of the College to the Bank under the Reimbursement Agreement, the Authority will assign to the Trustee and the Bank all of its right, title and interest in the Loan Agreement (subject to certain reserved rights of the Authority), including the Authority's security interest in Pledged Revenues, subject to Prior Pledges. The Pledged Revenues consist of, during any year, an aggregate amount of tuition and fees charged by the College to students for academic instruction, the right to receive the same and the proceeds thereof equal to the maximum annual debt service on the then Outstanding Series 2008 Bonds. For the fiscal year ended May 31, 2007, the College reported net tuition and fee revenue of approximately \$105,839,349. The Prior Pledges consist of pledges of the College's tuition and fee revenues to secure its obligations in connection with revenue bonds issued by the Tompkins County Industrial Development Agency in 2004 and 2005. See "PART 5 - THE COLLEGE - Outstanding Indebtedness of the College."

### *Intercreditor Agreement*

The respective rights and remedies of the Authority, the Trustee and the Bank under the Loan Agreement and the Mortgage are controlled by the terms of the Intercreditor Agreement among the Authority, the Trustee and the Bank pursuant to which the Authority will, upon issuance of the Series 2008 Bonds, assign to the Trustee and the Bank the Authority's rights under the Loan Agreement (other than certain Reserved Rights of the Authority) and under the Mortgage. The Intercreditor Agreement provides that so long as the Letter of Credit is in effect and the Bank is not in default of its payment obligations under the Letter of Credit, the Bank shall have the sole right to grant any approval, consent or waiver required and sole control of remedies under the Loan Agreement (other than with respect to the Authority's Reserved Rights) and under the Mortgage.

## **The Letter of Credit**

The following description of the Letter of Credit and Reimbursement Agreement should not be considered a full statement thereof. Reference is made to the Letter of Credit and the Reimbursement Agreement for the detailed provisions thereof, and the discussion herein is qualified by such reference. See "Appendix E - Summary Of Certain Provisions Of The Reimbursement Agreement".

Upon issuance of the Series 2008 Bonds, the Bank will issue and deliver a Letter of Credit with respect to the Series 2008 Bonds for the account of the College naming the Trustee as beneficiary for the payment of principal, Sinking Fund Installments, purchase price and Redemption Price of and interest on the Series 2008 Bonds. The Letter of Credit is the irrevocable obligation of the Bank issued in an aggregate amount equal to the principal amount of the Series 2008 Bonds plus an amount equal to thirty-five (35) days' interest on the Series 2008 Bonds computed at a maximum interest rate of twelve percent (12%) per annum based upon a 365 day year for the actual numbers of days elapsed. The Trustee is authorized to draw under the Letter of Credit (i) an amount sufficient to pay the principal of the Series 2008 Bonds upon redemption, acceleration or at maturity or, to the extent remarketing proceeds are not available therefor, to pay the principal portion of the Purchase Price of any Series 2008 Bonds tendered for purchase pursuant to the optional or mandatory tender provisions of the Bond Series Certificate and (ii) an amount representing interest on the Series 2008 Bonds for up to thirty-five (35) days at a rate per annum of up to twelve percent (12%) (using a 365 divisor) sufficient to pay interest on the Series



2008 Bonds when due or, to the extent remarketing proceeds are not available therefor, to pay the interest portion of the Purchase Price of any Series 2008 Bonds tendered pursuant to the optional or mandatory tender provisions of the Bond Series Certificate.

The Trustee is directed under the Bond Series Certificate to draw upon the Letter of Credit (A) to pay principal, Sinking Fund Installments, or redemption price of and interest on the Series 2008 Bonds when due; and (B) to enable the Tender Agent to (i) pay the Purchase Price of Series 2008 Bonds to be purchased on the demand of the owner thereof; and (ii) to pay the Purchase Price of Series 2008 Bonds subject to mandatory purchase, to the extent that proceeds from the remarketing of such Series 2008 Bonds tendered or deemed tendered for purchase are not available for such purpose.

The obligation of the Bank under the Letter of Credit will be reduced to the extent of any drawing thereunder pursuant to a drawing (a "Remarketing Drawing") under the Letter of Credit to pay the Purchase Price of any Series 2008 Bonds tendered for purchase by the Holders thereof, to the extent remarketing proceeds are not available for such purpose. The amount of such Remarketing Drawing will be reinstated to the extent that money is received by the Bank (other than from drawings under the Letter of Credit) from the Trustee, which proceeds were held by the Trustee for the sole purpose of reimbursing the Bank for all or a portion of the amounts drawn pertaining to said Remarketing Drawing, or upon the Trustee's certification that the Trustee is holding for the Bank's benefit Series 2008 Bonds together with an amount of money, the aggregate amount of which is equal to or greater than the principal portion of the Remarketing Drawing.

In connection with any drawing with respect to the payment of interest (an "Interest Drawing"), the Letter of Credit will be automatically decreased by the amount of such Interest Drawing and will be automatically reinstated by the amount of such Interest Drawing on the day of such Interest Drawing. Upon presentation by the Trustee of any drawing with respect to the payment of principal (a "Principal Drawing"), the amount of the Letter of Credit and the amounts available to be drawn by the Trustee by any subsequent Principal Drawing will be automatically decreased by an amount equal to the amount of such Principal Drawing. In no event will the Trustee be entitled to make drawings under the Letter of Credit for payment of any amount due on any Series 2008 Bond purchased with the proceeds of a drawing under the Letter of Credit and not remarketed.

The Letter of Credit will expire, unless extended, upon the earliest of (i) the honoring by the Bank of the final drawing available to be made thereunder; (ii) the Bank's receipt of the outstanding Letter of Credit and a written certificate signed by officers of the Trustee and the Authority and an authorized representative of the College, stating among other things that none of the Series 2008 Bonds are Outstanding within the meaning of the Resolution; (iii) the Bank's receipt of the Letter of Credit and a written certificate signed by officers of the Trustee and the Authority and an authorized representative of the College stating among other things that a Substitute Credit Facility has been accepted by the Trustee and is in effect; (iv) the Conversion Date; or (v) May 28, 2013 (the "Expiration Date").

The College may request the Bank to extend the Expiration Date of the Letter of Credit, but the Bank is under no obligation to do so. The Expiration Date may be extended in the Bank's sole discretion, at the College's request, for an additional year at each anniversary of the initial issuance of the Letter of Credit so that, in the event the Bank elects to extend the Letter of Credit on any anniversary date, the term of the Letter of Credit will be five years at the effective date of such extension.

Upon an acceleration of the maturity of the Series 2008 Bonds due to an Event of Default under the Resolutions, the Trustee will be entitled to draw on the Letter of Credit to the extent of the aggregate principal amount of the Series 2008 Bonds then outstanding plus, to the extent available under the Letter of Credit, an amount sufficient to pay interest on all outstanding Series 2008 Bonds.

The Letter of Credit will be transferable and assignable to a successor Trustee appointed in accordance with the Resolution. Amounts payable under the Letter of Credit will be general obligations of the Bank. Such amounts will not be guaranteed, in whole or in part, by the United States or any agency or instrumentality thereof.

Pursuant to the Reimbursement Agreement, the College has agreed to repay, on the same Business Day as the Bank honors a drawing, any amounts drawn on the Letter of Credit (other than amounts drawn on the Letter of Credit to pay the Purchase Price of any Series 2008 Bond), plus reasonable charges incurred by the Bank in connection with any draws on the Letter of Credit. See "Appendix E - Summary Of Certain Provisions Of The Reimbursement Agreement".

### **The Reimbursement Agreement**

The Letter of Credit is being issued pursuant to the Reimbursement Agreement, under which the College will be obligated, among other things, to reimburse the Bank, with interest, for each drawing under the Letter of Credit.

The Reimbursement Agreement contains various representations, warranties and covenants of the College and establishes various events of default thereunder. See "Appendix E - Summary of Certain Provisions of the Reimbursement Agreement."

The terms of the Reimbursement Agreement and certain related documents may be modified, amended or supplemented by the Bank and the College from time to time without giving notice to or obtaining the consent of the Bondholders. Any amendment, modification or supplement to the Reimbursement Agreement may contain amendments or modifications to the covenants of the College or additional covenants of the College and these amended or modified covenants may be more or less restrictive than those in effect at the date of issuance of the Series 2008 Bonds. See "Appendix E - Summary of Certain Provisions of the Reimbursement Agreement."

### **Substitute Credit Facility**

The Authority may replace the Letter of Credit with a Substitute Credit Facility upon written notice to the Bank, or the College may, at any time, at its option with the prior written consent of the Authority and upon written notice to the Bank, deliver or cause to be delivered to the Trustee a Substitute Credit Facility provided by the College.

The replacement of the Letter of Credit with a Substitute Credit Facility will cause a mandatory tender of all Series 2008 Bonds. In no event shall the Letter of Credit be surrendered to the Bank upon delivery of a Substitute Credit Facility until a drawing to pay the Purchase Price of the Series 2008 Bonds tendered for purchase and not remarketed has been honored by the Bank and the Bank certifies that the College has complied with the requirements of the Letter of Credit and Reimbursement Agreement. No such Substitute Credit Facility shall be or become effective unless it meets the requirements set forth in the Bond Series Certificate.

### **Events of Default and Acceleration**

The following are events of default under the Resolution: (i) with respect to the Series 2008 Bonds, a default by the Authority in the payment of the principal, Sinking Fund Installment or Redemption Price of any Bond; (ii) with respect to the Series 2008 Bonds, a default by the Authority in the payment of interest on any Bond; (iii) with respect to the Series 2008 Bonds, a default by the Authority in the due and punctual performance of any covenant or agreement contained in the Series 2008 Resolution to comply with the provisions of Section 103 of the Code necessary to maintain the exclusion of interest on such Bonds from gross income for purposes of federal income taxation; (iv) with respect to the Series 2008 Bonds, a default by the Authority in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Bonds or in the Resolutions which continues for 30 days after written notice thereof is given to the Authority by the Trustee (such notice to be given in the Trustee's discretion or at the written request of the Holders of not less than 25% in principal amount of Outstanding Bonds) or if such default is not capable of being cured within 30 days, if the Authority fails to commence within 30 days and diligently prosecute the cure thereof; or (v) with respect to the Series 2008 Bonds, the Authority shall have notified the Trustee that an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the College under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the College under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Outstanding Series 2008 Bonds, shall declare the principal of and interest on all the Outstanding Series 2008 Bonds to be due and payable. At the expiration of 30 days from the giving of such notice, such principal and interest will become due and payable. At any time after the principal of the Series 2008 Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than 25% in principal amount of Series 2008 Bonds not yet due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee to the College, as soon as practicable, and to the Bank within five days, and to the Holders within 30 days, in each case after obtaining knowledge of the occurrence thereof, unless such default has been remedied or cured

before the giving of such notice; provided, however, that, except in the case of default in the payment of principal, Sinking Fund Installments or Redemption Price of or interest on any of the Series 2008 Bonds, the Trustee will be protected in withholding such notice thereof to the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Series 2008 Bonds.

### **Bank Consent Rights**

If no Credit Facility Issuer Default is occurring, the Bank, and not the actual Holders of the Series 2008 Bonds, shall be deemed to be the Holder of the Series 2008 Bonds for the purpose of exercising any right or power, consenting to an amendment, modification or waiver, or requesting or directing the Trustee to take or not to take any action under the Resolutions.

### **Issuance of Additional Bonds**

In addition to the Series 2008 Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance one or more projects and for other specified purposes, including to refund Outstanding Bonds or other notes or bonds of the Authority issued on behalf of the College. The Bonds which may be issued include Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds, Variable Interest Rate Bonds and Fixed Rate Bonds. Each Series of Bonds will be separately secured from each other Series of Bonds. Except as provided in the Resolution, there is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time prior to or after the scheduled delivery date of the Series 2008 Bonds. The Series 2008 Bonds will be the first Series of Bonds issued under the Resolution.

### **General**

The Series 2008 Bonds will not be a debt of the State and the State will not be liable on the Series 2008 Bonds. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal of or interest on its bonds or notes. See "PART 8 - THE AUTHORITY."

## **PART 3 - THE SERIES 2008 BONDS**

*Set forth below is a narrative description of certain provisions relating to the Series 2008 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution and the Loan Agreement, copies of which are on file with the Authority and the Trustee. See also "Appendix C - Summary of Certain Provisions of the Loan Agreement" and "Appendix D - Summary of Certain Provisions of the Resolution" for a more complete description of certain provisions of the Series 2008 Bonds.*

### **Description of the Series 2008 Bonds**

The Series 2008 Bonds will be issued pursuant to the Act, the Resolution, the Series 2008 Resolution and the Bond Series Certificate. The Series 2008 Bonds will be dated the date of their initial delivery, and will bear interest at the Weekly Rate established for the Series 2008 Bonds while in the Weekly Rate Mode until such time, if ever, as the Rate Mode for such Series 2008 Bonds is changed, as described herein. If any Series 2008 Bonds are converted, all Series 2008 Bonds must be converted to the same Rate Mode. Under the Bond Series Certificate, the Weekly Rate Period commences on Thursday of each calendar week and extends to and includes the next succeeding Wednesday (or earlier Conversion Date). While in the Weekly Rate Mode, interest on the Series 2008 Bonds is payable on June 2, 2008 and the first Business Day of each month thereafter. Interest on Series 2008 Bonds payable during the Weekly Rate Mode shall be computed on the basis of a year of 365 or 366 days, as appropriate, for the actual number of days elapsed.

**As a general matter, this Official Statement describes the terms of the Series 2008 Bonds only in the Weekly Rate Mode.**

The Series 2008 Bonds, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2008 Bonds, payments of the principal, Redemption Price and Purchase Price of and interest on the Series 2008 Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the Direct Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the Beneficial

Owners (as hereinafter defined) of the Series 2008 Bonds is the responsibility of the Direct Participants and the Indirect Participants (as hereinafter defined). See "Book-Entry Only System."

The Series 2008 Bonds will be issued in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Series 2008 Bonds may be exchanged for other Series 2008 Bonds in any other authorized denominations upon surrender thereof at the corporate trust office of the Trustee, duly executed by the registered owner or his representative.

Interest shall be payable on each Interest Payment Date during the Weekly Rate Mode in immediately available funds payable by check mailed to each registered owner of a Series 2008 Bond on the Record Date immediately preceding such Interest Payment Date to the address thereof as it appears on the registry books of the Authority, or, at the request of a registered owner, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has not later than five (5) days prior to the Record Date immediately preceding such Interest Payment Date directed the Trustee to wire such interest payment. Notwithstanding the foregoing, interest payable on any Interest Payment Date during which the Series 2008 Bonds are Book Entry Bonds shall be paid by wire transfer to the Depository for the Series 2008 Bonds or its nominee, at the wire transfer address therefor.

Interest payable on each Interest Payment Date shall be the interest accrued and unpaid to and including the day preceding such Interest Payment Date.

### **Determination of Weekly Rate**

Each Series 2008 Bond in a Weekly Rate Mode (other than a Bank Bond) will bear interest at the Weekly Rate established for such Series 2008 Bonds. The Weekly Rate is required to be determined by the Remarketing Agent to be the rate of interest that, if borne by the Series 2008 Bonds for such Weekly Rate Period, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for bonds or other securities the interest on which is excludable from gross income for federal income tax purposes of the same general nature as the Series 2008 Bonds and that are comparable as to credit and maturity or tender dates with the credit and maturity or tender dates, would be the lowest interest rate that would enable the Series 2008 Bond to be sold on the first day of the applicable Weekly Rate Period at a price of par, plus accrued interest, if any.

The Remarketing Agent shall make the Weekly Rate available to any Holder, the Trustee, the Tender Agent, the Authority and the Bank requesting such rate.

The Remarketing Agent shall determine a Weekly Rate for each Weekly Rate Period by 5:00 p.m., New York City time, on Wednesday of each week, or the next succeeding Business Day if any Wednesday is not a Business Day. If for any reason (i) the Weekly Rate for a Weekly Rate Period is not established as aforesaid, (ii) no Remarketing Agent is serving under the Remarketing Agreement, (iii) the Weekly Rate so established is held to be invalid or unenforceable with respect to a Weekly Rate Period or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Weekly Rate, then the Weekly Rate for such Weekly Rate Period shall be the SIFMA Municipal Index on the date such Weekly Rate was to have been determined by the Remarketing Agent.

No Series 2008 Bonds (other than a Bank Bond) will bear interest at a rate that exceeds the Maximum Rate.

### **Redemption and Purchase in Lieu of Redemption**

The Series 2008 Bonds will be subject to redemption prior to maturity as provided below.

*Optional Redemption.* The Series 2008 Bonds in the Weekly Rate Mode are subject to redemption prior to maturity at the election of the Authority upon the request of the College, in whole or in part, on any Business Day at a Redemption Price equal to 100% of the principal amount of each Series 2008 Bond or portion thereof to be redeemed, plus accrued interest to the redemption date.

*Mandatory Sinking Fund Redemption.* The Series 2008 Bonds shall be subject to redemption, in part, through application of Sinking Fund Installments beginning on July 1, 2009, upon notice given as prescribed in the Resolutions

and the Bond Series Certificate, at a Redemption Price equal to 100% of the principal amount of each Series 2008 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the Series 2008 Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Series 2008 Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Authority shall be required to pay for the retirement of the Series 2008 Bonds maturing on July 1 of each of the years set forth in the following table, the amount set forth opposite such year:

**Series 2008 Bonds Maturing July 1, 2038**

<u>Year</u>	<u>Sinking Fund Installment</u>
2009	\$2,090,000
2010	2,175,000
2011	2,260,000
2012	2,350,000
2013	2,460,000
2014	2,555,000
2015	2,660,000
2016	2,760,000
2017	2,885,000
2018	2,990,000
2019	3,120,000
2020	3,245,000
2021	3,380,000
2022	150,000
2023	155,000
2024	160,000
2025	170,000
2026	175,000
2027	185,000
2028	190,000
2029	200,000
2030	205,000
2031	215,000
2032	225,000
2033	235,000
2034	240,000
2035	250,000
2036	260,000
2037	275,000
2038†	285,000

† Final maturity.

*Redemption of Bank Bonds.* The Series 2008 Bonds that are Bank Bonds shall be subject to redemption prior to maturity in whole at the option of the Bank at a Redemption Price equal to 100% of the principal amount of the Bank Bonds or portion thereof to be redeemed at the times and in the principal amounts required by the Reimbursement Agreement. Bank Bonds are to be redeemed prior to other Series 2008 Bonds.

*Special Redemption.* The Series 2008 Bonds are also subject to redemption, in whole or in part, at 100% of the principal amount thereof plus accrued interest thereon, at the option of the Authority on any Interest Payment Date (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project (as such term is defined in the Loan Agreement) and (ii) from unexpended proceeds of the Series 2008 Bonds upon abandonment of all or a portion of the Project due to a legal or regulatory impediment.

*Notice of Redemption.* Each notice of redemption shall be given not less than fifteen (15) days prior to the redemption date. Each notice of redemption of Series 2008 Bonds in the Weekly Rate Mode to be redeemed at the option of the Authority may state, in addition to any other condition, that the redemption is conditioned upon the availability on the redemption date of available moneys sufficient to pay the Redemption Price of the Series 2008 Bonds to be redeemed.

*Purchase In Lieu of Redemption.* Any Series 2008 Bond which is subject to optional redemption may be purchased by the Trustee at the direction of the College with the consent of the Authority and the Bank. Such Series 2008 Bond need not be cancelled upon purchase, but may be resold with the same terms or such different terms as may be agreed upon by the College and the purchasers with the consent of the Authority. If the College elects to purchase Series 2008 Bonds, the College shall give written notice to the Authority, the Trustee and the Bank of such election, which notice shall set forth the Bonds to be purchased.

*Selection of Series 2008 Bonds to be Redeemed.* If less than all of the Outstanding Series 2008 Bonds of like maturity are to be redeemed or purchased in lieu of redemption as described in the Bond Series Certificate, Bank Bonds, if any, shall be redeemed first. Thereafter, the Trustee shall select for redemption Series 2008 Bonds, using such method of selection as it deems proper in its discretion, in accordance with the Resolution.

### **Tender of the Series 2008 Bonds**

*Optional Tender of Book-Entry Bonds.* For so long as a Series 2008 Bond bears interest in a Weekly Rate Mode during which such Series 2008 Bond is a Book-Entry Bond, a Direct Participant, acting on behalf of a Beneficial Owner, shall have the right to tender all or any portion, in an Authorized Denomination, of the principal amount of such Beneficial Owner's interest in any Series 2008 Bond for purchase on any Optional Tender Date, by giving or delivering to the Remarketing Agent and the Tender Agent at their respective principal offices a Tender Notice stating (i) the aggregate principal amount in an Authorized Denomination of each Series 2008 Bond or portion thereof to be purchased, and (ii) that such principal amount of the Series 2008 Bond (in an Authorized Denomination) must be purchased on such Optional Tender Date pursuant to the Bond Series Certificate. Optional Tender Date means any Business Day while the Series 2008 Bonds bear interest in the Weekly Rate Mode.

Such Tender Notice must be delivered in the case of Series 2008 Bonds bearing interest a Weekly Rate, not later than 5:00 P.M., New York City time, on the seventh business day prior to the Optional Tender Date.

Any Tender Notice so given or delivered shall be irrevocable and shall be binding on the Direct Participant, the Beneficial Owner on whose behalf such notice was given and any transferee of such Beneficial Owner. The principal amount of the Series 2008 Bonds for which a Tender Notice has been given or delivered shall be deemed tendered on the Optional Tender Date without presentation or surrender of the Series 2008 Bonds to the Tender Agent. If there is on deposit with the Tender Agent on the Optional Tender Date an amount sufficient to pay the Purchase Price of the aggregate principal amount of Series 2008 Bonds to be tendered on such Optional Tender Date pursuant to a Tender Notice given pursuant to this paragraph, ownership of such aggregate principal amount of Series 2008 Bonds shall be recorded in the records of DTC as transferred to the Remarketing Agent.

*Mandatory Tenders.* The Series 2008 Bonds in the Weekly Rate Mode are subject to mandatory tender and purchase at the Purchase Price on the following dates:

- (i) on each Conversion Date;
- (ii) on a date that is not less than three Business Days prior to the Expiration Date of the Letter of Credit, which Letter of Credit will be drawn upon to pay the Purchase Price of Tendered Bonds (or if such day is not a Business Day, on the immediately preceding Business Day), unless such Letter of Credit has been extended at least 20 days prior to such expiration date;
- (iii) on the effective date of a Substitute Credit Facility delivered with respect to the Series 2008 Bonds (or if such day is not a Business Day, on the immediately preceding Business Day); provided, however, the Letter of Credit shall be drawn upon to pay the Purchase Price of Tendered Bonds that have not been remarketed; and
- (iv) on the date specified in a notice delivered by the Bank or its agent to the Trustee, the Remarketing Agent and the Authority stating that:
  - (A) an Event of Default has occurred under the Reimbursement Agreement or there has not been a reinstatement of a draw on the Letter of Credit (other than a draw relating to a permanent reduction of the stated amount of the Letter of Credit),
  - (B) the Bank has elected to require a mandatory tender of the Series 2008 Bonds as provided in the Reimbursement Agreement, and
  - (C) the mandatory tender will occur on a date set forth in the notice, which may not be less than two Business Days after the receipt by the Trustee, the Remarketing Agent and the Authority of such notice.

*Notices of Mandatory Tenders.* The Tender Agent will give notice of the mandatory tender to the Remarketing Agent and the Depository:

(i) when the Series 2008 Bonds are to be tendered for purchase on Conversion to a new Rate Mode, not more than three Business Days after the Conversion Notice is received;

(ii) when Series 2008 Bonds are to be tendered for purchase on the Expiration Date of Letter of Credit or in connection with the delivery of a Substitute Credit Facility, not less than five Business Days prior to the earlier of the Expiration Date of the Letter of Credit or the effective date of the Substitute Credit Facility; and

(iii) when Series 2008 Bonds are to be tendered for purchase at the direction of the Bank, not less than one Business Day prior to the date of the mandatory tender specified by the Bank.

If the Series 2008 Bonds are not held by a Depository, notices will be sent by first class mail to the Holder of the Series 2008 Bonds.

*Tendered and Deemed Tendered Bonds.* If a Bondholder fails to deliver to the Tender Agent, on or before the applicable Tender Date, all or any portion of a Series 2008 Bond subject to mandatory tender for purchase or any Series 2008 Bond, other than a Book Entry Bond, for which an election to tender has been duly made, such Series 2008 Bond (or portion thereof in an Authorized Denomination) shall be deemed to have been properly tendered to the Tender Agent. To the extent that there is on deposit with the Tender Agent on the purchase date thereof an amount sufficient to pay the Purchase Price of the Tendered Bonds, such Tendered Bonds will cease to constitute or represent a right to payment of principal or interest thereon and will constitute and represent only the right to the payment of the Purchase Price payable on such date. The foregoing shall not limit the right of any person who on a Record Date is the Holder of a Series 2008 Bond to receipt of interest, if any, due thereon on the date such Series 2008 Bond is required to be purchased.

*Purchase of Tendered Bonds.* On each Tender Date the Tendered Bonds shall be purchased (but solely from Available Moneys) at the applicable Purchase Price, which will be paid by 3:00 P.M., New York City time, on the Tender Date. The Purchase Price for the Tendered Bonds shall be paid by the Tender Agent from and in following order of priority: the proceeds of remarketing of the Tendered Bonds; amounts drawn on the Letter of Credit or certain other Available Moneys, if any, under the Bond Series Certificate. No Tendered Bond so purchased with moneys made available by the Bank shall cease to be Outstanding solely by reason of the purchase thereof.

*Remarketing of Series 2008 Bonds.* Upon receipt of any notice given pursuant to the Bond Series Certificate that any Series 2008 Bonds will be or are required to be tendered for purchase, the Remarketing Agent shall use its best efforts to remarket such Tendered Bond on its Tender Date at a price equal to the Purchase Price.

Notwithstanding any other provision of the Bond Series Certificate to the contrary, so long as any Series 2008 Bond is registered in the name of Cede & Co, as nominee of DTC, all payments with respect to principal of, interest, Purchase Price and premium, if any, and all deliveries to be made and all notices to be delivered with respect to such Series 2008 Bonds shall be made and given, respectively, pursuant to DTC's rules and procedures.

*Limitations on Remarketings.* Remarketing of the Series 2008 Bonds is subject to the following limitations:

(i) The Remarketing Agent shall not, during any period during which the Letter of Credit is in effect, remarket Tendered Bonds if:

(A) upon such remarketing the amount available to be drawn under the Letter of Credit for the payment of the principal or Purchase Price of the Outstanding Series 2008 Bonds is less than the principal of such Series 2008 Bonds that are not Bank Bonds, or an amount available to be drawn under the Letter of Credit for payment of the interest on such Outstanding Series 2008 Bonds, is less than the minimum amount required to be available under Credit Facilities in accordance with the Bond Series Certificate;

(B) the Credit Facility then in effect will expire or terminate within 20 days after the Tender Date of the Tendered Bonds, unless and until the Letter of Credit has been extended or a Substitute Credit Facility has been delivered to the Tender Agent; or

(C) the Tendered Bonds were tendered pursuant to a Mandatory Tender required by the Bank following an Event of Default under the Reimbursement Agreement.

(ii) No Tendered Bonds shall be remarketed by the Remarketing Agent for purchase by the Authority or the College, unless there has been delivered to the Trustee an opinion of Bond Counsel to the effect that payment of the Purchase Price of Tendered Bonds from moneys paid by or on behalf of the Authority or the College for the purchase of such Tendered Bonds will not constitute a voidable preference under Section 547 of the United States Bankruptcy Code in a proceeding commenced by or against the Authority or the College thereunder.

(iii) The Remarketing Agent is required to use its best efforts to remarket the tendered Series 2008 Bonds for which

it serves as Remarketing Agent. However, the Remarketing Agent is not required to remarket any tendered Series 2008 Bonds under certain circumstances, including if Remarketing Agent has actual knowledge that an Event of Default with respect to the Series 2008 Bonds has occurred and is continuing under the Resolutions, the Bond Series Certificate or the Loan Agreement. In addition, the Remarketing Agreement provides that the Remarketing Agent is not required to remarket any tendered Series 2008 Bonds if (a) the Remarketing Agent determines that any applicable disclosure document or continuing disclosure undertaking required in connection with the remarketing of the Series 2008 Bonds is either unavailable or not adequate, (b) the Remarketing Agent has received an opinion of Bond Counsel that the exclusion from gross income of interest on the Series 2008 Bonds for federal income tax purposes, or the exemption from registration under the securities Act of 1993, or the exemption from qualification of the Resolutions Act of 1939 can be challenged, or (c) each of the Resolutions, the Bond Series Certificate and the Loan Agreement shall not be in full force and effect or shall have been amended, modified or supplemented in any way which would materially and adversely affect the remarketing of Series 2008 Bonds, except as may have been agreed to in writing by the Remarketing Agent. In addition, the Authority, with the consent of the College so long as no Event of Default has occurred and is continuing under the Loan Agreement, may direct the Remarketing Agent to discontinue or suspend the remarketing of the Series 2008 Bonds.

### **Conversion to Other Rate Modes**

The Authority, at the direction of the College, may, from time to time, by written direction to the Remarketing Agent, the Trustee, the Tender Agent, the Bank, and each Rating Service maintaining a rating on the Series 2008 Bonds, elect that the Outstanding Series 2008 Bonds be converted from the Weekly Rate Mode to a Daily Rate Mode, a Term Rate Mode or a Fixed Rate Mode. Upon such direction, the Authority shall, not less than 15 days prior to any Conversion Date, deliver a written notice specifying (A) the Conversion Date, (B) the Rate Mode that will be effective upon such Conversion, (C) if the Conversion is to a Term Rate Mode, the Term Rate Period, and (D) the ratings expected to be effective on the Series 2008 Bonds after such Conversion. At the time of a conversion from the Weekly Rate Mode to a different Rate Mode, the Series 2008 Bonds are subject to mandatory tender for purchase at the Purchase Price as described herein. See "Appendix D - Summary of Certain Provisions of the Resolution".

The Bond Series Certificate provides that no conversion of a Rate Mode may occur unless (i) on the Conversion Date no Event of Default under the Resolution has occurred and is continuing, (ii) the Authority receives an opinion from Bond Counsel with respect to the proposed conversion, and (iii) such other requirements as are set forth in the Bond Series Certificate are met.

In the event the requirements described in the preceding sentence are not met, or the Remarketing Agent notifies the Trustee, the Authority, the College and the Bank, that the Series 2008 Bonds to be converted cannot be remarketed, or the Authority notifies the Remarketing Agent, the Bank and the Trustee in writing that it does not want the Series 2008 Bonds to be converted to a new Rate Mode, the succeeding Rate Mode shall be the Weekly Rate Mode and the Rate thereon shall be calculated without regard to the proposed conversion.

All Series 2008 Bonds to be converted to a different Rate Mode are required to be converted in whole to the same Rate Mode.

### **The Remarketing Agent**

The Authority has appointed RBC Capital Markets Corporation as the Remarketing Agent for the Series 2008 Bonds. In accordance with the Resolutions, the Bond Series Certificate and the Remarketing Agreement, the Remarketing Agent will use its best efforts to find purchasers for Tendered Bonds. The Remarketing Agent can be contacted at 3 World Financial Center, 200 Vesey St., 12th Floor New York, New York, 10281.

### **Amendments to the Bond Series Certificate**

The provisions of the Bond Series Certificate may be amended in any way without the consent of the Holders of the Series 2008 Bonds, but with the consent of the Bank: (i) on any Mandatory Tender Date; and (ii) at any time during the Weekly Rate Mode provided that notice of such amendment is given by first class mail to each Holder of Series 2008 Bonds at least 30 days prior to the effective date of such amendment.



## **Special Considerations Relating to the Series 2008 Bonds**

***The Remarketing Agent Is Paid by the College.*** The Remarketing Agent's responsibilities include determining the interest rate from time to time and using best efforts to remarket Series 2008 Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement and the Bond Series Certificate), as further described in this Official Statement. The Remarketing Agent is appointed by the Authority and is paid by the College for its services. As a result, the interests of the Remarketing Agent may differ from those of existing Bondholders and potential purchasers of Series 2008 Bonds.

***The Remarketing Agent Routinely Purchases Series 2008 Bonds for Its Own Account.*** The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Series 2008 Bonds for its own account and, in its sole discretion, routinely acquires such tendered Series 2008 Bonds in order to achieve a successful remarketing of the Series 2008 Bonds (i.e., because there otherwise are not enough buyers to purchase the Series 2008 Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Series 2008 Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 2008 Bonds by routinely purchasing and selling Series 2008 Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 2008 Bonds. The Remarketing Agent may also sell any Series 2008 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2008 Bonds. The purchase of Series 2008 Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 2008 Bonds in the market than is actually the case. The practices described above also may result in fewer Series 2008 Bonds being tendered in a remarketing.

***Bonds May Be Offered at Different Prices on Any Date Including a Rate Determination Date.*** Pursuant to the Remarketing Agreement, the Remarketing Agent is required to use its best efforts to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 2008 Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Reset Date. The interest rate will reflect, among other factors, the level of market demand for the Series 2008 Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be Series 2008 Bonds tendered and remarketed on a Reset Date, the Remarketing Agent may or may not be able to remarket any Series 2008 Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Series 2008 Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series 2008 Bonds at the remarketing price. In the event the Remarketing Agent owns any Series 2008 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2008 Bonds on any date, including the Reset Date, at a discount to par to some investors.

***The Ability to Sell the Series 2008 Bonds Other Than through Tender Process May Be Limited.*** The Remarketing Agent may buy and sell Series 2008 Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to tender their Series 2008 Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Series 2008 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2008 Bonds other than by tendering the Series 2008 Bonds in accordance with the tender process.

***Under Certain Circumstances, the Remarketing Agent May be Removed, Resign or Cease Remarketing the Series 2008 Bonds, Without a Successor Being Named.*** Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement and the Bond Series Certificate. In the event there is no Remarketing Agent, the Trustee may assume such duties as described in the Resolutions and the Bond Series Certificate, which are limited to accepting notices of tender.

## **Book-Entry Only System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2008 Bonds. The Series 2008 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Series 2008 Bonds, each in the aggregate principal amount of such maturity, 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, as amended. DTC holds and provides asset servicing for over 2.2 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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"). DTC has Standard & Poor's highest rating: AAA. 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](http://www.dtcc.com).

Purchases of the Series 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008 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 Series 2008 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 Series 2008 Bonds, except in the event that use of the book-entry only system for the Series 2008 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008 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 Series 2008 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2008 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2008 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 Series 2008 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2008 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2008 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Series 2008 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2008 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 Paying Agent or the Authority, on a 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, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to

time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent or the Authority, 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 any series of the Bonds at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2008 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2008 Bond certificates will be printed and delivered to DTC.

NEITHER THE AUTHORITY NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2008 BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO SERIES 2008 BONDHOLDERS; (IV) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS A SERIES 2008 BONDHOLDER; OR (V) THE SELECTION BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2008 BONDS.

Each person for which a Participant acquires an interest in the Series 2008 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2008 BONDS.

For every transfer and exchange of beneficial ownership of the Series 2008 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to any series of the Series 2008 Bonds if the Authority determines that (i) DTC is unable to discharge its responsibility with respect to such series of Bonds or (ii) a continuation of the requirement that all of Outstanding Series 2008 Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the Authority or restricted registration is no longer in effect, Bond certificates will be delivered as described in the applicable General or Supplemental Resolution.

**Principal, Sinking Fund Installment and Interest Requirements for the Series 2008 Bonds**

The following table sets forth the amounts, after giving effect to the issuance of the Series 2008 Bonds, required to be paid by the College during each twelve month period ending June 30 of the years shown for the payment of the principal of and interest on the Series 2008 Bonds, other indebtedness of the College, and the total thereof.

<b>12 Month Period Ending June 30,</b>	<b>Debt Service on Outstanding Bonds<sup>(1)</sup></b>	<b>Series 2008 Bonds</b>			<b>Total Debt Service</b>
		<b>Principal</b>	<b>Interest Payments<sup>(2)</sup></b>	<b>Total</b>	
2008	\$6,010,905	\$ -	\$ 119,672	\$ 119,672	\$6,130,577
2009	5,995,853	2,090,000	1,325,131	3,415,131	9,410,985
2010	6,000,555	2,175,000	1,255,225	3,430,225	9,430,780
2011	6,002,823	2,260,000	1,180,253	3,440,253	9,443,076
2012	6,006,204	2,350,000	1,104,125	3,454,125	9,460,329
2013	6,013,639	2,460,000	1,019,702	3,479,702	9,493,341
2014	5,986,949	2,555,000	936,550	3,491,550	9,478,499
2015	5,997,852	2,660,000	848,479	3,508,479	9,506,331
2016	6,000,413	2,760,000	758,007	3,518,007	9,518,419
2017	6,009,787	2,885,000	660,587	3,545,587	9,555,373
2018	6,010,663	2,990,000	562,206	3,552,206	9,562,869
2019	6,023,220	3,120,000	459,140	3,579,140	9,602,360
2020	6,036,973	3,245,000	352,160	3,597,160	9,634,133
2021	6,051,632	3,380,000	239,353	3,619,353	9,670,985
2022	9,492,198	150,000	123,230	273,230	9,765,428
2023	9,516,846	155,000	118,060	273,060	9,789,905
2024	9,548,520	160,000	112,898	272,898	9,821,418
2025	9,571,616	170,000	107,029	277,029	9,848,645
2026	9,606,271	175,000	101,342	276,342	9,882,613
2027	3,441,733	185,000	95,310	280,310	3,722,043
2028	3,430,510	190,000	89,076	279,076	3,709,585
2029	3,447,639	200,000	82,251	282,251	3,729,890
2030	3,455,069	205,000	75,489	280,489	3,735,558
2031	3,464,044	215,000	68,423	283,423	3,747,467
2032	3,474,373	225,000	61,110	286,110	3,760,483
2033	3,480,906	235,000	53,170	288,170	3,769,076
2034	3,483,666	240,000	45,156	285,156	3,768,822
2035	1,747,631	250,000	36,883	286,883	2,034,513
2036	1,741,818	260,000	28,311	288,311	2,030,128
2037	1,734,274	275,000	19,272	294,272	2,028,546
2038	-	285,000	9,824	294,824	294,824

<sup>(1)</sup> Assumes an interest rate of 3.00% on the \$20.68 million unhedged Series 2004 Bonds and the corresponding fixed swap rates for all hedged bonds.

<sup>(2)</sup> Assumes an interest rate of 3.447% based upon a 67% of LIBOR swap.

**PART 4-THE BANK**

The following information has been provided by the Bank (at times referred to hereinafter as "RBS Citizens, N.A.") for use in this Official Statement. Such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Authority, the College, the Underwriter or the Remarketing Agent. This information has not been independently verified by the Authority, the College, the Underwriter or the Remarketing Agent. No representation is made by the Authority, the College, the Underwriter, or the Remarketing Agent as to the accuracy

or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

## **The Bank**

The Bank is a national banking association with its main office in Providence, Rhode Island. Except for directors' qualifying shares, the Bank is a wholly-owned subsidiary of Citizens Financial Group, Inc. ("Citizens"). Citizens is also the parent holding company for Citizens Bank of Pennsylvania and numerous other non-bank entities, and is owned by The Royal Bank of Scotland Group plc ("RBS"). RBS acquired Citizens in 1988.

The Bank was chartered in May 2005 under the name "Citizens Bank, National Association". The Bank's name changed from "Citizens Bank, National Association" to "RBS Citizens, National Association" in connection with the mergers of each of the following Citizens subsidiaries - Charter One Bank, National Association, RBS National Bank, Citizens Bank of Massachusetts, Citizens Bank of Connecticut, Citizens Bank New Hampshire, Citizens Bank of Rhode Island, and Citizens Bank (Delaware) - with and into Citizens Bank, National Association. Citizens Bank, National Association survived these mergers under its charter and with the new title of RBS Citizens, National Association. These mergers (as well as the name change) were effective as of September 1, 2007.

The Bank offers a wide range of retail and commercial banking services. Its loan portfolio is divided between commercial loans, including leases and commercial real estate loans, and consumer loans, including residential real estate mortgage loans. The Bank does business through its divisions, including Citizens Bank, Charter One, CCO Mortgage and RBS Card Services.

The Bank is subject to supervision and examination by the Office of the Comptroller of the Currency. It is also subject to requirements and restrictions under federal and state law, including requirements to maintain reserves against deposits, restrictions on the types and amounts of loans that may be granted and the interest that may be charged thereon, and limitations on the types of investments that may be made and the types of services that may be offered. Various consumer laws and regulations also affect the Bank's operations.

The Letter of Credit is an obligation of the Bank, and is not an obligation of Citizens, RBS or any of their other subsidiaries or affiliates.

Citizens is a Providence-based commercial bank holding company. As of December 31, 2007, Citizens had \$160.3 billion in assets, total equity capital of \$22.4 billion, total deposits of \$102.4 billion, total loans and leases before allowance for loan losses of \$111.8 billion (\$110.8 billion net of allowance) and 22,671 full time equivalent employees.

Based on the annual Summary of Deposits report for June 30, 2007, the Bank had 1,262 branches. As of December 31, 2007, the Bank had total assets of \$128.9 billion, total deposits of \$77.5 billion, total loans and leases before allowance for loan losses of \$92.3 billion (\$91.5 billion net of allowance), and total equity capital of \$17.9 billion.

The foregoing summary information is provided for convenience purposes only. Important additional information with respect to Citizens and the Bank is contained in the publicly available portions of the Bank's Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices - FFIEC 031, as submitted to the Federal Deposit Insurance Corporation.

Except as set forth in this Section, neither the Bank nor its affiliates make any representations as to the contents of this Official Statement, the suitability of the security instruments for any investor, the feasibility or performance of any

## **PART 5- THE COLLEGE**

### **GENERAL INFORMATION**

#### **History of the College**

Ithaca College (the "College") is a nationally recognized comprehensive college offering both liberal arts education and professional preparation through its five schools: Business, Communications, Health Sciences and Human Performance, Humanities and Sciences, Music and the Division of Interdisciplinary and International Studies. Founded in 1892 as the Ithaca Conservatory of Music, Ithaca currently enrolls approximately 6,260 undergraduate and 400 graduate students. Its 750-acre campus overlooks Cayuga Lake and the city of Ithaca, New York.

Ithaca College offers ninety-six undergraduate, seventeen graduate, and two certificate (undergraduate, non-degree) programs. Baccalaureate degrees (B.A., B.S., B.F.A., or Mus.B.) are offered in over one hundred registered programs. At the graduate level, the College offers the master's degree (M.S., M.M., M.B.A.) in seventeen registered programs. In addition, there are two dual (B.S. and M.S.) degree programs. There is one graduate program and fourteen undergraduate programs that lead to teacher certification in New York State. Plans of study may incorporate dual majors, major/minor combinations, independent and interdisciplinary studies, and elective courses drawn from all instructional fields. In academic year 2006-2007, 1,399 baccalaureate degrees and 264 graduate degrees were awarded.

In addition to its instructional program during the regular year, the College offers a summer program of courses and workshops for both community and residential students, professionals, and artists. The Ithaca College London Center provides foreign study opportunities for both the College's students and those from other colleges. Ithaca College offers students a high quality academic/internship program in Washington, D.C., and the Walkabout Down Under program gives students the opportunity to experience several different regions of Australia. The School of Communications has a semester-long program in Los Angeles and the College maintains a number of cooperative relationships with other institutions. The College has developed articulation agreements with selected area two-year colleges designed to bring qualified students to the College. The College has cross-registration programs with Cornell University and Wells College. In conjunction with Cornell, Clarkson, Rensselaer, and SUNY at Binghamton, the College offers a highly successful program in physics and engineering. Affiliation agreements with the Pennsylvania College of Optometry and the State University of New York College of Optometry enable the College's students to receive both a bachelor's degree and doctor of optometry degree in seven years. There are also one-year and 4+1 M.B.A. programs with Clarkson University, The American Graduate School of International Management (Thunderbird), and Rochester Institute of Technology. The College also maintains cooperative relationships with a large number of hospitals and other health care organizations in order to provide clinical experiences and internships for students in the health sciences.

The College is accredited by the Middle States Association of Colleges and Schools, and its degree programs are registered by the Regents of the University of the State of New York. The College is also accredited by professional associations in the following fields: chemistry, theatre, music, physical therapy, speech pathology and audiology, accounting, recreation, and athletic training.

## **Facilities**

Facilities at the College's campus are the product of a building program begun in the early 1960s. There are now fifty-five buildings, including thirty one residence halls. In 1965-66 the College officially occupied the new campus, which currently includes 250 developed acres among its 750 contiguous acres. During the following ten years, existing structures were refined and the original Campus Plan was completed. Three major structures were completed between 1973 and 1976: the Physical Plant and Safety and Security Building, the Muller Chapel, and a two-floor addition to and renovation of the existing three-story library (now Gannett Center). The chapel and the remodeling of the library were completed with donated moneys. Two smaller additions, a boat house and an FM radio facility, also were funded by gifts to the College. An ongoing dormitory renovation program has been in effect since 1974. The Ceracche Athletic Center, completed in the fall of 1979 and financed primarily by contributions, provides facilities for intercollegiate athletics, offices, training facilities, and a viewing room. In the fall of 1982, the College opened a new academic building with general classrooms, offices and program space for the Health Sciences and the School of Business. A new residence hall was completed in 1983 to accommodate 100 additional students; in 1984 a central receiving facility was completed.

In 1987 the College completed a renovation of its student union, one of the first buildings to be constructed on the South Hill Campus, and expanded it to nearly three times its original size. The facility, now known as the Campus Center, serves as the hub of the campus and contains a dining hall, food court, lounges, meeting rooms, student service offices and a large multi-purpose room capable of seating 900 people.

During 1989 the College completed two major additions to its campus with the opening of the Roy H. Park School of Communications and the William V. Emerson residence hall for 282 students. The Park School is an 80,000-square-foot facility that is the home of the College's academic programs in television/radio; telecommunications management; cinema and photography; film, photography, and visual arts; journalism; media studies; and corporate communication. Emerson residence hall offers air-conditioning and individual bathrooms in each double room.

In 1993 a 125,000-square-foot science facility, housing classrooms and laboratories for biology, chemistry, and physics was completed; a year later extensive renovations to Williams Hall, the former science building, allowed it to house the psychology, mathematics and computer science programs. During the 1990s the entire Terrace residence hall complex was completely remodeled.

The most recent additions to the College's academic facilities include: a 93,000 square foot building for programs in the College's School of Health Sciences and Human Performance which provides classrooms, laboratories, faculty offices and clinic spaces for programs in that School; a 67,000 square foot addition to Ford Hall, the home of the College's founding school of music, has also added faculty studios, a large recital hall, two rehearsal halls, office space and an electronic music studio; and a fitness and recreation center, all completed in 1999. In 2002, the Center for Public Safety and General Administrative Services was completed and in 2003, the addition of the College Circle Apartment complex, through a long-term leasing arrangement, was added to accommodate 694 additional students.

The College's library collection consists of 400,000 holdings in books, periodicals, multimedia formats, and microforms. In addition, the Library provides access, both on and off campus, to more than 15,000 full-text journals and 150 databases. The College also has a special collection in music. Comprehensive computer facilities provide access for students in all five schools. The College's computer network is comprised of a campus-wide network with 3 digital VAX mainframes, SUN Microsystems workstations, several Novell microcomputer networks, and hundreds of terminals and microcomputers in satellite stations, laboratories, and classrooms across the campus. The College recently installed an Oracle based enterprise wide information system supporting financial services, payroll, and human resources information management. Two theaters, a concert hall, a recital room, science and language laboratories, television and radio stations as well as extensive athletic facilities are also found on campus.

In 2004 the College commenced a \$31,100,000 campus improvement project including \$16,000,000 for an extensive renovation of the Garden Apartments student housing complex, \$8,500,000 for the design and implementation of a new student information system, and \$4,500,000 for upgrading the campus electrical infrastructure.

### **Institutional Plan**

The College's vision is to become the standard of excellence for residential comprehensive colleges, fostering intellect, creativity, and character in an active, student-centered learning community. The mission is to provide a foundation for a lifetime of learning, by being dedicated to fostering intellectual growth, aesthetic appreciation, and character development in its students. The College community thrives on the principles that knowledge is acquired through discipline, competence is established when knowledge is tempered by experience, and character is developed when competence is exercised for the benefit of others. The College is committed to attracting a diverse body of students, faculty, and staff. All members of the College community are encouraged to achieve excellence in their chosen fields and to share the responsibilities of citizenship and service in the global community.

The College has identified the following nine strategic priorities for becoming the standard of excellence for residential comprehensive colleges.

- Strengthen the College's academic offerings, including interdisciplinary programs, shared academic experiences, and graduate programs;
- Enhance the diversity of students, faculty, and staff and create a supportive environment and programs for the entire College community;
- Optimize enrollment in all programs while continuing to build a strong academic profile;
- Develop curricular and co-curricular programs that encourage or incorporate field-based, experiential, and performance-based learning; collaborative research; and partnerships with educational, professional, and service organizations;
- Maintain and enhance the College's academic, residential, recreational, athletic, and administrative facilities and grounds;
- Enhance its students' educational experience and help ensure their success through the development of comprehensive residential, co-curricular, and campus life programs and support systems;
- Ensure that the College is seen as a first-choice employer;
- Enable the College to become less tuition-dependent and reliant on debt by increasing financial resources from public, private, and entrepreneurial sources; and
- Ensure that the College is a recognized innovator in blending contemporary technology with educational techniques and administrative support practices.

## Governance

The College is governed by a 35-member Board of Trustees. The President of the College serves as an ex-officio member. Twenty-four of the trustees are term trustees, one is a faculty trustee, two are alumni trustees, one is a staff trustee, and one is a student trustee. For term trustees, the first term of active membership does not exceed four years. If reelected, the subsequent term(s) do not exceed three years. All terms shall expire on May 31, and the memberships are arranged so that approximately an equal number of terms expire each year. Trustees may be elected to serve up to three consecutive terms. They may be then reelected after a one-year absence from the board for up to three additional three-year terms. The alumni, faculty and staff trustees are elected for three-year terms. The student trustee is elected for a two-year term. In addition, there are currently sixteen honorary trustees who do not vote. There are currently six vacancies on the Board of Trustees.

The Board of Trustees meets regularly in September or October, February and May of each year. In addition, the Executive Committee and subcommittees may meet at other times throughout the year as necessary.

The current members of the Board of Trustees include:

Mr. Lawrence M. Alleva '71 Regional Managing Partner, Price Waterhouse LLP, McLean, VA	Mr. T. Michael Long Partner, Brown Brothers Harriman & Co. New York, NY	Mr. Michael J. Serventi '72 President, West Lake Management, Perry, NY
Ms. Amy Doonan Cronin '82 Alumni Trustee President, Amy Cronin Public Relations Ithaca, NY	Mr. John D. McClung Retired Vice President and General Manager at GNB Inc., Automotive Battery Division	Mr. Ralph A. Siciliano '72 Partner Tannenbaum, Helpert, Syracuse & Hirschtritt, LLP New York, NY
Mr. Robert B. Earl, Jr. '07 Staff Trustee Ast. Director, Career Development Ithaca College	Mr. Stephen C. McCluski '74 Ret. Sr. VP Baush & Lomb, Inc. Rochester, NY	Mr. Lawrence S. Smith Executive Vice President and Co- CFO, Comcast Corporation Philadelphia, PA
Ms. Caroleen A. Feeney '86 Actress Los Angeles, CA	Mrs. Susan D. Pervi Vice President for Student Life Catholic University of America Washington, DC	Fr. Walter J. Smith S.J. President & CEO The HealthCare Chaplaincy New York, NY
Dr. Francille M. Firebaugh Vice Provost Cornell University Ithaca, NY	Ms. Sandra Pinckney Host, Food Network New York, NY	Mr. David I. Stewart '67 Director of Community Relations, Cornell University, Ithaca, NY
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### **Administration**

The President of the College is appointed by the Board of Trustees, and as Chief Executive Officer, is charged with the principal responsibility for administration of the College. The current president will be retiring at the end of the current academic year. The Board of Trustees has appointed Dr. Thomas Rochon, the current Executive Vice President and Chief Academic Officer at St. Thomas University in Minnesota, to be the College's eighth President. Dr. Rochon will assume his responsibilities at the College in July. The College's current principal administrative officers include:

**Dr. Margaret (Peggy) Ryan Williams, President.** Dr. Williams assumed the presidency of Ithaca College on July 1, 1997. She is the College's seventh president and its first female president. Dr. Williams came to Ithaca from Lyndon State College, where she had been president since 1989. She had previously worked at Trinity College in Burlington, Vermont, as associate academic dean, chair of the business and economics department, and associate professor. President Williams currently serves on the NCAA Division III Presidents Council, the boards of directors of the Canada-U.S. Foundation for Educational Exchange, the Academic Search Consultation Service, the Council of Independent Colleges, and the Tompkins Trust Company. She is also a member of the ACE Commission on Women and an honorary member of the Rotary Club of Ithaca. She previously served on the ACE board of directors and its executive and nominating committees, the board of directors of the Sacred Heart School of Montreal (past chair), and the Policy Advisory Group for Outcomes and Assessment and Institutional Effectiveness for the New York State Education Department.

**Dr. Kathleen Rountree, Provost and Vice President for Academic Affairs.** Dr. Rountree, joined Ithaca College in this role on August 1, 2007. Dr. Rountree came to Ithaca from Greensboro, North Carolina, where she served as Associate Provost for Undergraduate Education at The University of North Carolina at Greensboro. Dr. Rountree earned her doctorate of music degree from Florida State University, a master's degree in music from Southern Illinois University at Edwardsville, and a bachelor's degree in music from East Carolina University.

**Brian McAree, Vice President Student Affairs and Campus Life.** Mr. McAree joined the College in 1983 as director of residential life. He was named assistant vice president for student affairs and campus life in 1989 and was promoted to associate vice president in 1997. He was appointed to his current position of Vice President in 2001. Mr. McAree earned a master of arts degree in college student personnel at Bowling Green State University, a master of pastoral studies degree at Loyola University, and a bachelor of science degree in psychology at the State University of New York College at Cortland.

**Nancy E. Pringle, Vice President and College Counsel.** Ms. Pringle joined the College in 1994. Prior to that she was Vice president of Client Services for Market Street Trust Company in Corning, NY. She received her law degree from the State University of New York at Buffalo.

**Carl E. Sgrecci, Vice President for Finance and Administration.** Mr. Sgrecci joined Ithaca College in 1969 as an Instructor and Assistant Professor of Accounting. Since that time he has served as Comptroller, Treasurer and Controller, Acting Vice President for Student Affairs, and in 1984 became Vice President and Treasurer, assuming his current position in 2003. In addition to a Bachelors degree in accounting from Ithaca College, he holds an M.B.A. from Syracuse University and is a New York State Certified Public Accountant.

**Shelly Semmler, Vice President of Institutional Advancement.** Ms. Semmler joined the college in 1996 as the Associate Vice President for College Relations and Resource Development, she was appointed to the Vice President of Institutional Advancement position in 1999. Prior to that she was a Senior Associate with Carol O'Brien Associates, Durham, NC, a firm that provided fund-raising and alumni relations counsel for universities and non-profit organizations throughout the U.S. She worked at Cornell University from 1978 to 1994 serving as an Accountant, Business Manager, Campaign Manager and Director of Development, Director of Leadership Gifts, and Director of Special Projects. She holds a M.S. in Curriculum from Cortland State.

### Employee Relations

In addition to its 632 faculty members, the College has approximately 73 administrators and approximately 853 other professional, facilities and clerical employees. The College currently has one union for its Public Safety work group.

## OPERATING INFORMATION

### Admissions and Student Enrollment

The following table shows freshman applications received, accepted and enrolled students for the fall semesters of the past five years.

#### ADMISSIONS STATISTICS

##### Fall Semester - Freshman Only

<u>Year</u>	<u>Applied</u>	<u>Accepted</u>	<u>Enrolled</u>	<u>Percent Accepted</u>	<u>Percent Enrolled</u>
2003	10,650	6,756	1,584	63.4%	23.4%
2004	11,074	6,977	1,460	63.0%	20.9%
2005	11,087	7,870	1,680	70.9%	21.3%
2006	12,342	7,784	1,521	63.0%	19.5%
2007	12,506	8,327	1,797	66.6%	21.6%

The average SAT scores for freshman entering the College have been above the national average as demonstrated by the table below.

#### Freshman SAT Scores

<u>Academic Year</u>	<u>Humanities &amp; Science</u>	<u>Business</u>	<u>Communications</u>	<u>Health Sciences &amp; Human Performance</u>	<u>Music</u>	<u>National Average*</u>
2003-2004	1174	1126	1234	1163	1235	1026
2004-2005	1174	1143	1252	1163	1244	1026
2005-2006	1175	1135	1234	1145	1249	1028
2006-2007	1178	1140	1236	1166	1241	1021
2007-2008	1184	1136	1230	1159	1245	1017

\* Source: Educational Testing Service

Over 12% of the College's 2007 freshmen were ranked in the top 5% of their high school class. The following table shows the high school ranking all freshmen in 2007.

### High School Standing of Freshman Class, Fall 2007

	<u>%</u>	<u>Cumulative %</u>
Top 5% of HS class	12.8	12.8
Top 6-10% of HS class	16.7	29.5
Top 11-15% of HS class	14.7	44.2
Top 16-20% of HS class	12.7	56.9
Top 21-25% of HS class	8.8	65.7
Top 26-30% of HS class	7.8	73.5
Top 31-35% of HS class	6.8	80.3
Top 36-40% of HS class	5.4	85.7
Top 41-99% of HS Class	14.3	100.0

### Freshman Geographic Profile

<u>Entering Fall Semester*</u>	<u>New York</u>	<u>Connecticut</u>	<u>Massachusetts</u>	<u>New Jersey</u>	<u>Pennsylvania</u>	<u>Other U.S.**</u>	<u>Foreign***</u>	<u>Total</u>
2003	687	80	131	141	158	322	65	1,584
2004	632	68	138	147	126	297	52	1,460
2005	709	88	142	198	151	349	43	1,680
2006	667	73	141	208	130	284	18	1,521
2007	771	95	161	201	169	361	39	1,797

\*-Fall opening enrollment

\*\*-Includes Protectorates

\*\*\*-Includes nonresident aliens, as well as U.S. citizens whose permanent residence is in a foreign country.

In 2007 the College accepted 326 of the 564 transfer applications submitted. Set forth below is a table outlining transfer applications over the past 5 years.

### Transfer Applications and Acceptances

<u>Transfers</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Applications	566	570	641	726	564
Acceptances	296	287	379	370	326
Acceptance Rate	52.3%	50.4%	59.1%	51.0%	57.8%

## Enrollment Summary

In the fall of 2007, the College enrolled 6,140 full-time and 120 part-time undergraduate students as well as 400 graduate students. Approximately 70 % of the undergraduate student body resides in on-campus housing. The following table presents the fall enrollment for the past five years.

<b>Academic Year</b>	<b><u>Undergraduate Enrollment</u></b>			<b><u>Graduate Enrollment</u></b>			<b>Grand Total</b>
	<b><u>Full Time</u></b>	<b><u>Part Time</u></b>	<b><u>Total</u></b>	<b><u>Full Time</u></b>	<b><u>Part Time</u></b>	<b><u>Total</u></b>	
2003-2004	6,113	147	6,260	218	18	236	6,496
2004-2005	5,966	141	6,107	212	18	230	6,337
2005-2006	5,961	137	6,098	291	23	314	6,412
2006-2007	5,917	111	6,028	339	42	381	6,409
2007-2008	6,140	120	6,260	358	42	400	6,660

### Total Enrollment

<b><u>Fall FTE</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
Undergraduate	6,164	6,019	6,008	5,967	6,197
Graduate	<u>226</u>	<u>222</u>	<u>299</u>	<u>360</u>	<u>380</u>
Total	6,390	6,241	6,307	6,327	6,577

<b><u>Fall Total Enrollment (Headcount)</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
Business	685	614	592	640	717
Communications	1,349	1,254	1,270	1,278	1,370
Humanities & Science	2,496	2,467	2,421	2,341	2,336
Health Sciences & Human Performance	1,334	1,307	1,423	1,458	1,524
Music	515	546	529	521	532
Interdisciplinary	15	61	68	91	101
Continuing Education	<u>102</u>	<u>88</u>	<u>109</u>	<u>80</u>	<u>80</u>
Total	6,496	6,337	6,412	6,409	6,660

Note: "Headcount" is distinguished from full time enrollment (FTE) in that FTE accounts for credit hours. As such, a student who takes fewer than 12 credit hours is counted as a fraction of the 12 credits and represents a lower FTE number than headcount number.

### Retention

Set forth below is a table that depicts the percent of full-time entering freshmen who re-enrolled for their third semester.

### Third Semester Retention Rates

<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
87.7%	87.5%	86.2%	85.4%	86.9%

## Competition

The College's primary competitors are illustrated below:

<u>Institution*</u>	<u>%</u>
Syracuse University	22
New York University	16
Boston College	16
Northeastern University	12
Pennsylvania State University	11
University of Delaware	9
University of Connecticut	9
University of Mass Amherst	9
University of Vermont	9
SUNY Binghamton	8

\*Competitors are measured by the percentage of Ithaca applicants who also apply to competitor institutions.

The following table sets forth the number of degrees conferred by the College over the past five years:

### Degrees Conferred

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
2002-2003	1,307	202	1,509
2003-2004	1,454	180	1,634
2004-2005	1,541	181	1,722
2005-2006	1,396	227	1,623
2006-2007	1,399	264	1,663

## Tuition and Fees

The tuition, room and board costs for full-time undergraduate students for the past four and current academic years are as follows:

### STUDENT CHARGES

	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
Tuition	\$22,264	\$23,690	\$25,194	\$26,832	\$28,670
Room & Board *	<u>9,466</u>	<u>9,704</u>	<u>9,950</u>	<u>10,314</u>	<u>10,728</u>
Total	\$31,730	\$33,394	\$35,144	\$37,146	\$39,398

\* - double occupancy

## Student Financial Aid

In the 2006-2007 academic year the College administered a student aid program under which approximately 80% of the undergraduates received aid. This program was comprised of the following components:

### SOURCES OF UNDERGRADUATE SCHOLARSHIP AND GRANT AID

Scholarships (Undergraduate)	\$56,030,623
Scholarships (Graduate)	2,095,321
PELL	2,673,446
Supplemental Educational Opportunity Grants	<u>966,837</u>
Total	\$61,695,046

Undergraduate scholarships were provided to students in amounts from \$500 to \$10,000 per year and were awarded primarily on the basis of financial need. The College also awards merit scholarships ranging from \$3,000 to \$13,000 based on students qualifications and choice of program. These merit scholarships are made in recognition of academic and personal achievement, are renewable annually, and carry the expectation of continued high performance. Recipients of merit scholarships are also eligible for need-based access grants of up to \$10,000. Combined Ithaca College merit scholarship and need-based grants may total up to \$18,000.

The College also provides Martin Luther King Jr. scholarships and grants that provide \$15,000 in merit-based aid and need-based aid up to \$10,194 to underrepresented groups who demonstrate high academic achievement, community service and the embodiment of the ideals of Martin Luther King, Jr.

In addition to the above programs, students at the College are eligible for Perkins loans, Stafford loans and, if residents of New York State, the Tuition Assistance Program (TAP).

## State Aid

The College also benefits from New York's Bundy Aid Program, which pays aid, unrestricted as to use, to certain institutions of higher education based on the number of academic degrees conferred each year. In 2006-2007, \$743,912 was received, and during 2007-2008 fiscal year the College is scheduled to receive \$735,411 from the program. Future payments by the State are dependent on the enactment of annual appropriations and the ability of the State to pay the sums appropriated.

## Faculty

The total number of faculty members currently employed by the College is 632 of which 474 serve full-time. The majority of the College's full-time faculty are appointed within one of the four principal academic ranks: Professor, Associate Professor, Assistant Professor and Instructor. The following table sets forth the faculty profile for the past five academic years:

### FACULTY PROFILE

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007*</u>
Full-Time	440	453	467	454	474
Part-Time & Adjuncts	<u>172</u>	<u>180</u>	<u>138</u>	<u>166</u>	<u>158</u>
Total	612	633	605	620	632
Tenured	209	210	216	223	225

\* Fall Semester

## ANNUAL FINANCIAL STATEMENT INFORMATION

### Financial Reporting

The following tables present summaries of the College's Statement of Activities and Statement of Financial Condition as of and for the five years ended on May 31.

#### Statements of Financial Position As of May 31,

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Assets:</b>					
Cash	\$ 396,471	\$ 265,929	\$ 145,287	\$ 426,526	\$ 567,633
Short-term investments	35,624,386	40,493,296	39,664,579	49,114,789	62,116,145
Accounts receivable, net of allowances	3,583,855	3,045,069	3,395,241	1,609,930	1,609,630
Contributions receivable, net	37,143,563	44,203,332	45,451,811	48,409,396	48,150,186
Inventories, def. charges and prepaids	4,913,984	5,122,654	6,359,079	7,225,258	5,243,428
long-term investments at market	144,224,302	164,433,025	181,625,856	205,696,284	237,324,893
Deposits held with bond trustee	-	-	28,789,174	9,491,870	28,690,203
Notes receivable, net of allowances	6,501,421	6,412,253	6,560,761	6,646,425	6,831,619
Interest rate swap agreements	-	-	-	3,682,489	3,165,875
Property, plant and equipment, net	<u>165,124,165</u>	<u>163,089,310</u>	<u>168,761,283</u>	<u>187,143,375</u>	<u>198,306,350</u>
<b>Total Assets</b>	<u>\$397,512,147</u>	<u>\$427,064,868</u>	<u>\$480,753,071</u>	<u>\$519,446,342</u>	<u>\$592,005,962</u>
<b>Liabilities and Net Assets</b>					
<b>Liabilities:</b>					
Accounts payable and accruals	\$ 19,527,612	\$ 19,456,563	\$ 26,558,363	\$ 27,617,828	\$ 30,727,232
Deposits and deferred revenues	5,713,515	6,814,700	6,755,323	4,871,443	5,397,429
Conditional asset retirement obligation	-	-	-	1,177,985	1,231,425
Long-term debt	85,856,390	83,870,099	112,873,627	116,001,507	144,651,589
U.S. Governmental grants refundable	7,964,299	8,098,968	8,258,300	8,305,740	8,357,618
Interest rate swap agreements	0	0	0	0	923,268
<b>Total Liabilities</b>	119,061,816	118,240,330	154,445,613	157,974,503	191,288,561
<b>Net Assets:</b>					
<u>Designated:</u>					
Federal Government Loan Program	966,956	1,001,227	143,384	143,384	143,384
For Quasi-Endowment	72,264,355	88,096,973	99,015,321	110,584,907	131,120,340
For Property, Plant and Equipment	53,497,021	60,923,443	60,054,803	80,367,453	82,172,444
Unexpended Bond Proceeds	-	-	28,789,174	9,491,870	28,690,203
<u>Undesignated:</u>					
Property, Plant & Equipment (net)	69,288,630	69,416,688	46,261,755	61,692,589	44,382,104
For Current Operations	7,299,827	6,854,518	7,613,909	8,380,258	11,202,441
Interest rate swap agreements	-	-	-	-	2,242,607
<b>Total unrestricted</b>	203,316,789	226,292,849	241,878,346	270,660,461	299,953,523
<u>Temporarily Restricted:</u>					
For Current Operations	3,251,049	3,227,019	3,101,347	3,145,869	3,000,033
Term Endowments and Life Income	220,570	108,750	143,000	202,002	335,466
For Property, Plant & Equipment	9,979,145	9,802,523	9,625,901	9,449,279	9,272,657
Land and Buildings	34,200,000	40,949,227	42,604,272	47,994,992	56,287,562
<b>Total Temporarily Restricted</b>	47,650,764	54,087,519	55,474,520	60,792,142	68,895,718
<u>Permanently Restricted:</u>					
For Endowment	27,466,201	28,427,593	28,938,015	30,002,659	31,851,583
For Student Loan Programs	16,577	16,577	16,577	16,577	16,577
<b>Total permanently restricted</b>	<u>27,482,778</u>	<u>28,444,170</u>	<u>28,954,592</u>	<u>30,019,236</u>	<u>31,868,160</u>
<b>Total net assets</b>	<u>278,450,331</u>	<u>308,824,538</u>	<u>326,307,458</u>	<u>361,471,839</u>	<u>400,717,402</u>
<b>Total Liabilities and Net assets</b>	<u>\$397,512,147</u>	<u>\$427,064,868</u>	<u>\$480,753,071</u>	<u>\$519,446,342</u>	<u>\$592,005,962</u>

**Statement of Activities**  
**Fiscal Years ended May 31,**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Operating Revenues:					
Tuition and fees	\$132,049,390	\$140,426,722	\$146,073,624	\$156,808,019	\$166,233,732
Less financial aid	<u>49,738,516</u>	<u>54,162,632</u>	<u>55,239,972</u>	<u>57,707,988</u>	<u>60,394,383</u>
Net tuition and fees	82,310,874	86,264,090	90,833,652	99,100,031	105,839,349
Sales of auxiliary services	42,149,215	46,142,962	46,179,088	49,050,973	50,224,529
Investment income	3,977,916	1,099,479	1,570,678	3,910,326	5,136,042
Private gifts and grants	3,742,226	4,502,835	4,657,445	5,033,649	5,191,071
Federal grants and contracts	3,829,776	4,082,878	3,686,760	3,179,466	3,209,943
State appropriations	910,829	970,350	935,788	1,005,428	1,173,983
Sales/services educational departments	2,070,404	2,243,054	2,541,081	2,924,886	3,071,364
Other revenue	1,488,702	1,344,478	1,453,887	1,246,507	1,326,592
Net investment appreciation designated for operations	<u>4,606,104</u>	<u>6,620,110</u>	<u>6,210,688</u>	<u>5,128,564</u>	<u>5,754,514</u>
Total revenues	<u>145,086,046</u>	<u>153,270,236</u>	<u>158,069,067</u>	<u>170,579,830</u>	<u>180,927,387</u>
Operating Expenses:					
Instruction, research and public Services	61,335,156	64,538,356	66,874,328	70,082,580	74,580,906
Academic support	13,511,651	12,942,092	13,344,905	14,091,368	15,555,685
Student services	12,534,183	13,279,974	14,948,537	15,056,819	16,699,035
Institutional support	23,037,747	25,310,654	26,358,597	27,956,128	29,306,643
Auxiliaries	<u>31,780,380</u>	<u>33,627,828</u>	<u>34,553,272</u>	<u>36,675,078</u>	<u>38,370,571</u>
Total expenses	<u>142,199,117</u>	<u>149,698,904</u>	<u>156,079,639</u>	<u>163,861,973</u>	<u>174,512,840</u>
Increase in net assets from operating activities	<u>2,886,929</u>	<u>3,571,332</u>	<u>1,989,428</u>	<u>6,717,857</u>	<u>6,414,547</u>
Non-Operating Activities:					
Capital gifts	37,261,296	7,802,069	2,624,667	6,575,497	10,541,518
Net investment appreciation (depreciation)	(8,891,749)	25,620,916	19,150,358	27,618,036	35,214,891
State Grants	13,225	-	-	-	-
Investment income on unexpended bond proceeds	-	-	386,361	411,285	251,791
Cost of pension benefit obligation curtailment	-	-	-	(614,013)	(3,753,365)
Change in value of interest rate swap agreements	-	-	(457,206)	4,139,695	(1,439,882)
Cumulative effect of change in accounting principle	-	-	-	(1,116,573)	(2,229,424)
Loss on bond defeasance	-	-	-	(3,438,839)	-
Net investment appreciation designated for operations	<u>(4,606,104)</u>	<u>(6,620,110)</u>	<u>(6,210,688)</u>	<u>(5,128,564)</u>	<u>(5,754,514)</u>
Change in net assets	<u>26,663,597</u>	<u>30,374,207</u>	<u>17,482,920</u>	<u>35,164,381</u>	<u>39,245,562</u>
Net assets at beginning of year	<u>251,786,734</u>	<u>278,450,331</u>	<u>308,824,538</u>	<u>326,307,458</u>	<u>361,471,839</u>
Net assets at end of year	<u>\$278,450,331</u>	<u>\$308,824,538</u>	<u>\$326,307,458</u>	<u>\$361,471,839</u>	<u>\$400,717,401</u>



## Management Report of Operating Results

For the past thirty-nine years of College operations, total unrestricted revenues have exceeded expenditures.

The Board of Trustees of the College approves the annual operating budget for the College and reviews and approves tuition and fee increases, the student financial aid budget and increases in salaries, wages and employee benefits. Specifically, the Finance Committee of the Board of Trustees has responsibility for initial review and recommendation for approval as well as for continuing surveillance of actual performance in relation to the approved budget. Reports comparing actual performance to budget are available to department heads and senior administrators via the College's on-line management information system.

The College has actively been implementing its plan to enhance its position as a comprehensive residential institution by striving for excellence in the development of its students' intellect, creativity and character. The College's core strength is its mix of professional programs in Business, the Health Sciences, Communications and its founding School of Music, with those in the School of Humanities and Sciences. It is the ability of students to major in one school and participate in the course offerings of others that supports its brand of "Educating Professionals in the Liberal Arts Tradition." As part of the plan, major improvements to campus facilities and services have been accomplished in recent years, as are described elsewhere in this document.

A major fundraising effort is underway a portion of which is for a new home for the College's School of Business with 85% of the \$17,000,000 goal currently pledged.

The College's goal is to stabilize enrollment at approximately current levels over the long-term while maintaining the academic quality profile of its students. The College would also like to lessen its dependency on students from a revenue perspective, but recognizes this is a pattern that will change slowly as it experiences more success from its fundraising efforts. Currently, the College's tuition charges are well positioned relative to much of its competition with many of the colleges and universities with which there are admission application overlaps priced significantly higher than Ithaca.

The College's future is based in the traditions of its heritage; strong academic programs, a residential orientation, balanced budgets and a superb faculty and staff that share the common objective of serving the needs of today's students to prepare them to become tomorrow's outstanding citizens.

## Net Assets

Unrestricted assets of approximately \$300 million as of May 31, 2007 consisted primarily of investments of \$215.5 million, generating investment return in support of the College's educational mission and purposes, and \$73 million in land, facilities, and funds designated for facilities. Temporarily restricted net assets are generally available for program purposes such as financial aid, facilities and equipment, and deferred giving arrangements. Permanently restricted net assets are restricted by the donor, the investment return from which is used to support program activities such as financial aid and instruction.

## Fund Raising

The following table shows the amounts received by the College as gifts, grants and bequests for the following funds over the past five fiscal years:

### GIFTS, GRANTS AND BEQUESTS

	<u>Operations</u>	<u>Endowment</u>	<u>Plant</u>	<u>Total</u>
2002-2003	\$7,572,002	\$ 713,366	\$36,547,930	\$44,833,298
2003-2004	8,585,713	953,589	6,848,480	16,387,782
2004-2005	8,344,205	496,794	2,127,873	10,968,872
2005-2006	8,213,115	1,083,523	5,491,974	14,788,612
2006-2007	8,355,968	1,941,112	8,600,406	18,897,486

## Long Term Investments

The market value of the College's investments held for long term purposes was \$237,324,893 on May 31, 2007. The College has adopted a total return spending policy on its endowment and similar investments. Under this policy, the College utilizes an amount ranging between 4% and 6% of the average quarterly market values of its pooled investment portfolio

for the preceding three years. The College utilized 4.640% and 4.750% of the average quarterly market values of its pooled investment portfolio in fiscal 2007 and 2006, respectively. The spending for the current fiscal year is 4.514%.

To the extent that the total spending requirement for the current year is not fulfilled by interest and dividends, the College utilizes realized appreciation of the endowment and assets held for similar purposes. Net realized and unrealized gains and losses, which are recognized as either unrestricted, temporarily restricted, or permanently restricted, dependent upon donor stipulations, are also maintained within the portfolio of endowment and other assets held for similar purposes.

### Pension Plans

**Retirement Annuity Plan.** Academic and certain other salaried employees of the College are participants in the Retirement Annuity Plan administered by the Teachers' Insurance and Annuity Association Program ("TIAA") and the College Retirement Equities Fund ("CREF"). Under this arrangement, the College makes annual contributions to the plan which are immediately vested for the benefit of the participants. There are no unfunded past service costs under this plan. The College's contributions to TIAA/CREF are based on a percentage of the employees' salaries. College contributions to the TIAA/CREF plan amounted to \$4,635,129 and \$4,411,878 for the years ended May 31, 2007 and 2006, respectively.

**Defined Benefit Pension Plan.** The College also maintains a noncontributory defined benefit pension plan for employees who are not eligible to participate in the TIAA/CREF plan. Benefits are based upon the employee's years of service and earnings. The College has met the minimum funding standards set forth under the provisions of the Employee Retirement Income Security Act of 1974.

### Post-Retirement Benefits

The College sponsors two defined benefit postretirement plans. One plan provides medical benefits, and the other provides life insurance benefits to all of the College's employees who reach age 60 with at least 10 years of service or age 55 with at least 20 years of service. The retirees may elect the Open Choice or the Managed Choice Plan upon retirement from the College. The postretirement health care plan and the life insurance plan are noncontributory. Spouse coverage costs are contributory and assumed to increase at the ultimate inflation rate for medical claims. Medical benefits cease at age 65. The College's postretirement plans are not funded.

	<b>Pension Plan</b>		<b>Post-retirement Benefit Plans</b>	
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Change in benefit obligation:				
Benefit obligation, beginning of year	\$(8,585,332)	\$(7,803,271)	\$(7,479,777)	\$(7,930,689)
Service cost	-	(63,944)	(381,275)	(443,740)
Interest cost	(461,588)	(484,480)	(479,129)	(417,400)
Plan participant's contributions-	-	-	(15,310)	(10,449)
Actuarial gain (loss)	(208,646)	755,883	(98,442)	1,162,456
Benefits paid	665,841	306,427	251,748	160,045
Amendments/Curtailments/Special				
Terminations	-	(1,295,947)	129,249	-
Annuity Purchase	4,848,200	-	-	-
Lump sum payments	4,974,843	-	-	-
Settlement (loss)	(1,233,318)	-	-	-
Benefit obligation, end of year	<u>\$ -</u>	<u>\$(8,585,332)</u>	<u>\$(8,072,936)</u>	<u>\$(7,479,777)</u>

### Plant Values

During the five years ended May 31, 2007, the physical plant of the College increased in net book value from \$165,124,165 to \$198,306,350. The following table represents the additions to the College's physical plant over the past five fiscal years net of accumulated depreciation.

**Plant Values**  
**Fiscal Year Ended May 31,**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Land & improvements	\$ 6,647,584	\$ 4,890,418	\$ 4,882,415	\$ 5,112,046	\$ 5,093,539
Buildings & building improvements	220,475,135	223,765,192	232,534,823	253,918,442	273,190,981
Furniture & equipment	61,026,939	59,577,083	61,133,839	65,924,801	66,766,998
Totals	<u>288,149,658</u>	<u>288,232,693</u>	<u>298,551,077</u>	<u>324,955,289</u>	<u>345,051,518</u>
Less: Accumulated Depreciation	(123,025,493)	(125,143,383)	(129,789,794)	(137,811,914)	(146,745,168)
Property Plant & Equipment	<u>\$165,124,165</u>	<u>\$163,089,310</u>	<u>\$168,761,283</u>	<u>\$187,143,375</u>	<u>\$196,306,350</u>

**Outstanding Indebtedness of the College**

Outstanding indebtedness of the College at May 31, 2007 was \$144,651,589 and is summarized as follows:

**Outstanding Indebtedness**

<u>Issue</u>	<u>Maturity</u>	<u>Outstanding</u>
DASNY 1998 Bonds*	2021	\$33,652,263*
TCIDA Series 2004 Bonds	2034	31,100,000
TCIDA Series 2005A Bonds	2013	8,488,547
TCIDA Series 2005B Bonds	2026	40,335,779
TCIDA Series 2007 Bonds	2037	31,075,000

\*To be refunded by the Series 2008 Bonds.

*Tompkins County Industrial Development Agency ("TCIDA") Series 2004 Revenue Bonds*

The Series 2004 Bonds are special limited obligations secured by a guarantee of the College and a pledge of its Tuition and an insurance policy issued by XL Capital Assurance Inc ("XL") guaranteeing the timely payment of principal and interest on the Series 2004 Bonds. The holder's of the Series 2004 Bonds security interest in the College's tuition revenue is superior to that of the holders of the Series 2005 Bonds, the Series 2008 Bonds.

The Series 2004 Bonds were issued at full face value of \$31,100,000 with a variable rate of interest, which is reset on a weekly basis. On April 10, 2008 HSBC issued a direct-pay Letter of Credit to provide additional credit enhancement for the Series 2004 Bonds. The XL insurance policy remains in place and the HSBC liquidity facility is suspended while the letter of credit is effective.

The College made net interest payments of \$1,106,356 on the Series 2004 Bonds for the year ended May 31, 2007.

*2004 Swap*

As a means to lower its borrowing costs when compared against fixed-rate bonds at the time of closing, the College entered into an interest rate swap in connection with the issuance of the variable rate Series 2004 Bonds (the "2004 Swap"). The intention of the 2004 Swap was to effectively fix the College's interest rate on a \$10,420,000 portion of the Series 2004 Bonds which were issued in the aggregate principal amount of \$31,100,000.

The Series 2004 Bonds and the related 2004 Swap have a stated maturity date of July 1, 2034. The 2004 Swap's notional amount is \$10,420,000 and will decrease as principal payments are made on the Series 2004 Bonds such that the notional amount maintains a consistent ratio with the total principal amount of Series 2004 Bonds outstanding. Under the 2004

Swap, the College pays UBS AG, acting as the 2004 Swap counterparty, a fixed payment and receives a variable payment computed as 59 percent of the one month London Interbank Offer Rate (LIBOR) plus 40 basis points. The interest rate on the outstanding Series 2004 Bonds is at market rate as determined by the remarketing agent for the Series 2004 Bonds. However the 2004 Swap effectively converted the interest rate on the \$10,420,000 portion of the Series 2004 Bonds to 3.405%. The College did not disburse any funds to enter the 2004 Swap.

#### *TCIDA Series 2005 Revenue Bonds*

The Series 2005 Bonds are special limited obligations secured by a guarantee of the College and a pledge of its Tuition and an insurance policy issued by XL Capital Assurance Inc. guaranteeing the timely payment of principal and interest on the Series 2005 Bonds. The holder's of the Series 2005 Bonds security interest in the College's tuition revenue is superior to that of the holders of the Series 2008 Bonds.

The Series 2005 Bonds were issued at a face value of \$9,080,000 for Series 2005A bonds, and a face value of \$40,290,000 for Series 2005B bonds, for a full face value of \$49,370,000. The Series 2005A bonds were issued with a fixed rate of interest, and the Series 2005B bonds were issued with a variable rate of interest, which is reset on a weekly basis. On April 10, 2008 HSBC issued a direct-pay Letter of Credit to provide additional credit enhancement for the Series 2005B Bonds. The XL insurance policy remains in place and the HSBC liquidity facility is suspended while the letter of credit is effective.

The College made net interest payments of \$1,604,644 on the Series 2005 Bonds for the year ended May 31, 2007.

#### *2005 Swap*

As with the 2004 Swap, the College entered into an interest rate swap in connection with the issuance of the Series 2005B Bonds to lower its borrowing costs (the "2005 Swap"). The 2005 Swap effectively fixes the College's interest rate on the entire principal amount of the Series 2005B Bonds.

The Series 2005B Bonds and the related 2005 Swap have a stated maturity date of July 1, 2026 and the 2005 Swap's notional amount matches the aggregate principal amount of the Series 2005B Bonds. Under the 2005 Swap, the College pays Dexia Credit Local, acting as the 2005 Swap counterparty, a fixed payment and receives a variable payment computed as 67% percent of LIBOR. (The interest rate on the outstanding Series 2005B Bonds is at market rate as determined by the remarketing agent for the Series 2005B Bonds. However the 2005 Swap effectively converted the interest rate on the Series 2005B Bonds to 3.11%. The College did not disburse any funds to enter the 2005 Swap.)

#### *2005 Forward Swap*

As part of the College's debt management plan, the College entered into a forward swap arrangement prior to the issuance of the Series 2007 Bonds. Specifically, based upon the expectation that interest rates will rise prior to an expected issuance of bonds in 2007, the College entered into a forward starting swap agreement for \$12,000,000. Under the 2005 Forward Swap, the College pays Dexia Credit Local, acting as the 2005 Swap counterparty, a fixed payment of 3.288% and receives a variable payment computed as 67% of LIBOR.

#### *TCIDA Series 2007 Revenue Bonds*

The Series 2007 Bonds are special limited obligations secured by a guarantee of the College and an insurance policy issued by XL Capital Assurance Inc. ("XL"). guaranteeing the timely payment of principal and interest on the bonds. The Series 2007 Bonds were issued at a face value of \$31,075,000 and bore interest at the seven-day Auction Rate from issuance until May 7, 2008. On April 29, 2008 HSBC issued a direct pay Letter of Credit to provide additional credit enhancement for the Series 2007 Bonds. The College converted the 2007 Bonds to weekly variable rate demand bonds from auction securities. The XL insurance policy remains in place.

The College made net interest payments of \$116,640 on the Series 2007 Bonds for the year ended May 31, 2007.

#### *2007 Swap*

As with prior variable rate issues, the College entered into an interest rate swap in connection with the issuance of the Series 2007 Bonds to lower its borrowing costs. The 2007 Swap effectively fixes the College's interest rate on a \$19,075,000 portion of the Series 2007 Bonds which were issued in the aggregate principal amount of \$31,075,000. The remaining \$12,000,000 was hedged by the 2005 forward-starting Swap.

The Series 2007 Bonds and the related 2005 Forward Swap and the 2007 Swap have a stated maturity date of July 1, 2037. The 2007 Swap's notional amount is \$19,075,000 and will decrease as principal payments are made on the Series 2007 Bonds such that the notional amount maintains a consistent ratio with the total principal amount of Series 2007 Bonds outstanding. Under the 2007 Swap, the College pays Royal Bank of Canada, acting as the 2007 Swap counterparty, a fixed

payment and receives a variable payment computed as 67 percent of the London Interbank Offer Rate (LIBOR). The interest rate on the outstanding Series 2007 Bonds is at market rate as determined by the Remarketing Agent for the Series 2007 Bonds. However the 2007 Swap effectively converted the interest rate on the \$19,075,000 portion of the Series 2007 Bonds to 3.721%. The College did not disburse any funds to enter the 2007 Swap.

#### *2007 Forward and 2008 Swaps*

As part of the College's debt management plan, the College entered into a forward swap arrangement prior to the issuance of the Series 2008 Bonds. Specifically, based upon the expectation that interest rates will rise prior to an expected of issuance of bonds in 2008, the College entered into a 67% of LIBOR forward starting swap agreement for approximately \$31,640,000 with the Royal Bank of Canada. The College expects to amend the 2007 Forward Swap to provide for an interest rate hedge on the balance of the Series 2008 Bonds.

#### *Constant Maturity Swap Transaction*

The College entered into a Constant Maturity Swap agreement with the Royal Bank of Canada for \$40,290,000. This swap is layered with the 2005 Swap in an attempt to further reduce any interest rate risk with these transactions. The Constant Maturity Swap and the related 2005 Swap have a stated maturity date of July 1, 2026. Under the Constant Maturity Swap, the College pays the Royal Bank of Canada, acting as the Constant Maturity Swap counterparty, a variable payment computed as 67% percent of the one month London Interbank Offer Rate (LIBOR) and receives a variable payment equal to 67% percent of the ten year International Swaps and Derivatives Association (ISDA) Swap rate minus 49.25 basis points.

#### *Swaps - General*

All of the College's Swaps were facilitated through the execution of a derivative contract based upon the form published by the International Swap Dealers Association Master Agreement, which includes standard termination events, including failure to pay and bankruptcy. If either swap is terminated, the respective portion of the related series of bonds would no longer carry a synthetic interest rate. Because both swaps were executed at market terms so that neither had any value at inception, if at the time of termination a swap has a negative fair market value, the College would be liable to the counterparty for payment equal to such swap's fair market value. Conversely, if the fair market value is positive at termination, the counter party would be liable to the College.

### **Insurance Coverage**

Ithaca College's Workers Compensation insurance coverage is with NYC&URMG (the NY College & University Risk Management Group), a Workers Compensation self-insurance trust. The bulk of the College's property and casualty insurance policies are currently brokered through Arthur J. Gallagher in White Plains, NY and insured through only top-rated insurance carriers, including Chubb (2004 Best's Key Rating Guide® of AA++) and United Educators (2004 Best's Key Rating Guide® of A).

### **Litigation**

There is no litigation pending or threatened against the College which would materially affect the ability of the College to meet its obligations under the Loan Agreement or Mortgage or seeking damages in excess of applicable insurance coverage.

## **PART 6- THE SERIES 2008 PROJECT AND THE REFUNDING PLAN**

A portion of the proceeds of Series 2008 Bonds will be used to finance the Series 2008 Project which consists of various renovation projects throughout the College's campus.

A portion of the proceeds of the Series 2008 Bonds will be used to refund all of the outstanding Series 1998 Bonds. Such proceeds, together with other available moneys, will be used to acquire direct obligations of the United States of America (the "Investment Securities"), the principal of and interest on which, when due, together with any uninvested proceeds, will provide moneys sufficient to pay, when due, (i) the principal of and interest on the Series 1998 Bonds maturing on July 1, 2008 and (ii) the redemption price of and interest on the Series 1998 Bonds maturing after July 1, 2008, which will be redeemed on or about July 1, 2008 at a redemption price equal to 101% of their principal amount, plus accrued interest.

The Investment Securities will be deposited with the trustee for the Series 1998 Bonds upon the issuance and delivery of the Series 2008 Bonds, and will be held in trust for the payment of such principal or redemption price of and interest

on all outstanding Series 1998 Bonds. In the opinion of Bond Counsel, upon making such deposit with such trustee and the issuance of certain irrevocable instructions to such trustee, the Series 1998 Bonds will, under the terms of the resolution pursuant to which they were issued, be deemed to have been paid, will no longer be outstanding and the pledge of the revenues or other moneys and securities pledged under such resolution to the Series 1998 Bonds and all other rights granted by such resolution to the Series 1998 Bonds shall be discharged and satisfied.

**PART 7- ESTIMATED SOURCES AND USES OF FUNDS**

Estimated sources and uses of funds are as follows:

Sources of Funds	
Principal Amount of Series 2008 Bonds .....	\$ 38,505,000
1998 Debt Service Fund .....	<u>2,316,105</u>
Total Sources .....	<u>\$40,821,105</u>
Uses of Funds	
Project Fund .....	\$4,938,357
Refunding of the Series 1998 Bonds .....	34,977,232
Costs of Issuance* .....	<u>905,516</u>
Total Uses .....	<u>\$40,821,105</u>

\*Includes costs for credit enhancement, State issuance fee, bond counsel, counsels to the Bank, the College, the Underwriter and the Trustee, underwriter's discount, trustee fee, printing, rating and Authority fee.

**PART 8- THE AUTHORITY**

**Background, Purposes and Powers**

The Authority is a body corporate and politic constituting a public benefit corporation. The Authority was created by the Act for the purpose of financing and constructing a variety of facilities for certain independent colleges and universities and private hospitals, certain not-for-profit institutions, public educational institutions including The State University of New York, The City University of New York and Boards of Cooperative Educational Services (“BOCES”), certain school districts in the State, facilities for the Departments of Health and Education of the State, the Office of General Services, the Office of General Services of the State on behalf of the Department of Audit and Control, facilities for the aged and certain judicial facilities for cities and counties. The Authority is also authorized to make and purchase certain loans in connection with its student loan program. To carry out this purpose, the Authority was given the authority, among other things, to issue and sell negotiable bonds and notes to finance the construction of facilities of such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions.

On September 1, 1995, the Authority through State legislation (the “Consolidation Act”) succeeded to the powers, duties and functions of the New York State Medical Care Facilities Finance Agency (the “Agency”) and the Facilities Development Corporation (the “Corporation”), each of which will continue its corporate existence in and through the Authority. Under the Consolidation Act, the Authority has also acquired by operation of law all assets and property, and has assumed all the liabilities and obligations, of the Agency and the Corporation, including, without limitation, the obligation of the Agency to make payments on its outstanding bonds, and notes or other obligations. Under the Consolidation Act, as successor to the powers, duties and functions of the Agency, the Authority is authorized to issue and sell negotiable bonds and notes to finance and refinance mental health services facilities for use directly by the New York State Department of Mental Hygiene and by certain voluntary agencies. As such successor to the Agency, the Authority has acquired additional authorization to issue bonds and notes to provide certain types of financing for certain facilities for the Department of Health, not-for-profit corporations providing hospital, medical and residential health care facilities and services, county and municipal hospitals and nursing homes, not-for-profit and limited profit nursing home companies, qualified health maintenance organizations and health facilities for municipalities constituting social services districts. As successor to the Corporation, the Authority is authorized, among other things, to assume exclusive

possession, jurisdiction, control and supervision over all State mental hygiene facilities and to make them available to the Department of Mental Hygiene, to provide for construction and modernization of municipal hospitals, to provide health facilities for municipalities, to provide health facilities for voluntary non-profit corporations, to make its services available to the State Department of Correctional Services, to make its services available to municipalities to provide for the design and construction of local correctional facilities, to provide services for the design and construction of municipal buildings, and to make loans to certain voluntary agencies with respect to mental hygiene facilities owned or leased by such agencies.

The Authority has the general power to acquire real and personal property, give mortgages, make contracts, operate dormitories and other facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, make reasonable rules and regulations to assure the maximum use of facilities, borrow money, issue negotiable bonds or notes and provide for the rights of their holders and adopt a program of self-insurance.

In addition to providing financing, the Authority offers a variety of services to certain educational, governmental and not-for-profit institutions, including advising in the areas of project planning, design and construction, monitoring project construction, purchasing of furnishings and equipment for projects, designing interiors of projects and designing and managing projects to rehabilitate older facilities. In succeeding to the powers, duties and functions of the Corporation as described above, the scope of design and construction services afforded by the Authority has been expanded.

**Outstanding Indebtedness of the Authority (Other than Indebtedness Assumed by the Authority)**

At March 31, 2008, the Authority had approximately \$35.2 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of the Authority's bonds and notes is paid from moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

The Authority's bonds and notes include both special obligations and general obligations of the Authority. The Authority's special obligations are payable solely from payments required to be made by or for the account of the institution for which the particular special obligations were issued or from borrowers in connection with its student loan program. Such payments are pledged or assigned to the trustees for the holders of respective special obligations. The Authority has no obligation to pay its special obligations other than from such payments. The Authority's general obligations are payable from any moneys of the Authority legally available for the payment of such obligations. However, the payments required to be made by or for the account of the institution for which general obligations were issued generally have been pledged or assigned by the Authority to trustees for the holders of such general obligations. The Authority has always paid the principal of and interest on its special and general obligations on time and in full.

The total amounts of the Authority bonds and notes (excluding debt of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act) outstanding at March 31, 2008 were as follows:

<b>Public Programs</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Notes Outstanding</b>	<b>Bonds and Notes Outstanding</b>
State University of New York Dormitory Facilities .....	\$ 2,120,821,000	\$ 873,355,000	\$ 0	\$ 873,355,000
State University of New York Educational and Athletic Facilities .....	11,757,912,999	5,004,985,745	0	5,004,985,745
Upstate Community Colleges of the State University of New York .....	1,397,910,000	589,930,000	0	589,930,000
Senior Colleges of the City University of New York .....	8,609,563,549	2,982,606,270	0	2,982,606,270
Community Colleges of the City University of New York .....	2,194,081,563	513,213,730	0	513,213,730
BOCES and School Districts .....	1,731,396,208	1,291,165,000	0	1,291,165,000
Judicial Facilities .....	2,161,277,717	738,632,717	0	738,632,717
New York State Departments of Health and Education and Other .....	4,233,285,000	2,849,490,000	0	2,849,490,000
Mental Health Services Facilities .....	5,682,130,000	3,558,845,000	0	3,558,845,000
New York State Taxable Pension Bonds .....	773,475,000	0	0	0
Municipal Health Facilities Improvement Program .....	913,895,000	809,250,000	0	809,250,000
Totals Public Programs .....	\$ 41,575,748,036	\$ 19,211,473,462	\$ 0	\$ 19,211,473,462

<b><u>Non-Public Programs</u></b>	<b><u>Bonds Issued</u></b>	<b><u>Bonds Outstanding</u></b>	<b><u>Notes Outstanding</u></b>	<b><u>Bonds and Notes Outstanding</u></b>
Independent Colleges, Universities and Other Institutions .....	\$ 14,899,256,020	\$ 7,001,777,344	\$190,230,000	\$ 7,192,007,344
Voluntary Non-Profit Hospitals .....	12,693,404,309	7,817,570,000	0	7,817,570,000
Facilities for the Aged .....	1,979,275,000	1,027,235,000	0	1,027,235,000
Supplemental Higher Education Loan Financing Program .....	95,000,000	0	0	0
Totals Non-Public Programs .....	\$ 29,666,935,329	\$ 15,846,582,344	\$190,230,000	\$ 16,036,812,344
Grand Totals Bonds and Notes .....	\$ 71,242,683,365	\$ 35,058,055,806	\$190,230,000	\$ 35,248,285,806

### **Outstanding Indebtedness of the Agency Assumed by the Authority**

At March 31, 2008, the Agency had approximately \$401 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency's bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at March 31, 2008 were as follows:

<b><u>Public Programs</u></b>	<b><u>Bonds Issued</u></b>	<b><u>Bonds Outstanding</u></b>
Mental Health Services Improvement Facilities .....	\$ 3,817,230,725	\$ 0
<b><u>Non-Public Programs</u></b>	<b><u>Bonds Issued</u></b>	<b><u>Bonds Outstanding</u></b>
Hospital and Nursing Home Project Bond Program ...	\$ 226,230,000	\$ 3,605,000
Insured Mortgage Programs .....	6,625,079,927	389,564,927
Revenue Bonds, Secured Loan and Other Programs..	2,414,240,000	8,255,000
Total Non-Public Programs .....	9,265,549,927	401,424,927
Total MCFFA Outstanding Debt .....	\$ 13,082,780,652	\$ 401,424,927

### **Governance**

The Authority carries out its programs through an eleven-member board, a full-time staff of approximately 660 persons, independent bond counsel and other outside advisors. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at Authority meetings. The members of the Authority serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties.

The Governor of the State appoints a Chair from the members appointed by him or her and the members of the Authority annually choose the following officers, of which the first two must be members of the Authority: Vice-Chair, Secretary, Treasurer, Assistant Secretaries and Assistant Treasurers.



The current members of the Authority are as follows:

GAIL H. GORDON, Esq., *Chair*, Slingerlands.

Gail H. Gordon was appointed as a Member of the Authority by the Governor on May 10, 2004. Ms. Gordon served as Deputy Commissioner and General Counsel for the Office of Children and Family Services from September 15, 1997 to December 31, 2006. She previously was of counsel to the law firm of Helm, Shapiro, Anito & McCale, P.C., in Albany, New York, where she was engaged in the private practice of law. From 1987 to 1993, Ms. Gordon served as Counsel to the Comptroller of the State of New York where she directed a legal staff of approximately 40 attorneys, was responsible for providing legal and policy advice to the State Comptroller and his deputies in all areas of the State Comptroller's responsibilities, including the supervision of accounts of public authorities and in the administration, as sole trustee, of the New York State Employees Retirement System and the Policemen's and Firemen's Retirement System. She served as Deputy Counsel to the Comptroller of the State of New York from 1983 to 1987. From 1974 to 1983, Ms. Gordon was an attorney with the law firm of Hinman, Howard & Kattell, Binghamton, New York, where she concentrated in areas of real estate, administrative and municipal law. Ms. Gordon holds a Bachelor of Arts degree from Smith College and a Juris Doctor degree from Cornell University School of Law. Ms. Gordon's term expired on March 31, 2007 and by law she continues to serve until a successor shall be chosen and qualified.

JOHN B. JOHNSON, JR., *Vice-Chair*, Watertown.

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on April 26, 2004. Mr. Johnson is Chairman of the Board and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He is director of the New York Newspapers Foundation, a member of the Development Authority of the North Country and the Fort Drum Regional Liaison Committee, a trustee of Clarkson University and president of the Bugbee Housing Development Corporation. Mr. Johnson has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001 and 2002. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expires on March 31, 2010.

JOSE ALBERTO CORVALAN, M.D., *Secretary*, Armonk.

Dr. Corvalan was appointed as a Member of the Authority by the Governor on June 22, 2005. Dr. Corvalan is Chief of Laparoscopic Surgery at St. Vincent's Midtown Hospital in Manhattan. Dr. Corvalan is a Diplomate, American Board of Surgery, and is a Fellow of the American College of Surgeons and the New York Academy of Medicine. Dr. Corvalan has held a number of teaching positions and is Associate Professor of Surgery at New York Medical College, Valhalla, New York. His current term expired on March 31, 2008 and by law he continues to serve until a successor shall be chosen and qualified.

BRIAN RUDER, Scarsdale.

Mr. Ruder was appointed as a Member of the Authority by the Governor on June 23, 2006. He is Chief Executive Officer of Skylight Partners, a strategic marketing and business development consulting group that he founded in 2001. Prior to Skylight Partners, Mr. Ruder served for four years as Executive Vice President of Global Marketing for Citigroup. He spent 16 years at the H.J. Heinz Co. in progressively responsible positions, including President of Heinz USA, President of Weight Watchers Food Company and corporate Vice President of Worldwide Infant Feeding. He also served as Director of Marketing, New Products and Sales for Pepsi USA in the mid-1980's. Mr. Ruder is Vice Chairman of the New York State Board of Science, Technology and Academic Research (NYSTAR), and also serves on the board of the Adirondack Council, the Scarsdale United Way, the New York Metro Chapter of the Young Presidents' Organization and PNC Private Client Advisors. Mr. Ruder earned a Bachelor of Arts degree in American History in 1976 from Washington University in St. Louis, Mo., and a Master of Business Administration degree in Marketing in 1978 from the Tuck School at Dartmouth College. His current term expires on March 31, 2009.

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on April 26, 2004. A certified public accountant with more than 37 years of experience, Mr. Martino is a retired partner of the Buffalo CPA firm Lumsden & McCormick, LLP. He began his career at Price Waterhouse where he worked in the firm's Buffalo and Washington, DC, offices. He is a member of the Board of Directors of Natural Health Trends Inc., a public company, where he chairs the

Audit Committee. Mr. Martino is a member of the American Institute of CPAs and the New York State Society of CPAs. Long involved in community organizations, he serves on the boards of the Buffalo Niagara Medical Campus as Vice Chairman, Mount Calvary Cemetery as Chair of the Investment Committee, Cradle Beach Camp of which he is a former Chair, the Kelly for Kids Foundation and Key Bank. Mr. Martino received a Bachelor of Science degree in accounting from the University at Buffalo. Mr. Martino's term expired on August 31, 2007 and by law he continues to serve until a successor shall be chosen and qualified.

SANDRA M. SHAPARD, Delmar.

Ms. Shapard was appointed as a Member of the Authority by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from January, 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of Budget, from 1991 to 1994, and Deputy Assistant Commissioner for Transit for the State Department of Transportation, from 1988 to 1991. She began her career in New York State government with the Assembly in 1975 where, over a thirteen year period, she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. Ms. Shapard also served as Assistant to the County Executive in Dutchess County. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

ROMAN B. HEDGES, Delmar.

Dr. Hedges was appointed as a Member of the Authority by the Speaker of the State Assembly on February 24, 2003. Dr. Hedges is the former Deputy Secretary of the New York State Assembly Committee on Ways and Means. Dr. Hedges served on the Legislative Advisory Task Force on Demographic Research and Reapportionment. He has also served as the Director of Fiscal Studies of the Assembly Committee on Ways and Means where he was responsible for the preparation of studies of the New York State economy and revenues of local government, tax policy and revenue analyses, and for negotiating revenue and local government legislation for the Assembly. Dr. Hedges was an Associate Professor of Political Science and Public Policy at the State University of New York at Albany where he taught graduate and undergraduate courses in American politics, research methodology, and public policy. Dr. Hedges holds a Doctor of Philosophy and a Master of Arts degree from the University of Rochester and a Bachelor of Arts degree from Knox College.

KEVIN R. CARLISLE, Averill Park.

Mr. Carlisle was appointed as a Member of the Authority by the Temporary President of the Senate on January 29, 2007. After a career in public housing and business consulting, Mr. Carlisle retired in 2003 as Assistant Commissioner of the state Division of Housing and Community Renewal ("DHCR") and Vice President of the New York State Housing Trust Fund Corporation. He was responsible for capital development programs which financed approximately 4,000 units annually, with a total development cost of \$500 million. He conceived the state's Homes for Working Families Program, which received the 1999 Award for Program Excellence from the National Council of State Housing Finance Agencies. Similarly, Mr. Carlisle implemented the Rural Leveraging Partnership Program, which was cited as a national model by U.S. Rural Housing Services. He also served at DHCR as Director of Underwriting, Deputy Director of the Office of Rural Development, and designed the housing strategy that met the state's off-site commitment to induce the U.S. Army's 10th Mountain Division to locate at Fort Drum. Before he joined DHCR in 1982, Mr. Carlisle was a partner in Barrett Carlisle & Co., a real estate development and consulting firm, and served the City of Troy and the City of Cohoes in economic planning and real estate project management. Mr. Carlisle earned both a Bachelor's degree in Economics and a Master's degree in Urban and Environmental Studies from Rensselaer Polytechnic Institute.

RICHARD P. MILLS, *Commissioner of Education of the State of New York, Albany; ex-officio.*

Dr. Mills became Commissioner of Education on September 12, 1995. Prior to his appointment, Dr. Mills served as Commissioner of Education for the State of Vermont since 1988. From 1984 to 1988, Dr. Mills was Special Assistant to Governor Thomas H. Kean of New Jersey. Prior to 1984, Dr. Mills held a number of positions within the New Jersey Department of Education. Dr. Mills' career in education includes teaching and administrative experience at the secondary and postsecondary education levels. Dr. Mills holds a Bachelor of Arts degree from Middlebury College and a Master of Arts, a Master of Business Administration and a Doctor of Education degree from Columbia University.

LAURA L. ANGLIN, *Budget Director of the State of New York, Albany; ex-officio.*

Ms. Anglin was appointed Budget Director on January 1, 2008. As Budget Director, she is responsible for the overall

development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio, as well as pensions and employee benefits. Ms. Anglin previously served as First Deputy Budget Director from January 2007 to December 2007. She was appointed Deputy Comptroller of the Division of Retirement Services in January 2003 and was responsible for overseeing the administration and managing the operations of the New York State and Local Retirement System. From 1996-2003, Ms. Anglin worked in the New York State Assembly where she served as Director of Budget Studies for the Assembly Ways and Means Committee and as First Deputy Fiscal Director for the Committee. Ms. Anglin has also held the position of Econometrician in the Department of Taxation and Finance from 1992-1996 and began her career as an Economist for the Department of Environmental Conservation. Ms. Anglin holds a Bachelor of Arts degree and a Masters degree in Economics from the State University of New York at Albany.

RICHARD F. DAINES, M.D., *Commissioner of Health, Albany; ex-officio.*

Richard F. Daines, M.D., became Commissioner of Health on March 21, 2007. Prior to his appointment he served as President and CEO at St. Luke's-Roosevelt Hospital Center since 2002. Before joining St. Luke's-Roosevelt Hospital Center as Medical Director in 2000, Dr. Daines served as Senior Vice President for Professional Affairs of St. Barnabas Hospital in the Bronx, New York since 1994 and as Medical Director from 1987 to 1999. Dr. Daines received a Bachelor of History degree from Utah State University in 1974 and served as a missionary for the Church of Jesus Christ of Latter-day Saints in Bolivia, 1970-1972. He received his medical degree from Cornell University Medical College in 1978. He served a residency in internal medicine at New York Hospital and is Board Certified in Internal Medicine and Critical Care Medicine.

The principal staff of the Authority is as follows:

MICHAEL T. CORRIGAN currently serves as the Acting Executive Director and chief administrative and operating officer of the Authority until such time as a new Executive Director is appointed by the Members of the Board of the Authority. In this capacity, Mr. Corrigan is responsible for the overall management of the Authority's administration and operations. He came to the Authority in 1995 as Budget Director, and served as Deputy Chief Financial Officer from 2000 until 2003. In 2003, Mr. Corrigan became Deputy Executive Director and served in that capacity until becoming Acting Executive Director on May 15, 2008. He began his government service career in 1983 as a budget analyst for Rensselaer County, and served as the County's Budget Director from 1986 to 1995. Immediately before coming to the Authority, Mr. Corrigan served as the appointed Rensselaer County Executive for a short period. He holds a Bachelor's degree in Economics from the State University of New York at Plattsburgh and a Master's degree in Business Administration from the University of Massachusetts.

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing Authority bond issuance in the capital markets, through financial feasibility analysis and financing structure determination for Authority clients; as well as implementing and overseeing financing programs, including interest rate exchange and similar agreements; overseeing the Authority's compliance with continuing disclosure requirements and monitoring the financial condition of existing Authority clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. In addition, Ms. Lee has extensive public service experience working for over 10 years in various positions in the Governor's Office, NYS Department of Social Services, as well as the New York State Assembly. She holds a Bachelor's degree from the State University of New York at Albany.

JOHN G. PASICZNYK is the Chief Financial Officer of the Authority. Mr. Pasicznyk is responsible for investment management and accounting, as well as the development of the financial policies for the Authority. Before joining the Authority in 1985, Mr. Pasicznyk worked in audit positions at KPMG Peat Marwick and Deloitte & Touche. He holds a Bachelor's degree from Syracuse University and a Master of Business Administration degree from the Fuqua School of Business at Duke University.

JEFFREY M. POHL is General Counsel to the Authority. Mr. Pohl is responsible for all legal services including legislation, litigation, contract matters and the legal aspects of all Authority financings. He is a member of the New York State Bar, and most recently served as a counsel in the public finance group of a large New York law firm. Mr. Pohl had previously served in various capacities in State government with the Office of the State Comptroller and the New York State Senate. He holds a Bachelor's degree from Franklin and Marshall College and a Juris Doctor degree from Albany

Law School of Union University.

STEPHEN D. CURRO, P.E. is the Managing Director of Construction. In that capacity, he is responsible for the Authority's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. Mr. Curro joined the Authority in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and Rhode Island and has worked in the construction industry for over 20 years as a consulting structural engineer and a technology solutions provider. Mr. Curro is also an Adjunct Professor at Hudson Valley Community College and Bryant & Stratton College. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

### **Claims and Litigation**

Although certain claims and litigation have been asserted or commenced against the Authority, the Authority believes that these claims and litigation are covered by the Authority's insurance or by bonds filed with the Authority should the Authority be held liable in any of such matters, or that the Authority has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such litigation.

### **Other Matters**

#### *New York State Public Authorities Control Board*

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by the Authority and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. The Authority has obtained the approval of the PACB for the issuance of the Series 2008 Bonds.

#### *Legislation*

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect the Authority and its operations. The Authority is not able to represent whether such bills will be introduced or become law in the future. In addition, the State undertakes periodic studies of public authorities in the State (including the Authority) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect the Authority and its operations.

#### *Environmental Quality Review*

The Authority complies with the New York State Environmental Quality Review Act and with the New York State Historic Preservation Act of 1980, and the respective regulations promulgated thereunder respecting the Project to the extent such acts and regulations are applicable.

#### *Independent Auditors*

The accounting firm of KPMG LLP audited the financial statements of the Authority for the fiscal year ended March 31, 2007. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

## **PART 9 - LEGALITY OF THE SERIES 2008 BONDS FOR INVESTMENT AND DEPOSIT**

Under New York State law, the Series 2008 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control.

The Series 2008 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

## **PART 10-NEGOTIABLE INSTRUMENTS**

The Series 2008 Bonds shall be negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2008 Bonds.

## **PART 11 - TAX MATTERS**

### **Federal Income Taxes**

In the opinion of Harris Beach PLLC, Bond Counsel to the Authority, under existing statutes, regulations, administrative rulings and court decisions as of the date of such opinion, and assuming compliance with the representations, certifications and covenants described in the immediately succeeding paragraph, interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes. Furthermore, Bond Counsel is of the opinion that interest on the Series 2008 Bonds is not an "item of tax preference" for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2008 Bonds is included in "adjusted current earnings" for purposes of calculating the federal alternative minimum tax imposed on certain corporations. Corporate purchasers of the Series 2008 Bonds should consult their tax advisors regarding the computation of any alternative minimum tax.

The Interest Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met at the time of, and subsequent to, the issuance and delivery of the Series 2008 Bonds in order that interest on the Series 2008 Bonds be and remain not included in gross income for federal income tax purposes. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, restrictions on the investment of bond proceeds and other moneys or properties, required ownership of a facility by an organization described in Section 501(c)(3) of the Code or a governmental unit, and the rebate to the United States of certain earnings in respect of investments. Noncompliance with such continuing requirements may cause the interest on the Series 2008 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2008 Bonds irrespective of the date on which such noncompliance occurs. In the Resolution and the Loan Agreement and accompanying documents, exhibits and certificates, the Authority and the College have made certain representations and certifications, and have covenanted to comply with certain procedures, designed to assure compliance with the requirements of the Code. In rendering the above-described opinion, Bond Counsel has assumed the accuracy of such representations and certifications and the continuing compliance by the Authority and the College with such covenants.

Bond Counsel expresses no opinion regarding any other federal or state and local tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on, the Series 2008 Bonds. The proposed form of the approving opinion of Bond Counsel is attached to this Official Statement as Appendix F.

In addition to the matters referred to in the preceding paragraphs, prospective purchasers of the Series 2008 Bonds should be aware that the accrual or receipt of tax-exempt interest on the Series 2008 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences may depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Examples of collateral federal income tax consequences of acquiring or holding the Series 2008 Bonds include, without limitation, that (i) with respect to certain insurance companies, the Code reduces the deduction for loss reserves by a portion of the sum of certain items, including interest on the Series 2008 Bonds, (ii) interest on the Series 2008 Bonds earned by certain foreign corporations doing business in the United States may be subject to a branch profits tax imposed by the Code, (iii) passive investment income, including interest on the Series 2008 Bonds, may be subject to federal income taxation under the Code for certain S corporations that have certain earnings and profits, and (iv) the Code requires recipients of certain Social Security and certain other federal retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Series 2008 Bonds. In addition, the Code denies the interest deduction for indebtedness incurred or continued by a taxpayer, including without limitation, banks, thrift institutions, and certain other financial institutions to purchase or carry tax-exempt obligations, such as the Series 2008 Bonds. All prospective purchasers of the Series 2008 Bonds should consult with their tax advisors in order to understand the implications of the Code as to these and other federal and state tax consequences, as well as any local tax consequences, of purchasing or holding the Series 2008 Bonds.

Certain requirements and procedures contained or referred to in the General Resolution and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of a nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Series 2008 Bond or the interest thereon if any such change occurs or actions are taken upon the advice or approval of bond counsel other than Harris Beach PLLC.

### **State and Local Income Tax**

Bond Counsel is also of the opinion that under existing statutes, including the Act, interest on the Series 2008 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof.

Any noncompliance with the Federal income tax requirements set forth above would not, however, affect the exemption of interest on the Series 2008 Bonds from personal income taxes imposed by New York State or any political subdivision thereof.

Bond Counsel expresses no opinion regarding any other state or local tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on, the Series 2008 Bonds.

Interest on the Series 2008 Bonds may or may not be subject to state or local income taxes in jurisdictions other than the State of New York under applicable state or local tax laws. Bond Counsel expresses no opinion, however, as to the tax treatment of the Series 2008 Bonds under other state or local jurisdictions. Each purchaser of Series 2008 Bonds should consult his or her own tax advisor regarding the taxable status of the Series 2008 Bonds in a particular state or local jurisdiction other than the State of New York.

### **Other Considerations**

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2008 Bonds may adversely affect the value of, or the tax status of, interest on, the Series 2008 Bonds.

No assurance can be given that any future legislation, including amendments to the Code or the State income tax laws, regulations, administrative rulings, or court decisions, will not cause interest on the Series 2008 Bonds to be subject, directly or indirectly, to federal or State or local income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Further no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decisions or action of the Internal Revenue Service, including but not limited to regulation, ruling, or selection of the Series 2008 Bonds for audit examination or the course or result of any Internal Revenue Service examination of the Series 2008 Bonds, or obligations which present similar tax issues, will not affect the market price or marketability of the Series 2008 Bonds. Prospective purchasers of the Series 2008 Bonds should consult their own tax advisors regarding the forgoing matters.

All summaries and explanations of provisions of law do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

## **PART 12 - STATE NOT LIABLE ON THE SERIES 2008 BONDS**

The Act provides that notes and bonds of the Authority shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 2008 Bonds shall not be a debt of the State nor shall the State be liable thereon.

## **PART 13 - COVENANT BY THE STATE**

The Act states that the State pledges and agrees with the holders of the Authority's notes and bonds that the State will not limit or alter the rights vested in the Authority to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of the Authority's notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all

costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State's pledges and agreements contained in the Act, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with the Authority and with the holders of the Authority's notes or bonds.

#### **PART 14-LEGAL MATTERS**

Certain legal matters incidental to the authorization and issuance of the Series 2008 Bonds by the Authority are subject to the approval of Harris Beach PLLC Rochester, New York, Bond Counsel, whose approving opinion will be delivered with the Series 2008 Bonds. The proposed form of Bond Counsel's opinion is set forth in Appendix F hereto.

Certain legal matters will be passed upon for the Bank by its Counsel, Hiscock & Barclay, LLP, Syracuse, New York. Certain legal matters will be passed upon for the College by its Counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York. Certain legal matters will be passed upon for the Underwriter by its Counsel, Hodgson Russ, LLP, Albany, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2008 Bonds or questioning or affecting the validity of the Series 2008 Bonds or the proceedings and authority under which they are to be issued. There is no litigation pending which in any manner questions the right of the Authority to finance the Project in accordance with the provisions of the Act, the Resolution, the Series 2008 Resolution and the Loan Agreement.

#### **PART 15-UNDERWRITING**

The Underwriter has agreed, subject to certain conditions, to purchase the Series 2008 Bonds from the Authority at an aggregate purchase price, of \$38,263,222.50 and to make a public offering of Series 2008 Bonds at prices that are not in excess of the public offering prices stated on the cover page of this Official Statement plus accrued interest. The Underwriter will be obligated to purchase all such Series 2008 Bonds if any are purchased.

The Series 2008 Bonds may be offered and sold to certain dealers (including the Underwriter) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

#### **PART 16-UNDERWRITERSERVINGMULTIPLEROLESANDRELATEDPARTIES**

RBC Capital Markets Corporation is acting as Underwriter and Remarketing Agent for the Series 2008 Bonds. See "PART 3 - THE SERIES 2008 BONDS - The Remarketing Agent" and "- Special Considerations Relating to the Series 2008 Bonds" and "PART 15 - UNDERWRITING". The College is also expected to enter into an interest rate swap agreement as more fully described herein with Royal Bank of Canada, as counterparty, effective on or about June 3, 2008. RBC Capital Markets Corporation is a wholly-owned indirect subsidiary of Royal Bank of Canada.

#### **PART 17-RATINGS**

Moody's Investors Service ("Moody's"), is expected to assign a rating of "Aaa/VMIG1" to the Series 2008 Bonds, with the understanding that upon delivery of the Series 2008 Bonds, the Letter of Credit will be issued by the Bank. The Bank's rating is currently on review for possible downgrade. Such ratings reflect only the views of Moody's and any desired explanation of the significance of such ratings should be obtained from Moody's at 7 World Trade Center, New York, New York 10007. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised

downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Series 2008 Bonds.

#### **PART 18- VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Grant Thornton LLP will deliver, at or prior to the delivery of the Series 2008 Bonds, a report on the mathematical accuracy of certain computations, contained in schedules provided to them by the Underwriter, relating to the adequacy and yield of the maturing principal amounts of the Investment Securities held for the payment of the Series 1998 Bonds, interest earned thereon and certain other moneys to pay principal of, redemption premium, where applicable, and interest on the Series 1998 Bonds when due.

The report of Grant Thornton LLP will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring or data or information coming to their attention subsequent to the date of such report.

#### **PART 19- CONTINUING DISCLOSURE**

The Series 2008 Bonds are, upon their issuance in the Weekly Rate Mode, exempt from Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, and the Authority, the College and the Bank will not be required to provide any continuing disclosure in accordance with the Rule.

#### **PART 20- MISCELLANEOUS**

Reference in this Official Statement to the Act, the Resolution, the Series 2008 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2008 Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2008 Resolution and the Loan Agreement are on file with the Authority and the Trustee.

The agreements of the Authority with Holders of the Series 2008 Bonds are fully set forth in the Resolution and the Series 2008 Resolution. Neither any advertisement of the Series 2008 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2008 Bonds.

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated, are intended merely as expressions of opinion and not as representations of fact.

The information regarding the College and the Project was supplied by the College. The Authority believes that this information is reliable, but the Authority and the Underwriter make no representations or warranties whatsoever as to the accuracy or completeness of this information.

The information regarding the Bank, the Letter of Credit and the Reimbursement Agreement has been furnished by the Bank. No representation is made herein by the Authority, the College or the Underwriter as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. Neither the Authority, the College nor the Underwriter has made any independent investigation of the Bank, the Reimbursement Agreement or the Letter of Credit.

The information regarding DTC and DTC's book-entry only system has been furnished by DTC. The Authority believes that this information is reliable, but makes no representations or warranties whatsoever to the accuracy or completeness of this information.

"Appendix A - Definitions," "Appendix C - Summary of Certain Provisions of the Loan Agreement," "Appendix D - Summary of Certain Provisions of the Resolution" and "Appendix F - Form of Approving Opinion of Bond Counsel" have been prepared by Harris Beach PLLC, Rochester, New York, Bond Counsel.

"Appendix B - Financial Statements of Ithaca College and Independent Auditors' Report" contains the audited financial statements of the College for the fiscal year ended May 31, 2007 and the report of the College's independent auditors, Grant Thornton LLP, on such financial statements.



The College has reviewed the parts of this Official Statement describing the College, the Project and the Refunding Plan, the Estimated Sources and Uses of Funds, and Appendix B. It is a condition to the sale and delivery of the Series 2008 Bonds that the College certify as of the dates of sale and delivery of the Series 2008 Bonds that such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

The College has agreed to indemnify the Authority and the Underwriter and certain others against losses, claims, damages and liabilities arising out of any untrue statements or omissions of statements of any material fact as described in the preceding paragraph.

The execution and delivery of this Official Statement by an Authorized Officer have been duly authorized by the Authority.

**DORMITORY AUTHORITY OF  
THE STATE OF NEW YORK**

By: Michael T. Corrigan  
Authorized Officer

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## **DEFINITIONS**

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## **APPENDIX A-DEFINITIONS**

The following are definitions of certain of the terms defined in the Resolution or Loan Agreement and used in this Official Statement.

Accreted Value means with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Capital Appreciation Bond or the Bond Series Certificate relating thereto and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates.

Act means the Dormitory Authority Act being Title 4 of Article 8 of the Public Authorities Law of the State, as amended, including without limitation by the Health Care Financing Construction Act, being Title 4-B of Article 8 of the Public Authorities Law of the State.

Appreciated Value means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Deferred Income Bond or the Bond Series Certificate relating thereto and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

Arbitrage Rebate Fund means the fund so designated and established by a Series Resolution pursuant to the Resolution.

Authority means the Dormitory Authority of the State of New York, a body corporate and politic constituting a public benefit corporation of the State created by the Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the rights, powers, duties and functions of the Authority.

Authority Fee means the fee payable to the Authority consisting of all of the Authority's internal costs and overhead expenses attributable to the issuance of the Bonds and the construction of the Project, as more particularly described in Schedule B to the Loan Agreement.

Authorized Newspaper means The Bond Buyer or any other newspaper of general circulation printed in the English language and customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week in the Borough of Manhattan, City and State of New York, designated by the Authority.

Authorized Officer means (i) in the case of the Authority, the Chair, the Vice-Chair, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Managing Director of Public Finance, the Managing Director of Construction, the Managing Director of Policy and Program Development, the Deputy Chief Financial Officer, the Assistant Director, Financial Management, the General Counsel and the Deputy and the General Counsel, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of the Authority to perform such act or execute such document; (ii) in the case of the College, when used with reference to any act or document, means the person or persons authorized by a resolution or the by-laws of the College to perform such act or execute such document; and (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, an Authorized Signatory, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

Bank Bond means any Series 2008 Bonds purchased by the Bank in accordance with Section 4.03 of the Bond Series Certificate relating to the Series 2008 Bonds.

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Bond or Bonds means any of the bonds of the Authority authorized and issued pursuant to the Resolution and to a Series Resolution, and for purposes of Appendix C, means the Series 2008 Bonds.

Bond Counsel means Harris Beach PLLC or an attorney or other law firm appointed by the Authority with respect to a Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

Bond Series Certificate means a certificate of an Authorized Officer of the Authority fixing terms, conditions and other details of Bonds of a Series in accordance with the delegation of power to do so under the Resolution or under a Series Resolution.

Bond Year means, unless otherwise stated in a Series Resolution, a period of twelve (12) consecutive months beginning July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

Bondholder, Holder of Bonds or Holder or any similar term, when used with reference to a Bond or Bonds of a Series, means the registered owner of any Bonds of such Series.

Book Entry Bond means a Bond of a Series authorized to be issued, and issued to and registered in the name of, a Depository for the participants in such Depository or the beneficial owner of such Bond.

Business Day means, unless otherwise defined in connection with Bonds of a particular Series, any day which is not a Saturday, Sunday or a day on which the Trustee or banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York.

Capital Appreciation Bond means any Bond as to which interest is compounded on each Valuation Date for such Bond and is payable only at the maturity or prior redemption thereof.

Code means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

College means Ithaca College, a corporation duly organized and existing under the laws of the State, which is an institution for higher education located in the State and authorized to confer degrees by law or by the Board of Regents of the State, or any successor thereto.

Construction Fund means the fund so designated and established by the Series 2008 Resolution pursuant to the Resolution.

Continuing Disclosure Agreement means the agreement, if any, entered into in connection with the issuance of the Bonds, by and among the Authority, the College and the Trustee, or such other parties thereto designated at such times, providing for continuing disclosure.

Contract Documents means any general contract or agreement for the construction of the Project, notice to bidders, information for bidders, form of bid, general conditions, supplemental general conditions, general requirements, supplemental general requirements, bonds, plans and specifications, addenda, change orders, and any other documents entered into or prepared by or on behalf of the College relating to the construction of the Project, and any amendments to the foregoing.

Cost or Costs of Issuance means the items of expense incurred in connection with the authorization, sale and issuance of Bonds of a Series, which items of expenses shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums, fees and charges for insurance on such Bonds, commitment fees or similar charges relating to a Reserve Fund Facility, Credit Facility, a Liquidity Facility, an Interest Rate Exchange Agreement or a Remarketing Agent, costs and expenses in connection with the refunding of Bonds or other bonds or notes of the Authority, costs and expenses incurred pursuant to a remarketing agreement and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

Cost or Costs of the Project means when used in relation to a Project the costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessarily or appropriately incurred in connection with the Project, including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including

easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, environmental inspections and assessments, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of the Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the College shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the Project, (vii) any sums required to reimburse the College or the Authority for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with the Project (including interest on money borrowed from parties other than the College), (viii) interest on the Bonds of a Series, bonds, notes or other obligations of the Authority issued to finance Costs of the Project that accrued prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of the Project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with the Project or pursuant to the Resolution or to the Loan Agreement, a Mortgage, a Credit Facility, a Liquidity Facility or a Remarketing Agreement in connection with Option Bonds or Variable Interest Rate Bonds.

Credit Facility means, with respect to a Series of Bonds, an irrevocable letter of credit, surety bond, loan agreement, or other agreement, facility or insurance or guaranty arrangement pursuant to which the Authority is entitled to obtain money to pay the principal and Sinking Fund Installments of and interest on particular Bonds whether or not the Authority is in default under the Resolution, which is issued or provided by:

(i) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank or a saving and loan association;

(ii) an insurance company or association chartered or organized under the laws of any state of the United States of America

(iii) the Government National Mortgage Association or any successor thereto;

(iv) the Federal National Mortgage Association or any successor thereto; or

(v) any other federal agency or instrumentality approved by the Authority.

Any such Credit Facility may also constitute a Liquidity Facility if it also meets the requirements of the definition of a Liquidity Facility contained in the Resolution.

Debt Service Fund means the fund so designated and established by the Series Resolution pursuant to the Resolution.

Debt Service Reserve Fund means a reserve fund, if any, for the payment of the principal and Sinking Fund Installments of and interest on a Series of Bonds so designated, created and established by the Authority by or pursuant to a Series Resolution.

Debt Service Fund Requirement means the amount of moneys required to be on deposit in the Debt Service Reserve Fund, if any, as determined in accordance with the Series Resolution pursuant to which such Debt Service Reserve Fund has been established.

Defeasance Security means:

(i) a Government Obligation of the type described in clauses (i), (ii), (iii) or (iv) of the definition of Government Obligation;

(ii) a Federal Agency Obligation described in clauses (i) or (ii) of the definition of Federal Agency Obligation; and

(iii) an Exempt Obligation, provided such Exempt Obligation (i) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt

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Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) is rated by at least two Rating Services in the highest rating category for such Exempt Obligation;

provided, however, that (1) such term shall not include any interest in a unit investment trust or mutual fund or (2) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof.

Deferred Income Bond means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such Deferred Income Bond, and as to which interest accruing after the Interest Commencement Date is payable semiannually on July 1 and January 1 of each Bond Year.

Depository means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation designated in the Series Resolution authorizing a Series of Bonds or a Bond Series Certificate relating to a Series of Bonds to serve as securities depository for the Bonds of such Series.

Event of Default, when used in connection with the Resolution, means each event summarized in Appendix D under the heading "Events of Default" and, when used in connection with the Loan Agreement, means each event summarized in Appendix C under the heading "Defaults and Remedies."

Exempt Obligation means:

(i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a "specified private activity bond" within the meaning of Section 57(a)(5) of the Code and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as "+" or "-" and numerical notation, no lower than the second highest rating category for such obligation by at least two Rating Services

(ii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and

(iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Federal Agency Obligation means: (i) an obligation issued by any federal agency or instrumentality approved by the Authority; (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by a federal agency approved by the Authority; (iii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and (iv) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Government Obligation means: (i) a direct obligation of the United States of America; (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by the United States of America; (iii) an obligation to which the full faith and credit of the United States of America are pledged; (iv) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and (v) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Interest Commencement Date means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to



such Bond, after which interest accruing on such Bond shall be payable on the interest payment date immediately succeeding such Interest Commencement Date and semiannually thereafter on July 1 and January 1 of each Bond Year.

Interest Rate Exchange Agreement means (i) an agreement entered into by the Authority or the College in connection with the issuance of or which relates to Bonds of a Series which provides that during the term of such agreement the Authority or the College is to pay to the counterparty thereto interest accruing at a fixed or variable rate per annum on an amount equal to a principal amount of such Bonds and that such counterparty is to pay to the Authority or the College an amount based on the interest accruing on a principal amount equal to the same principal amount of such Bonds at a fixed or variable rate per annum, in each case computed according to a formula set forth in such agreement, or that one shall pay to the other any net amount due under such agreement or (ii) interest rate cap agreements, interest rate floor agreements, interest rate collar agreements and any other interest rate related hedge agreements or arrangements.

Investment Agreement means a repurchase agreement or other agreement for the investment of money with a Qualified Financial Institution.

Liquidity Facility means, with respect to a Series of Bonds, an irrevocable letter of credit, a surety bond, a loan agreement, a Standby Purchase Agreement, a line of credit or other agreement or arrangement pursuant to which money may be obtained upon the terms and conditions contained therein for the purchase of such Bonds tendered for purchase in accordance with the terms of a Series Resolution authorizing such Bonds or a Bond Series Certificate relating to such Bonds, which is issued or provided by:

(i) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank or a savings and loan association;

(ii) an insurance company or association chartered or organized under the laws of any state of the United States of America;

(iii) the Government National Mortgage Association or any successor thereto;

(iv) the Federal National Mortgage Association or any successor thereto; or

(v) any other federal agency or instrumentality approved by the Authority.

Loan Agreement means a Loan Agreement, by and between the Authority and the College in connection with the issuance of a Series of Bonds, as the same from time to time shall have been amended, supplemented or otherwise modified as permitted by the Resolution and by such Loan Agreement.

Maximum Interest Rate means, with respect to any particular Variable Interest Rate Bond, the numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond as the maximum rate at which such Bond may bear interest at any time.

Minimum Interest Rate means, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bonds as the minimum rate at which such Bond may bear interest at any time.

Mortgage means a mortgage, if any, granted by the College to the Authority in connection with the issuance of a Series of Bonds, in form and substance satisfactory to an Authorized Officer of the Authority, on property described in such Mortgage as security for the performance of the College's obligations under the Loan Agreement with respect to such Series of Bonds, as such Mortgage may be amended or modified from time to time with the consent of the Authority.

Option Bond means any Bond of a Series which by its terms may be or is required to be tendered by and at the option of the Holder thereof for redemption by the Authority prior to the stated maturity thereof or for purchase by the Authority prior to the stated maturity thereof, or the maturity of which may be extended by and at the option of the Holder thereof in accordance with the Series Resolution authorizing such Bonds or the Bond Series Certificate related to such Bonds.

Outstanding, when used in reference to Bonds of a Series, means, as of a particular date, all Bonds of such Series authenticated and delivered under the Resolution and under a Series Resolution except:

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(i) any Bond canceled by the Trustee at or before such date;

(ii) any Bond deemed to have been paid in accordance with the Resolution;

(iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; and

(iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond.

Paying Agent means, with respect to a Series of Bonds, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution or of a Series Resolution, a Bond Series Certificate or any other resolution of the Authority adopted prior to authentication and delivery of such Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

Permitted Collateral means:

(i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligation;

(ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligation;

(iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one Rating Service and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one Rating Service no lower than in the second highest rating category; or

(iv) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a Rating Service in the highest rating category.

Permitted Encumbrances means when used in connection with the Project any of the following:

(i) The lien of taxes and assessments which are not delinquent;

(ii) The lien of taxes and assessments which are delinquent but the validity of which is being contested in good faith unless thereby the property or the interest of the Authority therein may be in danger of being lost or forfeited;

(iii) Minor defects and irregularities in the title to such property which do not in the aggregate materially impair the use of such property for the purposes for which it is or may be reasonably be expected to be held;

(iv) Easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is or may be reasonably be expected to be held;

(v) Any Mortgage;

(vi) Any instrument recorded pursuant to the Loan Agreement; and

(vii) Such other encumbrances, defects and irregularities to which the prior written consent of the Authority and the Provider have been obtained.

Permitted Investments means any of the following:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

(iv) Uncollateralized certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State;

(v) Collateralized certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are rated by at least one Rating Service in at least the second highest rating category, and (b) fully collateralized by Permitted Collateral;

(vi) Investment Agreements that are fully collateralized by Permitted Collateral; and

(vii) A share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

Pledged Revenues means tuition and fees charged to students for academic instruction, the right to receive the same and the proceeds thereof, subject only to the Prior Pledges, in an amount equal to the maximum debt service payable on the Series 2008 Bonds in any Bond Year.

Prior Pledges means, with respect to all property of the College constituting the Pledged Revenues, the right to receive the same and the proceeds thereof, any lien, charge or encumbrance thereupon, pledge thereof or security interest therein, which lien, charge, encumbrance, pledge or security interest is existing at the date such property, or the right to receive such property, is pledged as Pledged Revenues, all as more specifically described on Schedule D to the Loan Agreement.

Project means the Project described in Schedule C to the Loan Agreement.

Provider means the issuer or provider of a Reserve Fund Facility, Credit Facility or a Liquidity Facility.

Provider Payments means the amount, certified by a Provider to the Trustee, payable to such Provider by the College on account of amounts advanced by it under a Reserve Fund Facility, Credit Facility or a Liquidity Facility, including interest on amounts advanced and fees and charges with respect thereto.

Qualified Financial Institution means any of the following entities that has an equity capital of at least \$125,000,000 or whose obligations are unconditionally guaranteed by an affiliate or parent having an equity capital of at least \$125,000,000:

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

(ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service

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no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

(iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority; or

(v) a corporation whose obligations, including any investments of any money held under the Resolution purchased from such corporation, are insured by an insurer that meets the applicable rating requirements set forth above.

Rating Service means each of Moody's Investors Service, Inc., Standard & Poor's Rating Services, and Fitch, Inc., in each case, which has at the time of reference assigned a rating to Outstanding Bonds at the request of the Authority, or their respective successors and assigns.

Record Date means, unless a Series Resolution authorizing Variable Interest Rate Bonds or Option Bonds or a Bond Series Certificate relating thereto provides otherwise with respect to such Variable Interest Rate Bonds or Option Bonds, the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

Redemption Price, when used with respect to a Bond of a Series, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption prior to maturity thereof pursuant to the Resolution or to the applicable Series Resolution or Bond Series Certificate.

Refunding Bonds means all Bonds, whether issued in one or more Series of Bonds, authenticated and delivered on original issuance pursuant to the Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution.

Remarketing Agent means the person appointed by or pursuant to a Series Resolution authorizing the issuance of Option Bonds to remarket such Option Bonds tendered or deemed to have been tendered for purchase in accordance with such Series Resolution or the Bond Series Certificate relating to such Option Bonds.

Remarketing Agreement means, with respect to Option Bonds of a Series, an agreement either between the Authority and the Remarketing Agent, or among the Authority, the College and the Remarketing Agent, relating to the remarketing of such Bonds.

Resolution means the Authority's Ithaca College Revenue Bond Resolution, adopted by the Authority April 23, 2008, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

Reserve Fund Facility means a surety bond, insurance policy, letter of credit or other financial guaranty or instrument, authorized by or pursuant to a Series Resolution establishing a Debt Service reserve Fund, to be delivered in lieu of or substitution for all or a portion of the moneys otherwise required to be held in such Debt Service Reserve Fund.

Revenues means, with respect to a Series of Bonds, all payments received or receivable by the Authority that pursuant to the applicable Loan Agreement are required to be paid to the Trustee for such Series of Bonds (except payments to the Trustee for the administrative costs and expenses or fees of the Trustee and payments to the Trustee for deposit to the Arbitrage Rebate Fund, any fund established for the payment of the purchase price of Options Bonds tendered for purchase or redemption or any fund established for the repayment of funds drawn under a Credit Facility or Liquidity Facility) and all amounts received as a consequence of the enforcement of such Loan Agreement, or applicable Mortgage defined in such Loan Agreement, including but not limited to amounts derived from any realization upon the Pledged Revenues.

Serial Bonds means the Bonds so designated in a Series Resolution or a Bond Series Certificate.

Series means all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution and to the Series Resolution authorizing such Bonds as a separate Series of Bonds or a Bond Series Certificate, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

Series Resolution means a resolution of the Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to the Resolution.

Series 2008 Bonds means the Bonds authorized by Article II of the Series 2008 Resolution.

Series 2008 Resolution means the Ithaca College Series 2008 Resolution Authorizing Up To \$41,000,000 Ithaca College Revenue Bonds, Series 2008.

Sinking Fund Installment means, with respect to a Series of Bonds, as of any date of calculation:

(i) when used with respect to any Bonds of such Series, other than Option Bonds or Variable Interest Rate Bonds, so long as any such Bonds are Outstanding, the amount of money required by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto to be paid on a single future July 1 for the retirement of any Outstanding Bonds of said Series which mature after said future July 1, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future July 1 is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be Bonds entitled to such Sinking Fund Installment; and

(ii) when used with respect to Option Bonds or Variable Interest Rate Bonds of a Series, so long as such Bonds are Outstanding, the amount of money required by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto to be paid on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future date is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Option Bonds or Variable Interest Rate Bonds of such Series are deemed to be Bonds entitled to such Sinking Fund Installment.

Standby Purchase Agreement means, with respect to a Series of Bonds, an agreement pursuant to which a person is obligated to purchase an Option Bond or a Variable Interest Rate Bond tendered for purchase.

State means the State of New York.

Substitute Credit Facility means a Credit Facility delivered to the Trustee in accordance with the Bond Series Certificate relating to the Series 2008 Bonds upon the expiration or earlier termination of a Credit Facility.

Supplemental Resolution means any resolution of the Authority amending or supplementing the Resolution, any Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms and provisions of the Resolution.

Tax Certificate means each certificate of the Authority, including the appendices, schedules and exhibits thereto, executed in connection with the issuance of Bonds in which the Authority makes representations and agreements as to arbitrage and compliance with the provisions of Sections 141 through 150, inclusive, of the Internal Revenue Code of 1986, or any similar certificate, agreement or other instrument made, executed and delivered in lieu of said certificate, in each case as the same may be amended or supplemented.

Term Bonds means, with respect to a Series of Bonds, the Bonds so designated in a Series Resolution or a Bond Series Certificate and payable from Sinking Fund Installments.

Trustee means the bank or trust company appointed as Trustee for a Series of Bonds pursuant to a Series Resolution or Bond Series Certificate delivered under the Resolution and having the duties, responsibilities and rights provided for in the Resolution with respect to such Series, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Resolution.

Valuation Date means (i) with respect to any Capital Appreciation Bond, each date set forth in the Series Resolution authorizing such Capital Appreciation Bond or in the Bond Series Certificate relating to such Bond on which a specific Accreted Value is assigned to such Capital Appreciation Bond, and (ii) with respect to any Deferred Income Bond, the date or dates prior to the Interest Commencement Date and the Interest Commencement Date set forth in the Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond on which specific Appreciated Values are assigned to such Deferred Income Bond.

Variable Interest Rate means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of computing such interest rate or rates specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to

*Appendix A*

such Bonds and which shall be based on: (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times; or (ii) a stated interest rate that may be changed from time to time as provided in such Series Resolution or Bond Series Certificate; provided, however, that in each case such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate as provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, and that Series Resolution or Bond Series Certificate shall also specify either (x) the particular period or periods of time or manner of determining such period or periods of time for which each variable interest rate shall remain in effect or (y) the time or times at which any change in such variable interest rate shall become effective or the manner of determining such time or times.

Variable Interest Rate Bond means any Bond of a Series which bears a Variable Interest Rate; provided, however, that a Bond the interest rate on which shall have been fixed for the remainder of the term thereof shall no longer be a Variable Interest Rate Bond.

**FINANCIAL STATEMENTS OF  
Ithaca College**

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FINANCIAL STATEMENTS TOGETHER WITH  
REPORT OF INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANTS

**ITHACA COLLEGE**

May 31, 2007 and 2006

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Trustees of  
**Ithaca College:**

We have audited the accompanying statements of financial position of Ithaca College (the "College") as of May 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ithaca College as of May 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note F to the financial statements, in 2007, the College adopted Financial Accounting Standards Board Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans."

*Grant Thornton LLP*

New York, New York  
October 25, 2007

Ithaca College

STATEMENTS OF FINANCIAL POSITION

As of May 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 567,633	\$ 426,526
Short-term investments	62,116,145	49,114,789
Accounts receivable, net of allowances of \$119,000 in 2007 and \$220,000 in 2006	1,609,630	1,609,930
Contributions receivable, net	48,150,186	48,409,396
Inventories, deferred charges and prepaid expenses	5,243,428	7,225,258
Long-term investments	237,324,893	205,696,284
Deposits held with bond trustees	28,690,203	9,491,870
Notes receivable, net of allowances of \$388,783 in 2007 and \$388,783 in 2006	6,831,619	6,646,425
Interest rate swap agreements	3,165,875	3,682,489
Property, plant and equipment, net	<u>198,306,350</u>	<u>187,143,375</u>
Total assets	<u>\$ 592,005,962</u>	<u>\$ 519,446,342</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities:		
Accounts payable and accrued expenses	\$ 30,727,232	\$ 27,617,828
Deposits and deferred revenues	5,397,429	4,871,443
Conditional asset retirement obligations	1,231,425	1,177,985
Long-term debt	144,651,589	116,001,507
U.S. Government grants refundable	8,357,618	8,305,740
Interest rate swap agreements	<u>923,268</u>	<u>-</u>
Total liabilities	<u>191,288,561</u>	<u>157,974,503</u>
Net assets:		
Unrestricted:		
Current operations	11,202,441	8,380,258
Matching funds under Federal Government loan program	143,384	143,384
Quasi-endowment	131,120,340	110,584,907
Debt service, property, plant and equipment renewal and replacement funds	82,172,444	80,367,453
Unexpended bond proceeds	28,690,203	9,491,870
Net investment in property, plant and equipment	44,382,104	61,692,589
Interest rate swap agreements	<u>2,242,607</u>	<u>-</u>
Total unrestricted	<u>299,953,523</u>	<u>270,660,461</u>
Temporarily restricted:		
Current operations	3,000,033	3,145,869
Term endowments and life income funds	335,466	202,002
Property, plant and equipment purposes	9,272,657	9,449,279
Land and buildings	<u>56,287,562</u>	<u>47,994,992</u>
Total temporarily restricted	<u>68,895,718</u>	<u>60,792,142</u>
Permanently restricted:		
Endowment	31,851,583	30,002,659
Student loan programs	<u>16,577</u>	<u>16,577</u>
Total permanently restricted	<u>31,868,160</u>	<u>30,019,236</u>
Total net assets	<u>400,717,401</u>	<u>361,471,839</u>
Total liabilities and net assets	<u>\$ 592,005,962</u>	<u>\$ 519,446,342</u>

The accompanying notes are an integral part of these statements.

## Ithaca College

## STATEMENT OF ACTIVITIES

For the year ended May 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Operating revenues and support:				
Tuition and fees	\$ 166,233,732	\$ -	\$ -	\$ 166,233,732
Less financial aid	<u>(60,394,383)</u>	<u>-</u>	<u>-</u>	<u>(60,394,383)</u>
Net tuition and fees	105,839,349	-	-	105,839,349
Sales of auxiliary services	50,224,529	-	-	50,224,529
Investment income	5,134,336	1,706	-	5,136,042
Private gifts and grants	4,845,156	345,915	-	5,191,071
Federal grants and contracts	3,209,943	-	-	3,209,943
State appropriations	1,173,983	-	-	1,173,983
Sales and services of educational departments	3,071,364	-	-	3,071,364
Other revenue	1,326,592	-	-	1,326,592
Net investment appreciation designated for operations	5,754,514	-	-	5,754,514
Net assets released from restrictions for operating purposes	<u>807,529</u>	<u>(807,529)</u>	<u>-</u>	<u>-</u>
Total operating revenues and support	<u>181,387,295</u>	<u>(459,908)</u>	<u>-</u>	<u>180,927,387</u>
Operating expenses:				
Instruction, research and public service	74,580,906	-	-	74,580,906
Academic support	15,555,685	-	-	15,555,685
Student services	16,699,035	-	-	16,699,035
Institutional support	29,306,643	-	-	29,306,643
Auxiliary activities	<u>38,370,571</u>	<u>-</u>	<u>-</u>	<u>38,370,571</u>
Total expenses	<u>174,512,840</u>	<u>-</u>	<u>-</u>	<u>174,512,840</u>
Increase (decrease) in net assets from operating activities	<u>6,874,455</u>	<u>(459,908)</u>	<u>-</u>	<u>6,414,547</u>
Nonoperating activities:				
Net assets released from restrictions for capital purposes	4,411	(4,411)	-	-
Capital gifts	168,680	8,548,793	1,824,045	10,541,518
Net investment appreciation	35,170,910	19,102	24,879	35,214,891
Net investment appreciation designated for operations	(5,754,514)	-	-	(5,754,514)
Investment income on unexpended bond proceeds	251,791	-	-	251,791
Cost of pension benefit obligation curtailment	(3,753,365)	-	-	(3,753,365)
Change in value of interest rate swap agreements	(1,439,882)	-	-	(1,439,882)
Effect of adoption of FASB Statement No. 158 recognition provisions	<u>(2,229,424)</u>	<u>-</u>	<u>-</u>	<u>(2,229,424)</u>
Increase in net assets from nonoperating activities	<u>22,418,607</u>	<u>8,563,484</u>	<u>1,848,924</u>	<u>32,831,015</u>
Changes in net assets	29,293,062	8,103,576	1,848,924	39,245,562
Net assets, beginning of year	<u>270,660,461</u>	<u>60,792,142</u>	<u>30,019,236</u>	<u>361,471,839</u>
Net assets, end of year	<u>\$ 299,953,523</u>	<u>\$ 68,895,718</u>	<u>\$ 31,868,160</u>	<u>\$ 400,717,401</u>

The accompanying notes are an integral part of this statement.

## Ithaca College

## STATEMENT OF ACTIVITIES

For the year ended May 31, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Operating revenues and support:				
Tuition and fees	\$ 156,808,019	\$ -	\$ -	\$ 156,808,019
Less financial aid	<u>(57,707,988)</u>	<u>-</u>	<u>-</u>	<u>(57,707,988)</u>
Net tuition and fees	99,100,031	-	-	99,100,031
Sales of auxiliary services	49,050,973	-	-	49,050,973
Investment income	3,912,760	(2,434)	-	3,910,326
Private gifts and grants	4,483,893	549,756	-	5,033,649
Federal grants and contracts	3,179,466	-	-	3,179,466
State appropriations	1,005,428	-	-	1,005,428
Sales and services of educational departments	2,924,886	-	-	2,924,886
Other revenue	1,246,507	-	-	1,246,507
Net investment appreciation designated for operations	5,128,564	-	-	5,128,564
Net assets released from restrictions for operating purposes	<u>610,903</u>	<u>(610,903)</u>	<u>-</u>	<u>-</u>
Total operating revenues and support	<u>170,643,411</u>	<u>(63,581)</u>	<u>-</u>	<u>170,579,830</u>
Operating expenses:				
Instruction, research and public service	70,082,580	-	-	70,082,580
Academic support	14,091,368	-	-	14,091,368
Student services	15,056,819	-	-	15,056,819
Institutional support	27,956,128	-	-	27,956,128
Auxiliary activities	<u>36,675,078</u>	<u>-</u>	<u>-</u>	<u>36,675,078</u>
Total expenses	<u>163,861,973</u>	<u>-</u>	<u>-</u>	<u>163,861,973</u>
Increase (decrease) in net assets from operating activities	<u>6,781,438</u>	<u>(63,581)</u>	<u>-</u>	<u>6,717,857</u>
Nonoperating activities:				
Net assets released from restrictions for capital purposes	4,219	(4,219)	-	-
Capital gifts	172,208	5,368,072	1,035,217	6,575,497
Net investment appreciation	27,571,259	17,350	29,427	27,618,036
Net investment appreciation designated for operations	(5,128,564)	-	-	(5,128,564)
Investment income on unexpended bond proceeds	411,285	-	-	411,285
Cost of pension benefit obligation curtailment	(614,013)	-	-	(614,013)
Change in value of interest rate swap agreements	4,139,695	-	-	4,139,695
Cumulative effect of change in accounting principle	(1,116,573)	-	-	(1,116,573)
Loss on bond defeasance	<u>(3,438,839)</u>	<u>-</u>	<u>-</u>	<u>(3,438,839)</u>
Increase in net assets from nonoperating activities	<u>22,000,677</u>	<u>5,381,203</u>	<u>1,064,644</u>	<u>28,446,524</u>
Changes in net assets	28,782,115	5,317,622	1,064,644	35,164,381
Net assets, beginning of year	<u>241,878,346</u>	<u>55,474,520</u>	<u>28,954,592</u>	<u>326,307,458</u>
Net assets, end of year	<u>\$ 270,660,461</u>	<u>\$ 60,792,142</u>	<u>\$ 30,019,236</u>	<u>\$ 361,471,839</u>

The accompanying notes are an integral part of this statement.

Ithaca College

STATEMENTS OF CASH FLOWS

For the years ended May 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Changes in net assets	\$ 39,245,562	\$ 35,164,381
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	14,244,476	11,845,984
Net realized and unrealized gains on investments	(35,214,891)	(27,618,036)
Cumulative effect of change in accounting principle	-	1,116,573
Change in the value of interest rate swap agreements	1,439,882	(4,139,695)
Effect of adoption of FASB Statement No. 158 recognition provisions	2,229,424	-
Change in unamortized discount on contributions receivable	(230,719)	(55,177)
Gifts of property and equipment	-	(39,000)
Amortization of bond discount	25,082	33,171
Increase in conditional asset retirement obligations	53,440	61,412
Contributions and investment income restricted for investment	(1,118,400)	(864,534)
Changes in assets and liabilities:		
Decrease in accounts receivable	300	1,785,311
Decrease (increase) in contributions receivable	489,929	(2,902,408)
Decrease in inventories, deferred charges and prepaid expenses	3,037,728	424,100
Increase in accounts payable and accrued expenses	879,980	1,516,671
Increase (decrease) in deposits and deferred revenues	<u>525,986</u>	<u>(1,883,880)</u>
Net cash provided by operating activities	<u>25,607,779</u>	<u>14,444,873</u>
Cash flows from investing activities:		
Purchases of property and equipment	(25,407,451)	(30,189,076)
Purchases of investments	(141,772,780)	(141,222,178)
Proceeds from the sale of investments	113,159,373	154,616,881
Increase in notes receivable	<u>(185,194)</u>	<u>(85,664)</u>
Net cash used in investing activities	<u>(54,206,052)</u>	<u>(16,880,037)</u>
Cash flows from financing activities:		
Contributions and investment income restricted for investment	1,118,400	864,534
Payments on long-term debt obligations	(2,450,000)	(1,580,000)
Redemption of long-term debt	-	(44,949,617)
Proceeds from long-term borrowings	31,075,000	49,370,000
Cost of bond issuance	(1,055,898)	(1,290,279)
Premium on debt issuance	-	254,325
Increase in U.S. Government grants refundable	<u>51,878</u>	<u>47,440</u>
Net cash provided by financing activities	<u>28,739,380</u>	<u>2,716,403</u>
Net increase in cash	141,107	281,239
Cash and cash equivalents, beginning of year	<u>426,526</u>	<u>145,287</u>
Cash and cash equivalents, end of year	<u>\$ 567,633</u>	<u>\$ 426,526</u>
Supplemental disclosure:		
Cash paid for interest on long-term debt	<u>\$ 4,587,150</u>	<u>\$ 4,176,228</u>

The accompanying notes are an integral part of these statements.

Ithaca College

**NOTES TO FINANCIAL STATEMENTS**

May 31, 2007 and 2006

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. *Organization*

Ithaca College (the "College") is a four-year, primarily undergraduate institution which offers a diversified program of professional and liberal arts studies. The College was founded in 1892 as the Ithaca Conservatory of Music, and became a nonprofit, private college in 1931. The current campus is relatively new, as its construction began in approximately 1960. Today, Ithaca College offers a wide variety of programs through the School of Business, the Roy H. Park School of Communications, the School of Health Sciences and Human Performance, the School of Humanities and Sciences, the School of Music, and the Division of Interdisciplinary and International Studies.

The College's programs are designed to address the need for rigorous academic preparation in highly specialized professional fields and the need for students to prepare themselves for the complex demands of modern society by acquiring intellectual breadth beyond the bounds of their chosen profession.

The College is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

2. *Basis of Presentation*

The financial statements of the College have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

3. *Classifications of Net Assets*

The College reports its net assets and changes therein based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets

Unrestricted net assets represent expendable resources that are generally available for support of the College's activities, with certain designations, as follows:



Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

NOTE A (continued)

- Uses of certain unrestricted net assets are committed through contractual agreements. Such amounts primarily consist of matching funds under a student loan program of the Federal Government and required trustee balances under long-term debt agreements. In addition, grants and contracts that are received for the performance of certain services or functions are reported in the unrestricted net asset category.
- Certain accumulated net investment gains earned on permanently restricted net assets are included within unrestricted net assets. In accordance with New York State law, as interpreted by the College, the appropriation and spending of such gains, absent donor-imposed stipulations, is subject to a standard of prudence. In addition, the Board of Trustees, through voluntary resolutions, has set aside portions of the College's unrestricted net assets to function as quasi-endowment.

Temporarily Restricted Net Assets

Temporarily restricted net assets are net assets subject to donor-imposed stipulations that will be met either by actions of the College or the passage of time. The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets result from donors who stipulate that their donated resources be maintained in perpetuity by the College. Generally, the College is permitted to expend part or all of the income and gains derived from these donated assets, restricted only by donors' stipulations as to their use.

4. *Revenue Recognition*

Tuition revenues for the fall and spring are recognized in the academic semester to which they relate. Revenues and expenses relating to summer session activities that are completed prior to fiscal year-end are recognized in the current fiscal year.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

NOTE A (continued)

5. *Short-Term Investments*

Short-term investments are reported at fair value and consist principally of U.S. treasuries, commercial paper and money market funds. These investments are intended to be used for current operations.

6. *Long-Term Investments*

The estimated fair value of investments is based on quoted market prices, except for certain investments, principally limited partnerships and similar interests, for which quoted market prices are not available. The estimated fair value of these investments is based on valuations provided by external investment managers as of May 31, 2007 and 2006. Because the limited partnership investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such a difference could be material.

The College has interpreted New York State law to allow the spending of income and gains on investments of permanently restricted net assets, subject to a standard of prudence, absent explicit donor stipulations that all or a portion of such income or gains be maintained in perpetuity. Accordingly, such realized and unrealized gains and losses, as well as gains and losses on temporarily restricted and unrestricted assets, are reported as temporarily restricted or unrestricted, based upon the presence or absence of donor stipulations as to their use.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the reported amounts in the accompanying financial statements.

Ithaca College

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2007 and 2006

**NOTE A (continued)**

7. *Property, Plant and Equipment*

The College capitalizes computer equipment with a cost of \$5,000 and equipment and other fixed assets with a cost of \$2,000 which have useful lives greater than one year. Property, plant and equipment are stated at cost and are depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	10 years
Buildings	40 to 60 years
Building improvements	10 years
Equipment	5 to 10 years
Enterprise software	15 years

8. *Accounting for Contributions*

Contributions received, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged at their fair values. In addition, contributions are distinguished between and recorded as contributions that increase unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions as well as donor-restricted income and gains whose restrictions are met within the same year as received are reflected as unrestricted revenue in the statement of activities.

Contributions of long-lived assets, cash or other assets to be used to acquire or construct long-lived assets are reported as temporarily restricted revenues. The release of the restriction is amortized over the depreciable life of the asset.

9. *Grants and Contracts*

Revenue from grants and contracts is generally recognized as the related expenses are incurred in accordance with the terms of the respective grant or contract agreement. Amounts received in advance are reported as deferred revenues.

Ithaca College

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2007 and 2006

**NOTE A (continued)**

*10. Functional Expenses*

Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The College's primary program services are instruction, research and public service. Expenses reported as academic support, student services, institutional support and auxiliary activities are incurred in support of these primary program services. The College allocates operation and maintenance of plant, depreciation and amortization and interest expense based on proportional expenditures using estimates of building square footage and the functional use of each facility financed by debt.

*11. Operations*

The accompanying statements of activities report the changes in unrestricted, temporarily restricted and permanently restricted net assets, distinguishing between operating and nonoperating activities. Unrestricted operating revenues consist of those items attributable to the College's primary mission of providing education, research and public service. They include investment earnings on the College's operating cash flows and a portion of the return on long-term investments as determined in accordance with the College's spending rate policy. The remaining return on long-term investments is classified as part of nonoperating activities. Nonoperating activities also include capital contributions; net assets released from restrictions for capital purposes; changes in the value of financial instruments; and other activities considered to be more of an unusual or nonrecurring nature.

*12. Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts for student accounts, notes and contributions receivable; the determination of the College's postretirement benefit obligation; provision for operating accruals; useful lives of fixed assets; conditional asset retirement obligations; and the reported fair values of certain of the College's assets and liabilities. Actual results could differ from those estimates.

Ithaca College

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2007 and 2006

**NOTE A (continued)**

*13. Cash and Cash Equivalents*

The College classifies deposits in banks, money market accounts and certificates of deposit with original maturities of three months or less from the date of purchase as cash equivalents.

*14. Concentrations of Credit Risk*

Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash and cash equivalents and investments in fixed income funds, equity funds and limited partnerships and similar interests. The College maintains its cash and cash equivalents in various bank deposit accounts that, at times, may exceed federally insured limits. The College's cash investments were placed in high quality financial institutions. To minimize risks associated with investments, the College has a diversified investment portfolio in a variety of asset classes. The College has not experienced, nor does it anticipate, any losses in such accounts.

**NOTE B - CONTRIBUTIONS RECEIVABLE, NET**

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Of the contributions receivable outstanding at May 31, 2007 and 2006, \$49,129,582 and \$50,375,196, respectively, was temporarily restricted for land, property improvements and other purposes, and represents pledges for the College Business School Building and Field House, as well as pledges by the College Circle Associates, LLC ("CCA") and South Hill Land Associates, LLC ("SHLA") to donate to the College land and buildings in 2033 and cash over the next 26 years (see Note H). At May 31, 2007, of the remaining contributions receivable, \$203,754 was temporarily restricted for other purposes, \$106,064 was time restricted and \$1,357,049 was permanently restricted for endowment purposes. Of the remaining contributions receivable at May 31, 2006, \$115,963 was temporarily restricted for other purposes, \$192,731 was time restricted and \$602,488 was permanently restricted for endowment purposes.

Ithaca College

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2007 and 2006

**NOTE B (continued)**

Contributions receivable, net, are summarized as follows at May 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 7,233,185	\$ 5,162,920
One to five years	3,563,264	6,918,640
After five years, excluding land and buildings	5,800,000	5,004,818
After five years - land and buildings	<u>34,200,000</u>	<u>34,200,000</u>
	50,796,449	51,286,378
Less: Unamortized discount	<u>(2,646,263)</u>	<u>(2,876,982)</u>
Contributions receivable, net	<u>\$ 48,150,186</u>	<u>\$ 48,409,396</u>

Contributions to be received after one year, with the exception of the CCA and SHLA pledges of land and buildings, are discounted using a risk-free rate of return. Discount rates on all outstanding contributions ranged between 5.13% and 4% at May 31, 2007 and 2006. No allowance for uncollectible contributions receivable is provided at May 31, 2007 and 2006, based upon management's judgment including such factors as prior collection history, type of contribution and nature of fund-raising activity.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. During fiscal 2007 and 2006, the College was notified of certain intentions to give. These conditional gifts, if received, would be used in support of capital development. Consistent with U.S. GAAP, such amounts have not been included in contributions receivable due to their conditional nature.

Total costs incurred for fund-raising activities are recorded as an expense when incurred and were \$3,839,587 and \$3,407,532 in 2007 and 2006, respectively, and are included as part of institutional support in the accompanying statements of activities.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

NOTE C - INVESTMENTS

Investments, which include long-term and short-term investments and deposits held with trustees, consisted of the following at May 31, 2007 and 2006:

	2007		2006	
	Fair Value	Cost	Fair Value	Cost
Commercial paper, money market funds and foreign currency securities	\$ 84,307,646	\$ 84,222,952	\$ 52,316,049	\$ 52,282,666
Government and corporate bonds	41,786,697	35,908,425	63,035,101	56,414,423
Common stock	128,373,573	88,046,479	110,001,002	86,531,592
Hedge funds and absolute return	56,641,611	40,406,199	32,765,221	25,812,085
Private equity	5,622,202	5,139,860	2,652,625	2,620,588
Real estate partnerships	11,399,512	10,258,025	3,532,945	2,154,716
	<u>\$ 328,131,241</u>	<u>\$ 263,981,940</u>	<u>\$ 264,302,943</u>	<u>\$ 225,816,070</u>

Long-term investments were held for the following purposes at May 31, 2007 and 2006:

	2007		2006	
	Fair Value	Cost	Fair Value	Cost
Endowment and similar purposes	\$163,307,390	\$ 119,034,757	\$ 140,789,568	\$ 114,390,116
Property, plant and equipment purposes	74,017,503	53,951,358	64,906,716	52,736,058
	<u>\$237,324,893</u>	<u>\$ 172,986,115</u>	<u>\$ 205,696,284</u>	<u>\$ 167,126,174</u>

As of May 31, 2007, the College has committed to investing an additional \$49,950,000 in certain venture capital limited partnerships and similar interests over the next 10-13 years.

For investment purposes, a portion of the long-term investments is pooled with assets owned by separate funds based upon shares purchased by the funds when they enter the pool. The pooled assets are valued on a monthly basis and a market value per share is determined and used to calculate the number of shares applicable to funds entering or exiting the pool.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

NOTE C (continued)

The College has adopted a total return spending policy on its endowment and similar investments. Under this policy, the College utilizes an amount ranging between 4% and 6% of the average quarterly market value of its pooled investment portfolio for the preceding three years. The College utilized 4.64% and 4.75% of the average quarterly market value of its pooled investment portfolio in fiscal 2007 and 2006, respectively. To the extent that the total spending requirement for the current year is not fulfilled by interest and dividends, the College utilizes unrealized and realized appreciation of the endowment and assets held for similar purposes. Net realized and unrealized gains and losses, which are recognized as either unrestricted, temporarily restricted, or permanently restricted, dependent upon donor stipulations, are also maintained within the portfolio of endowment and other assets held for similar purposes.

The following schedule summarizes the net investment return and its classification in the statements of activities:

	Year ended May 31, 2007			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Dividends and interest, net	\$ 5,386,127	\$ 1,706	\$ -	\$ 5,387,833
Net realized and unrealized gains	35,170,910	19,102	24,879	35,214,891
Total return on investments	<u>\$ 40,557,037</u>	<u>\$ 20,808</u>	<u>\$ 24,879</u>	<u>\$ 40,602,724</u>
Investment income designated for operations	\$ 5,134,336	\$ 1,706	\$ -	\$ 5,136,042
Investment income on unexpended bond proceeds	251,791	-	-	251,791
Net investment appreciation designated for operations	5,754,514	-	-	5,754,514
Return on investments available for reinvestment	29,416,396	19,102	24,879	29,460,377
Total return on investments	<u>\$ 40,557,037</u>	<u>\$ 20,808</u>	<u>\$ 24,879</u>	<u>\$ 40,602,724</u>
	Year ended May 31, 2006			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Dividends and interest, net	\$ 4,324,045	\$ (2,434)	\$ -	\$ 4,321,611
Net realized and unrealized gains	27,571,259	17,350	29,427	27,618,036
Total return on investments	<u>\$ 31,895,304</u>	<u>\$ 14,916</u>	<u>\$ 29,427</u>	<u>\$ 31,939,647</u>
Investment income (loss) designated for operations	\$ 3,912,760	\$ (2,434)	\$ -	\$ 3,910,326
Investment income on unexpended bond proceeds	411,285	-	-	411,285
Net investment appreciation designated for operations	5,128,564	-	-	5,128,564
Return on investments available for reinvestment	22,442,695	17,350	29,427	22,489,472
Total return on investments	<u>\$ 31,895,304</u>	<u>\$ 14,916</u>	<u>\$ 29,427</u>	<u>\$ 31,939,647</u>



Ithaca College

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2007 and 2006

**NOTE C (continued)**

Investment management and custodian fees are netted against investment returns and totaled \$1,065,803 and \$983,282 in 2007 and 2006, respectively.

**NOTE D - PROPERTY, PLANT AND EQUIPMENT, NET**

Property, plant and equipment, net, consisted of the following at May 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Land	\$ 2,168,218	\$ 2,151,829
Land improvements	2,925,322	2,960,217
Buildings and building improvements	273,190,980	253,918,442
Equipment and software	<u>66,766,998</u>	<u>65,924,801</u>
	345,051,518	324,955,289
Less: accumulated depreciation	<u>(146,745,168)</u>	<u>(137,811,914)</u>
Property, plant and equipment, net	<u>\$ 198,306,350</u>	<u>\$ 187,143,375</u>

Interest expense totaling \$349,479 and \$153,304 was capitalized to construction projects for the years ended May 31, 2007 and 2006, respectively. Earnings on unspent bond proceeds, which offset interest capitalized, totaled \$251,791 for the year ended May 31, 2007 and \$411,285 for the year ended May 31, 2006

On March 20, 2006, the College entered into a lease agreement with the Colgate Rochester Crozer Divinity School for approximately 27,000 square feet of dedicated and shared space to house the Rochester base of the College's Physical Therapy Program. The lease, which commenced in the summer of 2006, had a first year annual rent of \$173,628 plus prorated occupancy expenses. The base term is 10 years with the option for two additional 10-year renewals. The College made capital improvements to the space, to accommodate its specific program needs. The cost of these improvements totaled approximately \$5,000,000 and is included in building and building improvements.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

NOTE E - LONG -TERM DEBT

Long-term debt at May 31, 2007 and 2006 consisted of the following:

	Original Principal	Outstanding Debt Balance	
		2007	2006
Dormitory Authority of the State of New York ("DASNY") Ithaca College insured revenue bonds:			
Series 1998, 4.25% - 5.25% due 2027 (net of \$289,291 and \$314,373 unamortized discount at May 31, 2007 and 2006, respectively) (a)	\$ 54,670,000	\$ 33,652,263	\$ 35,277,181
Tompkins County Industrial Development Agency Ithaca College insured revenue bonds:			
Series 2004, variable rate demand bonds due 2034 (b)	31,100,000	31,100,000	31,100,000
Series 2005A, 3.00% - 4.25% fixed rate bonds due 2013 (net of \$208,546 and \$208,546 unamortized premium at May 31, 2007 and 2006, respectively) (c)	9,080,000	8,488,547	9,288,547
Series 2005B, variable rate demand bonds due 2026 (net of \$45,779 unamortized premium at May 31, 2007 and 2006, respectively) (d)	40,290,000	40,335,779	40,335,779
Series 2007, variable rate demand bonds due 2037 (e)	31,075,000	31,075,000	-
	<u>\$ 166,215,000</u>	<u>\$ 144,651,589</u>	<u>\$ 116,001,507</u>

(a) DASNY Series 1998 Revenue Bonds

The Series 1998 bonds are general obligations of the College secured by a mortgage on Boothroyd, Phillips, Egbert and Smiddy Halls and an insurance policy issued by AMBAC Indemnity Corporation guaranteeing the timely payment of principal and interest on the bonds. The bonds are further secured by a security interest in an aggregate amount of tuition equal to the maximum amount of principal and interest due during any one year.

The Series 1998 bonds were issued at a discount of \$866,158, resulting in net proceeds to the College of \$53,803,842. The discount is being amortized over the term of the bonds using the effective interest method. The net proceeds of the Series 1998 bonds were used to advance refund Series 1991 bonds and to fund campus renovation and construction projects. The College made principal and interest payments of \$3,427,238 and \$3,428,338 on these bonds for the years ended May 31, 2007 and 2006, respectively.

Ithaca College

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2007 and 2006

**NOTE E (continued)**

\$5,955,000 of the Series 1998 bonds were advance refunded as part of the Tompkins County Industrial Development Agency Ithaca College Series 2005A and 2005B bonds issued on September 29, 2005.

*(b) Tompkins County Industrial Development Agency Series 2004*

The Series 2004 bonds are special limited obligations secured by a guarantee of the College and a pledge of its gross tuition and an insurance policy issued by XL Capital Assurance Inc. guaranteeing the timely payment of principal and interest on the bonds.

The Series 2004 bonds were issued at full face value of \$31,100,000 with a variable rate of interest, which is reset on a weekly basis. The interest rate ranged between 3.17% and 3.96% during fiscal 2007 and 2.00% and 3.82% during fiscal 2006. A liquidity facility has been provided by Bank of America. The proceeds of the issue were used to fund projects including the renovation of the Garden Apartments student housing complex, the design and implementation of a new student information system, the upgrade of the campus electrical infrastructure, and other campus renovation projects.

Concurrent with the issuance of the Series 2004 bonds, the College entered into an interest rate swap agreement for the notional amount of \$10,420,000 with UBS AG wherein the College agreed to pay to UBS AG a fixed rate of interest equal to 3.4% on the Series 2004 bonds and to receive from UBS AG a payment equal to 59% of LIBOR plus 40 basis points. The interest rate received by the College is reset on a weekly basis. The agreement expires coincident with the maturity of the bonds on July 1, 2034. The estimated fair value of the swap at May 31, 2007 and 2006 was \$305,929 and \$468,455, respectively, and is included as an asset in the accompanying statements of financial position. The unrealized gain or (loss) due to changes in the valuation of the swap amounted to a loss of \$(162,526) in fiscal 2007 and an unrealized gain of \$925,661 in fiscal 2006 and were recorded as nonoperating items in the fiscal 2007 and 2006 statements of activities.

The College made net interest payments of \$1,106,356 and \$1,035,405 on these bonds for the years ended May 31, 2007 and 2006, respectively.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

NOTE E (continued)

(c) *Tompkins County Industrial Development Agency Series 2005A and 2005B*

The Series 2005 bonds are special limited obligations secured by a guarantee of the College and a pledge of its gross tuition and an insurance policy issued by XL Capital Assurance Inc. guaranteeing the timely payment of principal and interest on the bonds.

The Series 2005A and Series 2005B bonds were issued at premiums of \$208,547 and \$45,778, respectively, resulting in net proceeds to the College of \$49,115,675. The premiums are being amortized over the term of the bonds using the effective interest method. The net proceeds of the Series 2005A and Series 2005B bonds were used to advance refund the entire Series 1997 bonds and \$5,955,000 of the Series 1998 bonds. The interest rate on the Series 2005B variable rate bonds ranged between 3.17% and 3.96% during fiscal 2007 and 2.62% and 3.79% during fiscal 2006. A liquidity facility for the Series 2005B bonds has been provided by HSBC Bank USA.

Concurrent with the issuance of the Series 2005B bonds, the College entered into an interest rate swap agreement for the notional amount of \$40,290,000 with Dexia Credit Local ("Dexia") wherein the College agreed to pay Dexia a fixed rate of interest equal to 3.11% on the Series 2005B bonds, and to receive from Dexia a payment equal to 67% of USD-LIBOR-BBA. The interest rate received by the College is reset on a weekly basis. The agreement expires coincident with the maturity of the bonds on July 1, 2026. The estimated fair value of the swap at May 31, 2007 and 2006 was \$2,193,636 and \$2,652,957, respectively, and was included as an asset in the accompanying statements of financial position. The unrealized (loss) gain due to the change in the valuation of the swap amounted to \$(459,321) and \$2,652,957 for the years ended May 31, 2007 and 2006, respectively, and was recorded as a nonoperating item in the fiscal 2007 and 2006 statements of activities.

The College made principal payments of \$800,000 on the Series 2005A bonds and net interest payments of \$1,604,644 on the Series 2005A and Series 2005B bonds for the year ended May 31, 2007 and \$950,931 for the year ended May 31, 2006.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

NOTE E (continued)

(d) *Forward Swap Transaction*

In anticipation of issuing additional bonds in fiscal 2007, on September 13, 2005, the College entered into a forward interest rate swap agreement with Dexia Credit Local ("Dexia") for \$12,000,000. Under the terms of the agreement, commencing on November 1, 2007, the College agreed to pay Dexia a fixed rate of interest of 3.288% and to receive from Dexia a payment equal to 67% of USA-LIBOR-BBA. The interest rate to be received by the College will be reset on a weekly basis. The agreement expires coincident with the anticipated maturity of the bonds on July 1, 2037. The estimated fair value of the swap on May 31, 2007 and 2006 was \$468,009 and \$561,077, respectively, and was included as an asset on the accompanying statements of financial position. The unrealized gain or loss due to changes in the valuation of the swap amounted to an unrealized loss of \$93,068 in fiscal 2007 and a gain of \$561,077 in fiscal 2006 and were recorded as non-operating items in the fiscal 2007 and 2006 statements of activities. The College did not make any payments under the terms of this swap in fiscal 2007.

(e) *Tompkins County Industrial Development Agency Series 2007*

The Series 2007 bonds are special limited obligations secured by a guarantee of the College and an insurance policy issued by XL Capital Assurance Inc. guaranteeing the timely payment of principal and interest on the bonds.

The Series 2007 bonds were issued at full face value of \$31,075,000 and bear interest at the seven-day Auction Rate. The interest rate ranged between 3.70% and 3.75% during fiscal 2007. The proceeds of the issue are being used to fund various capital projects including the construction of a new administrative office building, the completion of construction of a School of Business building, and the renovation of certain other existing College facilities.

Concurrent with the issuance of the Series 2007 bonds, the College entered into an interest rate swap agreement for the notional amount of \$19,075,000 with RBC Capital Markets wherein the College agreed to pay to RBC Capital Markets ("RBC") a fixed rate of interest equal to 3.721% and to receive from RBC a payment equal to 67% of USA-LIBOR-BBA. The interest rate to be received by the College will be reset on a weekly basis. The agreement expires coincident with the maturity of the bonds on July 1, 2037. The estimated fair value of the swap at May 31, 2007 was \$(61,007), and is included as a liability in the accompanying statement of financial position. The unrealized loss due to the change in the valuation of the swap amounted to \$61,007 in fiscal 2007 and was recorded as a non-operating item in the fiscal 2007 statement of activities.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

**NOTE E (continued)**

The College made net interest payments of \$116,640 on the Series 2007 bonds for the year ended May 31, 2007.

*Forward Swap Transaction*

In anticipation of issuing additional bonds in fiscal 2008, on February 28, 2007, the College entered into a forward interest rate swap agreement with RBC for \$31,640,000. Under the terms of the agreement, commencing on June 1, 2008, the College agreed to pay RBC a fixed rate of interest of 3.5092% and to receive from RBC a payment equal to 67% of USA-LIBOR-BBA. The interest rate to be received by the College will be reset on a weekly basis. The agreement expires coincident with the anticipated maturity of the bonds on July 1, 2021. The estimated fair value of the swap on May 31, 2007 was \$198,301 and was included as an asset on the accompanying 2007 statement of financial position. The unrealized gain due to the change in the valuation of the swap amounted to \$198,301 in fiscal 2007 and was recorded as a non-operating item in the accompanying fiscal 2007 statement of activities. The College did not make any payments under the terms of this swap in fiscal 2007.

*Constant Maturity Swap Transaction*

On July 26, 2006, the College entered into a Constant Maturity Swap Agreement with RBC for \$40,290,000. The swap is layered with the Dexia swap on the Tompkins County Industrial Development Agency Series 2005B bonds. Under the terms of the agreement, commencing on July 1, 2008, the College agreed to pay RBC a payment equal to 67% of one-month USA-LIBOR-BBA and to receive from RBC a payment equal to 67% of 10-year USD-ISDA-Swap Rate minus .4925%. The interest rates received and paid by the College will be reset on a monthly basis. The agreement expires coincident with the maturity of the bonds on July 1, 2026. The estimated fair value of the swap at May 31, 2007 was \$(862,261) and was included as a liability on the accompanying statement of financial position. The unrealized loss due to the change in the valuation of the swap amounted to \$862,261 in fiscal 2007 and was recorded as a non-operating item in the fiscal 2007 statement of activities. The College did not make any payments under the terms of this swap in fiscal 2007.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

NOTE E (continued)

Required principal and interest payments on long-term debt during the next five fiscal years and thereafter are as follows:

	Principal	Interest	Total Debt Service
Year ending May 31:			
2008	\$ 3,470,000	\$ 4,532,929	\$ 8,002,929
2009	4,165,000	5,315,785	9,480,785
2010	4,370,000	5,094,648	9,464,648
2011	4,550,000	4,910,986	9,460,986
2012	4,755,000	4,707,229	9,462,229
Thereafter	<u>123,300,000</u>	<u>48,747,543</u>	<u>172,047,543</u>
	144,610,000	<u>\$ 73,309,120</u>	<u>\$ 217,919,120</u>
Plus: Unamortized bond premium	<u>41,589</u>		
	<u>\$ 144,651,589</u>		

NOTE F - BENEFIT PLANS

1. *Retirement Annuity Plan*

Academic and certain other salaried employees of the College are participants in the Retirement Annuity Plan administered by the Teachers' Insurance and Annuity Association Program ("TIAA") and the College Retirement Equities Fund ("CREF"). Under this arrangement, the College makes annual contributions to the plan which are immediately vested for the benefit of the participants. There are no unfunded past service costs under this plan. The College's contributions to TIAA/CREF are based on a percentage of employees' salaries. College contributions to the TIAA/CREF plan amounted to \$4,635,129 and \$4,411,878 for the years ended May 31, 2007 and 2006, respectively.

2. *Defined Benefit Pension Plan*

The College also maintained a noncontributory defined benefit pension plan (the "Pension Plan") for employees who were not eligible to participate in the TIAA/CREF plan. Benefits to participants were based upon the respective employee's years of service and earnings. The College terminated this plan in fiscal 2006.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

NOTE F (continued)

3. *Postretirement Benefits*

The College sponsors two defined benefit postretirement plans (collectively, the “Postretirement Plan”). One plan provides medical benefits, and the other provides life insurance benefits to all of the College’s employees who reach age 60 with at least 10 years of service or age 55 with at least 20 years of service. The retirees may elect the Aetna Open Access POSII and Aetna High Deductible Health Plans upon retirement from the College. The postretirement health care plan is noncontributory for employees with dates of hire prior to January 1, 2007 and contributory for employees with dates of hire after January 1, 2007. The life insurance plan is noncontributory. Spouse coverage costs are contributory and assumed to increase at the ultimate inflation rate for medical claims. Medical benefits cease at age 65. The College’s postretirement plans are unfunded.

In September 2006, the Financial Accounting Standards Board issued Statement No. 158 (“SFAS No. 158”), “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans.” This statement revises the reporting and disclosure requirements for pension and other postretirement plans. SFAS No. 158 requires the College to recognize the funded status of its Pension Plan and its Postretirement Plan in its statement of financial position. The College adopted the recognition provisions of SFAS No. 158 in fiscal 2007 and recognized the funded status of the Postretirement Plan in its 2007 statement of financial position. As the Pension Plan was terminated during fiscal 2006, there is no impact relating the adoption of SFAS No. 158 for this plan. The following table details the incremental effect of applying the recognition provisions of SFAS No. 158 for the Postretirement Plan:

	Before Application of SFAS No. 158	SFAS No. 158 Adjustments	After Application of SFAS No. 158
Accrued benefit liability	<u>\$5,843,512</u>	<u>\$2,229,424</u>	<u>\$8,072,936</u>



Ithaca College

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2007 and 2006

**NOTE F (continued)**

The actuarial present value of benefit obligations recognized in the accompanying statements of financial position at May 31, 2007 and 2006 were as follows:

	Pension Plan		Postretirement Benefit Plan	
	2007	2006	2007	2006
Change in benefit obligation:				
Benefit obligation, beginning of year	\$ (8,585,332)	\$ (7,803,271)	\$(7,479,777)	\$ (7,930,689)
Service cost	-	(63,944)	(381,275)	(443,740)
Interest cost	(461,588)	(484,480)	(479,139)	(417,400)
Plan participants' contributions	-	-	(15,310)	(10,449)
Amendments/curtailments/special terminations	-	(1,295,947)	129,249	-
Actuarial (loss) gain	(208,646)	755,883	(98,442)	1,162,456
Benefits paid	665,841	306,427	251,936	160,045
Annuity purchase	4,848,200	-	-	-
Lump-sum payments	4,974,843	-	-	-
Settlement (loss)	(1,233,318)	-	-	-
Benefit obligation, end of year	<u>\$ -</u>	<u>\$ (8,585,332)</u>	<u>\$(8,072,758)</u>	<u>\$ (7,479,777)</u>
Change in plan assets:				
Fair value of plan assets, beginning of year	\$ 9,399,127	\$8,541,691	\$ -	\$ -
Actual return on plan assets	132,770	1,163,863	-	-
Employer contributions	956,987	-	236,438	149,596
Plan participants' contributions	-	-	15,310	10,449
Benefits paid	(665,841)	(306,427)	-	(160,045)
Annuity purchase	(4,848,200)	-	-	-
Lump-sum payments	(4,974,843)	-	(251,748)	-
Fair value of plan assets, end of year	<u>\$ -</u>	<u>\$9,399,127</u>	<u>\$ -</u>	<u>\$ -</u>
Components of prepaid (accrued) benefit costs:				
Funded status	\$ -	\$ 813,795	\$(8,072,936)	\$ (7,479,777)
Unrecognized transition obligation	-	-	416,795	528,638
Unrecognized prior service cost	-	694,346	9,711	115,285
Unrecognized actuarial net loss	-	1,250,756	1,802,918	1,775,670
Prepaid (accrued) benefit cost	<u>\$ -</u>	<u>\$2,758,897</u>	<u>\$(5,843,512)</u>	<u>\$ (5,060,184)</u>

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

NOTE F (continued)

	Pension Plan		Postretirement Benefit Plan	
	2007	2006	2007	2006
Components of net periodic benefit costs:				
Service cost	\$ -	\$ 63,944	\$ 381,275	\$ 443,740
Interest cost	461,588	484,480	479,129	417,400
Amortization of initial unrecorded asset	-	(48,698)	-	-
Amortization of transition obligation	-	-	78,108	78,108
Amortization of gains and losses	2,237	118,909	71,196	126,319
Amortization of unrecognized prior service costs	47,485	86,150	10,059	10,059
Expected return on plan assets	(408,197)	(684,208)	-	-
Net periodic benefit costs	<u>\$ 103,113</u>	<u>\$ 20,577</u>	<u>\$ 1,019,767</u>	<u>\$ 1,075,626</u>

Weighted-average assumptions as of May 31:

Discount rate	6.50%	5.50%	6.50%	5.50%
Expected return on plan assets	5.00%	8.00%	N/A	N/A
Rate of compensation increase	N/A	3.00%	N/A	N/A

	Postretirement Benefit Plan	
	2007	2006
Amounts recognized in the statements of financial position consist of:		
Accrued benefit liability	<u>\$ (8,072,936)</u>	<u>\$ (5,060,184)</u>
Amounts recognized in unrestricted net assets consist of:		
Transition obligation	\$ 416,795	\$ -
Prior service cost	9,711	-
Net loss	<u>1,802,918</u>	<u>-</u>
Total amount recognized	<u>\$ 2,229,424</u>	<u>\$ -</u>
Amounts in unrestricted net assets expected to be recognized in net periodic benefits cost in fiscal 2008:		
Amortized transition obligation	\$ 72,150	\$ -
Amortized prior service cost	911	-
Amortization of unrecognized net loss	<u>62,815</u>	<u>-</u>
Total amount recognized	<u>\$ 135,876</u>	<u>\$ -</u>

Ithaca College

**NOTES TO FINANCIAL STATEMENTS (continued)**

May 31, 2007 and 2006

**NOTE F (continued)**

For measurement purposes, a 9.0% annual rate of increase in the per capita cost of covered medical benefits and a 11.0% annual rate of increase in the per capita cost of covered prescription drug benefits were assumed for 2007 for the Aetna Access POSII and Aetna High Deductible Health Plans. These rates were assumed to decrease gradually to 5.0% by 2016, and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A 1% change in the health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components	\$ 90,924	\$ (78,458)
Effect on postretirement benefit obligation	665,042	(585,855)

Projected cash outflows for the years ending May 31 are as follows:

2008	\$ 511,316
2009	528,769
2010	547,487
2011	548,586
2012	628,221
Years 2013 - 2017	3,910,212

**NOTE G - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The methods and assumptions described below were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value. Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

1. *Cash, Accounts Receivable, Contributions Receivable, Accounts Payable and Accrued Expenses and Deposits and Deferred Revenues*

The carrying amounts reported in the statements of financial position approximate fair value.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

NOTE G (continued)

2. *Short-Term Investments and Long-Term Investments*

Short-term investments and long-term investments reported in the statements of financial position are reported at fair value. Fair value is determined based on quoted market prices except with respect to investment values assigned to limited partnership interests and alternative investments, which are generally based on estimates and assumptions determined by the respective general partners and investment managers.

3. *Notes Receivable*

The fair value of notes receivable from students under Federal Government financial assistance programs could not be reasonably estimated because the notes are not saleable and can only be assigned to the Federal Government or its designees. Therefore, the loans are stated at the amount of principal outstanding. The loans' maturities range from one to ten years and have stated interest rates ranging from approximately 3% to 6%.

4. *Long-Term Debt*

Rates currently available to the College for debt with similar terms and remaining maturities are used to estimate fair value of existing debt.

The estimated fair value of the College's long-term debt instruments as of May 31, 2007 is summarized as follows:

	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Dormitory Authority of the State of New York Ithaca College insured revenue bonds:		
Series 1998	\$ 33,652,263	\$ 36,297,709
Tompkins County Industrial Development Agency Ithaca College insured revenue bonds:		
Series 2004	31,100,000	31,000,000
Series 2005A	8,488,547	8,360,941
Series 2005B	40,335,779	40,335,779
Series 2007	<u>31,075,000</u>	<u>31,075,000</u>
	<u>\$ 144,651,589</u>	<u>\$ 147,069,429</u>

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

NOTE G (continued)

The estimated fair value of the College's long-term debt instruments as of May 31, 2006 is summarized as follows:

	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Dormitory Authority of the State of New York Ithaca College insured revenue bonds:		
Series 1998	\$ 35,277,181	\$ 36,675,198
Tompkins County Industrial Development Agency Ithaca College insured revenue bonds:		
Series 2004	31,100,000	31,100,000
Series 2005A	9,288,547	8,383,368
Series 2005B	<u>40,335,779</u>	<u>40,290,000</u>
	<u>\$ 116,001,507</u>	<u>\$ 116,448,566</u>

NOTE H - COMMITMENTS AND CONTINGENCIES

The College has entered into numerous noncancellable operating lease agreements and other agreements. The commitments under such agreements provide for minimum annual payments as follows:

	<u>Amount</u>
Year ending May 31:	
2008	\$ 4,520,198
2009	4,015,958
2010	3,423,849
2011	3,017,544
2012	382,515
Thereafter	<u>815,480</u>
	<u>\$ 16,175,544</u>

Rental expense for all operating leases aggregated \$4,342,349 and \$1,243,732 for the years ended May 31, 2007 and 2006, respectively.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2007 and 2006

**NOTE H (continued)**

As of May 31, 2007 and 2006, the College had entered into renovation contracts and commitments aggregating approximately \$3,310,147 and \$2,746,784, respectively.

The College has entered into a four-year lease agreement with CCA for buildings and the associated land. The buildings adjoin the College and provide student apartment-style housing. Renewal terms may be up to 12 periods of three years each, for a total of 40 years ending in 2043. Annual rental payments under this agreement are \$2,450,000 per annum.

Additionally, the College has entered into other agreements with CCA. The Housing Agreement stipulates that the College will offer the College Circle housing as part of its on-campus housing offerings for the full 40 years, even if the College does not renew the lease. The operation and replacement reserve agreement stipulates that the College shall manage the building as long as the lease, or renewals thereof, are in force, and CCA shall manage the building if the lease is no longer in force. The respective manager will make deposits to a replacement reserve equal to 3% of gross revenue. The deposits to the reserve for the year ended May 31, 2007 totaled \$150,095.

Further, CCA and its affiliate, SHLA, have made irrevocable pledges to donate land, buildings and cash to the College at future dates as described in more detail in Note B.

During fiscal 2006, the College adopted Financial Accounting Standards Board Statement No. 143, "Accounting for Asset Retirement Obligations," and its interpretation FIN No. 47, "Accounting for Conditional Asset Retirement Obligations," which required the College to recognize the cost associated with the eventual remediation and abatement of asbestos utilized within the construction of certain buildings located on campus. The cost of the abatement was estimated following a campus-wide survey. The adoption of FIN No. 47 required the College to recognize a conditional asset retirement obligation of \$1,777,985 at May 31, 2006 and a cumulative change in accounting principle of \$1,116,573 representing the cumulative accretion of interest related to this obligation and depreciation expense through May 31, 2006. For the years ended May 31, 2007 and 2006, the accretion of interest associated with the conditional asset retirement obligation totaled \$64,790 and \$61,412, respectively. Abatement costs incurred for the year ended May 31, 2007 totaled \$11,350, which reduced the conditional asset retirement obligation at May 31, 2007. At May 31, 2007 and 2006, property, plant and equipment includes capitalized conditional asset retirement obligations at a cost of \$212,354 which have been fully depreciated.

**SUMMARY OF CERTAIN PROVISIONS  
OF THE LOAN AGREEMENT**

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## APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a brief summary of certain provisions of the Loan Agreement. This summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of such and all provisions. The headings below are not part of the Loan Agreement but have been added for ease of reference. Defined terms used herein shall have the meaning ascribed to them in Appendix A.

### Construction of the Project

The College agrees that, whether or not there are sufficient moneys available to it under the provisions of the Resolution, the Series Resolution and the Loan Agreement, the College shall complete the acquisition, design, construction, reconstruction, rehabilitation and improving or otherwise providing and furnishing and equipping of the Project, substantially in accordance with the Contract Documents related to such Project. Subject to the conditions of the Loan Agreement, the Authority will, to the extent of moneys available in the Construction Fund, cause the College to be reimbursed for, or pay, any costs and expenses incurred by the College which constitute Costs of the Project, provided such costs and expenses are approved by the Authority, which approval shall not be unreasonably withheld.

(Section 5)

### Amendment of the Project

The College, with the prior written consent of the Authority, which consent will not be unreasonably withheld, may amend the Project to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, renovation, improving, or otherwise providing, furnishing and equipping of the Project which the Authority is authorized to undertake. After the date of the Loan Agreement, the College shall not enter into, amend or modify, by change order or otherwise, any Contract Document that materially affects the scope or nature of the Project, without the prior written approval of the Authority, which approval shall not be unreasonably withheld. The College shall deliver to the Authority copies of such change orders as the Authority may from time to time request. The College shall provide such moneys as in the reasonable judgment of the Authority may be required for the cost of completing the Project in excess of the moneys in the Construction Fund established for such Project, whether such moneys are required as a result of an increase in the scope of the Project or otherwise. Such moneys shall be paid to the Trustee for deposit in the Construction Fund within fifteen (15) days after receipt by the College of written notice from the Authority that such moneys are required.

(Section 6)

### Financial Obligations

(a) Except to the extent that moneys are available therefor under the Resolution or the Series Resolution or the Loan Agreement, including moneys in the Debt Service Fund, and interest accrued but unpaid on investments held in the Debt Service Fund, the College unconditionally agrees to pay or cause to be paid, so long as Bonds are Outstanding, to or upon the order of the Authority, from its general funds or any other moneys legally available to it:

(i) On or before the date of delivery of the Bonds the Authority Fee agreed to by the Authority and the College in connection with issuance of the Bonds;

(ii) On or before the date of delivery of Bonds, such amount, if any, as is required, in addition to the proceeds of such Bonds available therefor, to pay the Costs of Issuance of the Bonds, and other costs in connection with the issuance of the Bonds;

(iii) Three days (or the preceding Business Day if such day is not a Business Day) prior to an interest payment date on Outstanding Variable Interest Rate Bonds, the interest coming due on such Variable Interest Rate Bonds on such interest payment date, assuming that such Bonds will, from and after the next succeeding date on which the rates at which such Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum for such Bonds on the immediately preceding Business Day, plus one percent (1%) per annum;

(iv) On the tenth (10th) day of each month commencing on the tenth (10th) day of the sixth (6th) month immediately preceding the date on which interest on Outstanding Bonds that are not Variable Interest Rate Bonds becomes due, one-sixth (1/6) of the interest coming due on such Bonds on the immediately succeeding interest payment date on such Bonds; provided, however, that, if with respect to such Outstanding Bonds there are more or less than six (6) such payment dates

### *Appendix C*

prior to the first interest payment on such Bonds, on each payment date prior to such interest payment date the College shall pay with respect to such Bonds an amount equal to the interest coming due on such Bonds on such interest payment date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to the first interest payment date on such Bonds;

(v) On the tenth (10th) day of each month commencing on the tenth (10th) day of the July immediately preceding the July 1 on which the principal or a Sinking Fund Installment of Outstanding Bonds becomes due, one-twelfth (1/12) of the principal and Sinking Fund Installment on such Bonds coming due on such July 1; provided, however, that, if with respect to the Outstanding Bonds there are less than twelve (12) such payment dates prior to the July 1 on which principal or Sinking Fund Installments come due on such Bonds, on each payment date prior to such July 1 the College shall pay with respect to such Bonds an amount equal to the principal and Sinking Fund Installments of such Bonds coming due on such July 1 multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such July 1; provided, however, with respect to Sinking Fund Installments of Option Bonds or Variable Interest Rate Bonds that come due in months other than July, the terms of this subsection shall apply except that references to July shall be replaced with the applicable month(s) in which the related Sinking Fund Installment comes due;

(vi) Except as provided below, by 1:30 p.m., New York City time, on the day on which payment of the purchase price of an Option Bond tendered for purchase which has not been remarketed or remarketed at less than the principal amount thereof and for which there is no Liquidity Facility then in effect, is due, the purchase price of such Option Bond, which shall be paid in immediately available funds; provided, however, that (A) if the College has received notice that such payment is due after 10:00 a.m., New York City time, but prior to 3:00 p.m., New York City time, on such day, then payment by the College shall be made by 5:00 p.m., New York City time on such day, and (B) if such notice is given after 3:00 p.m., New York City time, on such day, then payment by the College shall be made by 10:00 a.m. on the next succeeding Business Day;

(vii) At least forty-five (45) days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased, other than an Option Bond to be purchased or redeemed pursuant to an optional or mandatory tender thereof or Bonds being redeemed pursuant to Sinking Fund Installments in accordance with clause (v) above, is to be paid, the amount required to pay the Redemption Price or purchase price of such Bonds;

(viii) On December 10 of each Bond Year one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with the Bonds, and on June 10 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year; provided, however, that the Annual Administrative Fee with respect to the Bonds payable during the Bond Year during which such Annual Administrative Fee became effective shall be equal to the Annual Administrative Fee with respect to such Bonds multiplied by a fraction the numerator of which is the number of calendar months or parts thereof remaining in such Bond Year and the denominator of which is twelve (12);

(ix) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (A) for the Authority Fee then unpaid, (B) to reimburse the Authority for payments made by it pursuant to the provisions of the Loan Agreement summarized in paragraph (e) below and any expenses or liabilities incurred by the Authority pursuant to certain provisions of the Loan Agreement, (C) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of the Project, including but not limited to any fees or other amounts payable by the Authority under a Remarketing Agreement, a Liquidity Facility, or a Credit Facility, (D) for the costs and expenses incurred by the Authority to compel full and punctual performance by the College of all the provisions of the Loan Agreement or of the Mortgage or of the Resolution in accordance with the terms thereof, (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution, and (F) to pay any Provider Payments then due and unpaid;

(x) Promptly upon demand by the Authority (a copy of which shall be furnished to the Trustee), all amounts required to be paid by the College as a result of an acceleration pursuant to the provisions of the Loan Agreement summarized under the heading "Defaults and Remedies" below;

(xi) Promptly upon demand by the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Bonds or otherwise available therefor under the Resolution and the

amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds;

(xii) Promptly upon demand by the Authority, all amounts required to be paid by the Authority to a Counterparty in accordance with an Interest Rate Exchange Agreement or to reimburse the Authority for any amounts paid to a Counterparty in accordance with an Interest Rate Exchange Agreement;

(xiii) To the extent not otherwise set forth in this paragraph (a), including without limitation, in the event of any insufficiency, any amounts necessary to pay the principal, Sinking Fund Installment, or Redemption Price, if any, of, and interest on, the Bonds, on the dates, in the amounts, at the times and in the manner provided in or pursuant to the Resolution and the Series Resolution, whether at maturity, upon acceleration, redemption or otherwise.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series Resolution, the College shall receive a credit against the amount required to be paid by the College during a Bond Year pursuant to the provisions of the Loan Agreement summarized in paragraph (a)(v) above on account of any Sinking Fund Installments if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Bonds to be redeemed through any Sinking Fund Installments during the next succeeding Bond Year, either (i) the College delivers to the Trustee for cancellation one or more Bonds of the maturity to be so redeemed or (ii) the Trustee, at the direction of the Authority, has purchased one or more Bonds of the maturity to be so redeemed from amounts on deposit in the Debt Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

The Authority pursuant to the Loan Agreement directs the College, and the College agrees, to make the payments required by the provisions of the Loan Agreement summarized in this paragraph (a) as follows: (i) the payments required by paragraphs (a)(iii), (a)(iv), (a)(v), (a)(vii), (a)(x) and (a)(xiii) directly to the Trustee for deposit and application in accordance with the Resolution; (ii) the payments required by paragraph (a)(ii) directly to the Trustee for deposit in the Construction Fund or other fund established under the Resolution, as directed by the Authority; (iii) the payments required by paragraphs (a)(i), (a)(viii) and (a)(ix) directly to the Authority; and (iv) except as otherwise provided by the Loan Agreement, the payments required by paragraphs (a)(vi), (a)(xi) and (a)(xii) to or upon the written order of the Authority.

(b) Notwithstanding any provisions in the Loan Agreement or in the Resolution to the contrary (except as otherwise specifically provided for in this paragraph), all moneys paid by the College to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee shall be applied in reduction of the College's indebtedness to the Authority under the Loan Agreement, first, with respect to interest and, then, with respect to the principal amount of such indebtedness, but only to the extent that, with respect to interest on such indebtedness, such moneys are applied by the Trustee for the payment of interest on Outstanding Bonds, and, with respect to the principal of such indebtedness, such moneys have been applied to, or are held for, payments in reduction of the principal amount of Outstanding Bonds and as a result thereof Bonds have been paid or deemed to have been paid in accordance with the provisions of the Resolution summarized in Appendix D under the heading "Defeasance." Except as otherwise provided in the Resolution, the Trustee shall hold such moneys in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Holders of Bonds, regardless of the actual due date or applicable payment date of any payment to the Holders of Bonds.

(c) The obligations of the College to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the College may otherwise have against the Authority, the Trustee or any Holder of Bonds for any cause whatsoever including, without limiting the generality of the foregoing, failure of the College to complete the Project or the completion thereof with defects, failure of the College to occupy or use the Project, any declaration or finding that the Bonds are or the Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; provided, however, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part contained in the Loan Agreement

## *Appendix C*

or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the College may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the College for, or to pay, the Costs of the Project beyond the extent of moneys in the Construction Fund established for such Project available therefor.

The Loan Agreement and the obligations of the College to make payments under the Loan Agreement are general obligations of the College.

(d) The Authority, for the convenience of the College, shall furnish to the College statements of the due date, purpose and amount of payments to be made pursuant to the Loan Agreement. The failure to furnish such statements shall not excuse non-payment of the amounts payable under the Loan Agreement at the time and in the manner provided by the Loan Agreement. The College shall notify the Authority as to the amount and date of each payment made to the Trustee by the College.

(e) The Authority shall have the right in its sole discretion to make on behalf of the College any payment required pursuant to the provisions of the Loan Agreement summarized herein which has not been made by the College when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority under the provisions of the Loan Agreement summarized under the heading "Defaults and Remedies" below arising out of the College's failure to make such payment and no payment by the Authority shall be construed to be a waiver of any such right or of the obligation of the College to make such payment.

(f) The College, if it is not then in default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in the Debt Service Fund and applied in accordance with the Resolution or held by the Trustee for the payment of Bonds in accordance with the Resolution. Upon any voluntary payment by the College or any payment made pursuant to the provisions of the Loan Agreement summarized under the heading "Sale of the Project or Mortgaged Property" below, the Authority agrees to direct the Trustee to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution with respect to such Bonds; provided, however, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution, including the purchase or redemption of all Bonds Outstanding, or to pay or provide for the payment of all Bonds Outstanding in accordance the Resolution, the Authority agrees, in accordance with the instructions of the College, to direct the Trustee to purchase or redeem all Bonds Outstanding, or to cause all Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

(g) If the College elects to purchase Bonds, with the written consent of the Authority, the College shall give written notice to the Authority and the Trustee whenever Bonds are to be purchased at the election of the College, which written notice shall include the maturity and principal amount of the Bonds to be so purchased. All such purchases shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for each such purchase.

(h) Promptly upon demand by the Tender Agent or the Authority, the College shall pay to the Tender Agent such compensation due the Tender Agent in accordance with the Bond Series Certificate.

### (Section 9)

#### Security Interest in Pledged Revenues

As security for the payment of all liabilities and the performance of all obligations of the College pursuant to the Loan Agreement, the College, under the Loan Agreement, does continuously pledge, grant a security interest in, and assign to the Authority the Pledged Revenues, together with the College's right to receive and collect the Pledged Revenues and the proceeds of the Pledged Revenues. This pledge, grant of a security interest in and assignment of the Pledged Revenues shall be subordinate only to the Prior Pledges.

The College, under the Loan Agreement, represents and warrants that no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any lien, pledge, security interest or assignment, other than the Prior Pledges, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the College's performance under the Loan Agreement. The College agrees that it shall not after

the date of the Loan Agreement create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal to the pledge made by and under the Loan Agreement.

(Section 11)

Collection of Pledged Revenues

(a) Subject to the provisions of paragraph (b) below, commencing on the date on which the Bonds are first issued and delivered and continuing until no Bonds are Outstanding, the College shall deliver to the Trustee for deposit in accordance with the Resolution all Pledged Revenues (other than the amounts subject to the Prior Pledges) within ten (10) days following the College's receipt thereof unless and until there is on deposit in the Debt Service Fund an amount at least equal to the sum of (i) the interest coming due on or prior to the earlier of the next succeeding January 1 or July 1, plus one percent (1%) per annum, (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, and (iii) the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased and accrued interest thereon to the date of redemption or purchase. In the event that, pursuant to the Loan Agreement, the Authority notifies the College that account debtors are to make payments directly to the Authority or to the Trustee, such payments shall be made directly to the Authority or the Trustee notwithstanding anything contained in this subdivision, but the College shall continue to deliver to the Trustee for deposit in accordance with the Resolution any payments received by the College with respect to the Pledged Revenues (other than such amounts as are subject to the Prior Pledges).

(b) Notwithstanding anything to the contrary in paragraph (a) above, in the event that, on or prior to the date on which a payment is to be made pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments or Redemption Price of or interest on Outstanding Bonds, the College has made such payment from its general funds or from any other money legally available to it for such purpose, the College shall not be required solely by virtue of paragraph (a) above, to deliver Pledged Revenues to the Trustee.

(c) Any Pledged Revenues collected by the College that are not required to be paid to the Trustee pursuant to the Loan Agreement shall be free and clear of the security interest granted by the Loan Agreement and may be disposed of by the College for any of its corporate purposes provided that no Event of Default (as defined in the Loan Agreement) nor any event which but for the passage of time or the receipt of notice or both would be an Event of Default has occurred and is continuing.

(Section 12)

Mortgage; Lien on Fixtures

At or before the delivery by the Authority of the Bonds, the College shall execute and deliver to the Authority the Mortgage, in recordable form, mortgaging the Mortgaged Property acceptable to the Authority, which Mortgage shall constitute a first lien on the Mortgaged Property, subject only to the Permitted Encumbrances.

Prior to any assignment of the Mortgage to the Trustee, the Authority, with the consent of the Credit Facility Provider, however, without the consent of the Trustee or the Holders of Bonds, may consent to the amendment, modification, termination, subordination or satisfaction of the Mortgage and of any security interest in fixtures located in or on or used in connection with the Mortgaged Property and the property subject to the Mortgage or security interest may be released from the lien thereof, all upon such terms and conditions as the Authority may reasonably require. Notwithstanding the foregoing, the College may remove fixtures in the Mortgaged Property provided that, if the fixtures so removed are of any material value, the College shall substitute fixtures having a value and utility at least equal to the fixtures removed or replaced

(Section 13)

Warranty of Title; Utilities and Access

The College warrants and represents to the Authority that (i) it has good and marketable title to the Project and all Mortgaged Property, free and clear of liens and encumbrances, except Permitted Encumbrances, so as to permit it to have quiet enjoyment and use thereof for purposes of the Loan Agreement and the College's programs and (ii) the College has such rights of way, easements or other rights in land as may be reasonably necessary for ingress and egress to and from the Project and the Mortgaged Property for proper operation and utilization of the Project and the Mortgaged Property and for utilities required to serve such Project and such Mortgaged Property, together with such rights of way,

### *Appendix C*

easements or other rights in, to and over land as may be necessary for construction, use and operation by the College of the Project and the Mortgaged Property.

The College warrants, represents and covenants that (i) title to the Project and the Mortgaged Property shall be kept free from any encumbrances, liens or commitments of any kinds, other than Permitted Encumbrances, (ii) the Project and the Mortgaged Property is and will be serviced by all necessary utilities (including, to the extent applicable, without limitation, electricity, gas, water, sewer, steam, heating, air-conditioning and ventilation) and (iii) to the extent applicable, has, and will have its own separate and independent means of access, apart from any other property owned by the College or others; provided, however, that such access may be through common roads or walks owned by the College used also for other parcels owned by the College.

(Section 14)

#### Additional Representation and Covenants

The College warrants and represents that (i) it has the requisite power and authority (A) to authorize, execute and deliver, and to perform its obligations under the Loan Agreement, the Mortgage and the Related Agreements, (B) to incur the indebtedness contemplated thereby and (C) to make the pledge of and grant the security interest in the Pledged Revenues (subject to the Prior Pledges) given by the Loan Agreement and to mortgage the Mortgaged Property, (ii) each of the Loan Agreement, the Mortgage and the Related Agreements constitutes the valid and binding obligation of the College enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting or relating to the rights of creditors generally and general principles of equity, and (iii) the execution and delivery of, consummation of the transaction contemplated by and performance of the College's obligations under the Loan Agreement, the Mortgage and the Related Agreements, including, but not limited to, the pledge of and security interest in the Pledged Revenues and the Government Obligations and Exempt Obligations made or granted pursuant to the Loan Agreement and the mortgaging of the Mortgaged Property, do not violate, conflict with or constitute a default under the charter or by-laws of the College or any indenture, mortgage, trust, or other commitment or agreement to which the College is a party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the College or any of its properties.

(Section 16)

#### Tax-Exempt Status of College

The College represents that: (i) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, and is not a "private foundation," as such term is defined under Section 509(a) of the Code; (ii) it has received a letter or other notification from the Internal Revenue Service to that effect; (iii) such letter or other notification has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (vi) it is exempt from federal income taxes under Section 501(a) of the Code, except for payment of unrelated business income tax. The College agrees that: (a) it shall not perform any act or enter into any agreement which shall adversely affect such federal income tax status and shall conduct its operations in the manner which will conform to the standards necessary to qualify the College as an educational organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law; and (b) it shall not perform any act, enter into any agreement or use or permit the Project to be used in a manner, or for any trade or business unrelated to the educational purposes of the College, which could adversely affect the exclusion of interest on the Bonds from federal gross income pursuant to Section 103 of the Code.

(Section 17)

#### Securities Acts Status

The College represents that: (i) it is an organization organized and operated (A) exclusively for educational or charitable purposes and (B) not for pecuniary profit; and (ii) no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. The College agrees that it shall not perform any act

or enter into any agreement which shall adversely affect such status as set forth in the Loan Agreement.

(Section 18)

#### Maintenance of Corporate Existence

The College covenants that it will (i) maintain its corporate existence, (ii) continue to operate as a non-profit educational organization, (iii) obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditation as may be necessary for it to continue to so operate, (iv) except as expressly permitted by the Loan Agreement, not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another person or permit one or more persons to consolidate with or merge into it. The College, with the prior written consent of the Authority, may (A) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies as an organization described in Section 501(c)(3) of the Code, or any successor provision of federal income tax law, (B) permit one or more corporations or any other organization to consolidate with or merge into it, or (C) acquire all or substantially all of the assets of one or more corporations or other organizations. Notwithstanding the foregoing provisions, no disposition, transfer, consolidation or merger otherwise permitted by the Loan Agreement shall be permitted unless (1) the same would not in the opinion of Bond Counsel adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation, (2) the College will not as a result thereof be in default under the Loan Agreement or under any Related Agreement, (3) the surviving, resulting or transferee corporation, as the case may be, is incorporated under the laws of the State and is qualified as an organization described in Section 501(c)(3) of the Code or any successor provision of federal income tax law, and (4) the surviving, resulting or transferee corporation of the College assumes in writing all of the obligations of the College under the Loan Agreement, under the Mortgage, under the Continuing Disclosure Agreement, if applicable, and under the Related Agreements, and furnishes to the Authority (x) a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation will be in compliance with each of the provisions of the Loan Agreement and of the Related Agreements, and will meet the requirements of the Act, and (y) such other certificates and documents as the Authority may reasonably require to establish compliance with the Loan Agreement.

(Section 19)

#### Environmental Quality Review and Historic Preservation

For the purpose of assisting the Authority in making any findings or determinations which might be required by (i) Article 8 of the New York Environmental Conservation Law and the regulations promulgated thereunder (collectively, "SEQR") or (ii) the New York State Historic Preservation Act of 1980 and the regulations promulgated thereunder (collectively the "Preservation Act"), the College agrees to abide by the requirements relating thereto as set forth in the Loan Agreement.

(Section 20)

#### Use and Possession of the Project

Subject to the rights, duties and remedies of the Authority under the Loan Agreement, the College shall have sole and exclusive control and possession of and responsibility for (i) the Project and the Mortgaged Property, (ii) the operation of the Project and the Mortgaged Property and supervision of the activities conducted therein or in connection with any part thereof and (iii) the maintenance, repair and replacement of the Project and the Mortgaged Property; provided, however, that, except as otherwise limited by the Loan Agreement, the foregoing shall not prohibit use of the Project or the Mortgaged Property by persons other than the College or its students, staff or employees in furtherance of the College's corporate purposes, if such use will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes.

(Section 21)

#### Restrictions on Religious Use

The College agrees that with respect to the Project or portion thereof, so long as such Project or portion thereof exists and unless and until such Project or portion thereof is sold for the fair market value thereof, such Project or portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; provided, however, that the foregoing restriction shall not prohibit the free exercise of any religion; provided, further, that if at any time after the date of the Loan Agreement, in the opinion of Bond Counsel, the then applicable law would permit the Project or portion thereof

## *Appendix C*

to be used without regard to the above stated restriction, said restriction shall not apply to such Project and each portion thereof. The Authority and its agents may conduct such inspections as the Authority deems necessary to determine whether the Project or any portion or real property thereof financed by Bonds is being used for any purpose proscribed by the Loan Agreement. The College further agrees that prior to any disposition of any portion of the Project for less than fair market value, it shall execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Authority, the use of such portion of such Project to the restriction that (i) so long as such portion of such Project (and, if included in the Project, the real property on or in which such portion of such Project is situated) shall exist and (ii) until such portion of such Project is sold or otherwise transferred to a person who purchases the same for the fair market value thereof at the time of such sale or transfer, such portion of such Project shall not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction shall further provide that such restriction may be enforced at the instance of the Authority or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction shall also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of the Project, or, if included in the Project, the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction shall be without any force or effect. For the purposes of the Loan Agreement an involuntary transfer or disposition of the Project or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Section 22)

### Sale of the Project or Mortgaged Property

The College covenants that it will not transfer, sell or convey the Project or the Mortgaged Property or any part thereof or interest therein, including development rights, without the prior approval of the Authority, unless (a) in the opinion of Bond Counsel, the same will not adversely affect the exclusion of interest on any Bond from gross income for federal income tax purposes and (b) the College pays to the Trustee either for deposit into the Debt Service Fund, or, pursuant to the Resolution, to be set aside or to purchase Defeasance Securities in accordance with the direction of the Authority.

Notwithstanding the foregoing, the College may remove equipment, furniture or fixtures that is part of the Project or the Mortgaged Property and was financed with the proceeds of Bonds provided that the College substitutes for such equipment, furniture or fixtures additional equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

(Section 23)

### Maintenance, Repair and Replacement

The College agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain the Project and the Mortgaged Property in a careful, prudent and economical manner, and keep the same, with the appurtenances and every part and parcel thereof, in good repair, working order and safe condition and shall from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted. The College shall give the Authority not less than fifteen (15) days prior written notice of its intention to make a change or alteration that materially alters the scope or nature of the Project or the Mortgaged Property or a portion thereof. The College shall have the right to remove or replace any type of fixtures, furnishings and equipment in the Project or the Mortgaged Property which may have been financed by the proceeds of the sale of Bonds provided the College substitutes for any such removed or replaced fixtures, furnishings and equipment, additional fixtures, furnishings and equipment having equal or greater value and utility than the fixtures, furnishings and equipment so removed or replaced.

The College further agrees that it shall pay at its own expense all extraordinary costs of maintaining, repairing and replacing the Project and the Mortgaged Property except insofar as funds are made available therefor from proceeds of insurance, condemnation or eminent domain awards.

(Section 24)

### Covenant as to Insurance

(a) The College shall procure and maintain, or cause to be procured and maintained, to the extent reasonably



obtainable, from responsible insurers, insurance of the type and in the amounts customarily maintained by colleges providing services similar to those provided by the College. All policies of insurance required pursuant to provisions of the Loan Agreement summarized in the following paragraphs shall be primary to any insurance maintained by the Authority.

(b) The College shall, with respect to the Project and the Mortgaged Property, at the times specified in the following paragraphs, procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers acceptable to the Authority, the following insurance:

(i) with respect to any building the construction of which shall not have been completed (and until insurance is procured pursuant to provisions of the Loan Agreement summarized in clause (ii) of this paragraph), all risk builders' risk insurance against direct physical loss or damage, or with respect to the acquisition and installation of equipment or machinery, in lieu of all risk builders' risk, an installation floater on an all risk basis. The amount of such insurance shall be on a one hundred per centum (100%) completed value basis on the insurable portion: provided, however, that the College's obligation to provide all risk builders' risk insurance as required by this clause (i) shall not commence until thirty (30) days prior to the commencement of construction of the Project; provided further, that the College covenants to provide proof of the all risk builders' risk insurance required by this clause (i) no later than thirty (30) days prior to the commencement of construction of the Project;

(ii) at all times except during a period when builders' risk insurance is in effect as required by provisions of the Loan Agreement summarized in clause (i) of this paragraph, all risk property insurance against direct physical loss or damage to the Project or the Mortgaged Property in an amount not less than one hundred per centum (100%) of the replacement value thereof (such replacement value to be determined on the basis of replacement costs without allowance for depreciation), exclusive of excavations and foundations and similar property normally excluded under New York standard forms; provided, however, that the inclusion of the Project or the Mortgaged Property under a blanket insurance policy or policies of the College insuring against the aforesaid hazards in an amount aggregating at least one hundred per centum (100%) of the insurable value of the insured property, exclusive of excavations and foundations and similar property normally excluded under New York standard forms, shall constitute complete compliance with the provisions summarized in this paragraph with respect to such Project or Mortgaged Property; provided further, that in any event, each such policy shall be in an amount sufficient to prevent the College and the Authority from becoming co insurers under the applicable terms of such policy;

(iii) at all times, statutory workers' compensation insurance, covering loss resulting from injury, sickness, disability or death of employees and employer's liability insurance with limits of at least \$1,000,000 for each accident, each sickness, and aggregate occupational illness or sickness;

(iv) at all times, statutory disability benefits;

(v) at all times, commercial general liability insurance protecting the Authority and the College against loss or losses from liabilities arising from bodily injury of persons or damage to the property of others caused by accident or occurrence, with limits of not less than \$1,000,000 per accident or occurrence on account of injury to persons or property damage with \$2,000,000 policy aggregate, excluding liability imposed upon the Authority or the College by any applicable workers' compensation law;

(vi) commencing with the date on which construction of the Project or any part thereof is completed or first occupied, or any equipment, machinery, fixture or personal property covered by comprehensive boiler and machinery coverage is accepted, whichever occurs earlier, insurance providing comprehensive boiler and machinery coverage in an amount considered adequate by the Authority, which insurance may include deductible provisions approved by the Authority; and

(vii) each other form of insurance which the College is required by law to provide and such other kinds of insurance in such amounts as from time to time may be reasonably required by the Authority.

All policies of insurance maintained pursuant to provisions of the Loan Agreement summarized in paragraph (b) of this section, other than policies of workers' compensation insurance, shall include the Authority or, if the Loan Agreement has been assigned to the Trustee, the Trustee as its assignee, as an additional insured or as loss payee.

(Section 25)

## *Appendix C*

### Damage or Condemnation

In the event of a taking of the Project or the Mortgaged Property or any portion thereof by eminent domain or condemnation, or of damage or destruction affecting all or part thereof, all property casualty insurance, condemnation or eminent domain proceeds shall, if in excess of \$250,000 and not applied to reimburse the College for costs incurred to repair or restore the same, be paid to the Trustee for deposit in the Construction Fund. All proceeds derived from an award for such taking or from property casualty insurance shall be applied as provided below.

(i) If within one hundred eighty (180) days (or such longer period as the Authority and the College may agree) after the Authority receives actual notice or knowledge of the taking or damage, the College and the Authority agree in writing that the property or the affected portion thereof shall be repaired, replaced or restored, the College shall proceed to repair, replace or restore the same, or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible with such changes and additions as shall be appropriate to the needs of the College and approved in writing by the Authority. The funds required for such repair, replacement or restoration shall be paid, subject to such conditions and limitations as the Authority may impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the College.

(ii) If no agreement for the repair, restoration or replacement of the property or affected portion shall have been reached by the Authority and the College within such period, the proceeds then held by the College shall be paid the Trustee for deposit in the Debt Service Fund

and the proceeds then held in the Construction Fund shall be transferred to the Debt Service Fund, whereupon such proceeds shall be applied to the purchase or redemption of Outstanding Bonds.

(Section 26)

### Taxes and Assessments

The College shall pay when due at its own expense, and hold the Authority harmless from, all taxes, assessments, water and sewer charges and other impositions, if any, which may be levied or assessed upon the Project or any part thereof, and upon all ordinary costs of operating, maintaining, repairing and replacing such Project and its equipment. The College shall file exemption certificates as required by law. The College agrees to exhibit to an Authorized Officer of the Authority within ten (10) days after written demand by the Authority, certificates or receipts issued by the appropriate authority showing full payment of all taxes, assessments, water and sewer charges and other impositions; provided, however, that the good faith contest of such impositions shall be deemed to be complete compliance with the requirements of the Loan Agreement if the College sets aside such reserves as may be required by good accounting practice. Notwithstanding the foregoing, the Authority in its sole discretion, after notice in writing to the College, may pay any such charges, taxes and assessments if, in the reasonable judgment of the Authority, the Project or any part thereof would be in substantial danger by reason of the College's failure to pay such charges, taxes and assessments of being sold, attached, forfeited, foreclosed, transferred, conveyed, assigned or otherwise subjected to any proceeding, equitable remedy, lien, charge, fee or penalty that would impair (i) the interests or security of the Authority under the Loan Agreement or under the Resolution; (ii) the ability of the Authority to enforce its rights thereunder; (iii) the ability of the Authority to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement or under the Resolution; or (iv) the ability of the College to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement and the College agrees to reimburse the Authority for any such payment, with interest thereon from the date payment was made by the Authority at a rate equal to the highest rate of interest payable on any investment held for the Debt Service Fund on the date such payment was made by the Authority.

(Section 27)

### Defaults and Remedies

As used in the Loan Agreement the term "Event of Default" shall mean:

(i) the College shall (A) default in the timely payment of any amount payable pursuant to the Loan Agreement (other than as described in subsection (B) below, or the payment of any other amounts required to be delivered or paid by or on behalf of the College in accordance with the Loan Agreement or with the Resolution or Series Resolution, and such default continues for a period in excess of seven (7) days or (B) default in the timely payment of interest payable

on Outstanding Variable Interest Rate Bonds or the purchase price of Option Bonds tendered for purchase, in accordance with the terms of the Loan Agreement; or

(ii) the College defaults in the due and punctual performance of any other covenant contained in the Loan Agreement and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the College by the Authority or the Trustee or, if such default is not capable of being cured within thirty (30) days, the College fails to commence within said thirty (30) days to cure the same and to diligently prosecute the cure thereof; or

(iii) as a result of any default in payment or performance required of the College under the Loan Agreement or any other Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Authority shall be in default in the payment or performance of any of its obligations under the Resolution or an "event of default" (as defined in the Resolution) shall have been declared under the Resolution so long as such default or event of default shall remain uncured or the Trustee or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof; or

(iv) the College shall (A) be generally not paying its debts as they become due, (B) file, or consent by answer or otherwise to the filing against it of, a petition under the United States Bankruptcy Code or under any other bankruptcy or insolvency law of any jurisdiction, (C) make a general assignment for the benefit of its general creditors, (D) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property, (E) be adjudicated insolvent or be liquidated or (F) take corporate action for the purpose of any of the foregoing; or

(v) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the College, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the College, or any petition for any such relief shall be filed against the College and such petition shall not be dismissed or stayed within ninety (90) days; or

(vi) the charter of the College shall be suspended or revoked; or

(vii) a petition to dissolve the College shall be filed by the College with the Board of Regents of the University of the State of New York, the legislature of the State or other governmental authority having jurisdiction over the College; or

(viii) an order of dissolution of the College shall be made by the Board of Regents of the University of the State of New York, the legislature of the State or other governmental authority having jurisdiction over the College, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days; or

(ix) a petition shall be filed with a court having jurisdiction for an order directing or providing for the sale, disposition or distribution of all or substantially all of the property belonging to the College which petition shall remain undismissed or unstayed for an aggregate of ninety (90) days; or

(x) an order of a court having jurisdiction shall be entered directing or providing for the sale, disposition or distribution of all or substantially all of the property belonging to the College, which order shall remain undismissed or unstayed for the earlier of (A) three (3) business days prior to the date provided for in such order for such sale, disposition or distribution or (B) an aggregate of thirty (30) days from the date such order shall have been entered; or

(xi) a final judgment for the payment of money, at least one million dollars (\$1,000,000) of which is not covered by insurance or reserves set aside by the College, which in the judgment of the Authority will adversely affect the rights of the Holders of the Bonds shall be rendered against the College and at any time after forty-five (45) days from the entry thereof, (A) such judgment shall not have been discharged or paid, or (B) the College shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within forty-five (45) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal; or

(xii) the occurrence and continuance of an event of default under the Mortgage.

### *Appendix C*

Upon the occurrence of an Event of Default the Authority may take any one or more of the following actions:

- (i) declare all sums payable by the College under the Loan Agreement immediately due and payable;
- (ii) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of Bonds or the Construction Fund or otherwise to which the College may otherwise be entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or moneys for such purposes as are authorized by the Resolution;
- (iii) withhold any or all further performance under the Loan Agreement;
- (iv) maintain an action against the College under the Loan Agreement to recover any sums payable by the College or to require its compliance with the terms of the Loan Agreement or the Mortgage;
- (v) realize upon any pledge of or security interest in the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement, by any one or more of the following actions: (A) enter the College and examine and make copies of the financial books and records of the College relating to the Pledged Revenues and, to the extent of the assigned Pledged Revenues, take possession of all checks or other orders for payment of money and moneys in the possession of the College representing Pledged Revenues or proceeds thereof; (B) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; provided, however, that (1) the Authority may, in its discretion, immediately collect the entire amount of interest, principal, or Sinking Fund Installments, if any, coming due on Outstanding Bonds on the next interest payment date therefor, subject to the Prior Pledges, and may continue to do so commencing on each such interest payment date to the extent of amounts due on Outstanding Bonds on the next interest payment date therefor, with respect to the Pledged Revenues, until such amounts are fully collected, (2) written notice of such notification shall be mailed to the College five (5) days prior to mailing or otherwise making such notification to account debtors and (3) until the College shall receive such notice it shall have full authority and responsibility to enforce and collect Pledged Revenues owing from its account debtors; (C) following the above mentioned notification to account debtors, collect, compromise, settle, compound or extend amounts payable as Pledged Revenues which are in the form of accounts receivable or contract rights from the College's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the College whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (D) require the College to deposit all moneys, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned under the Loan Agreement within five (5) business days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by the Authority; provided, however, that (1) the moneys in such fund or account shall be applied by the Authority to the payment of any of the obligations of the College under the Loan Agreement, including the fees and expenses of the Authority, (2) the Authority in its sole discretion may authorize the College to make withdrawals from such fund or account for its corporate purposes and (3) the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the College when all Events of Default under the Loan Agreement by the College have been cured or waived; (E) forbid the College to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Pledged Revenues, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; or (F) endorse in the name of the College any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;
- (vi) to the extent permitted by law, (A) enter upon the Project and complete the construction thereof in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the College, consent to such entry being by the Loan Agreement given by the College, (B) at any time discontinue any work commenced in respect of the construction of the Project or change any course of action undertaken by the College and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (C) assume any construction contract made by the College in any way relating to the construction of the Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the College, whether or not previously incorporated into the construction of such Project, and (D) in connection with the construction of the Project undertaken by the Authority pursuant to the provisions summarized in this subparagraph (v), (1) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of such Project, (2) pay, settle or

compromise all bills or claims which may become liens against the Project or against any moneys of the Authority applicable to the construction of such Project, or which have been or may be incurred in any manner in connection with completing the construction of the Project or for the discharge of liens, encumbrances or defects in the title to the Project or against any moneys of the Authority applicable to the construction of such Project, and (3) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The College shall be liable to the Authority for all sums paid or incurred for construction of the Project whether the same shall be paid or incurred pursuant to the provisions summarized in this subparagraph (v) or otherwise, and all payments made or liabilities incurred by the Authority under the Loan Agreement of any kind whatsoever shall be paid by the College to the Authority upon demand. The College irrevocably constitutes and appoints the Authority its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the College for the purpose of exercising the rights granted to the Authority by provisions summarized in this subparagraph (v) during the term of the Loan Agreement;

(vii) take any action necessary to enable the Authority to realize on its liens under the Loan Agreement or under the Mortgage or by law, and any other action or proceeding permitted by the terms of the Loan Agreement or by law.

All rights and remedies in the Loan Agreement given or granted to the Authority are cumulative, non-exclusive and in addition to any and all rights and remedies that the Authority may have or may be given by reason of any law, statute, ordinance or otherwise, and no failure to exercise or delay in exercising any remedy shall effect a waiver of the Authority's right to exercise such remedy thereafter.

At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement, the Authority may annul any declaration summarized in paragraph (b) above and its consequences if such Event of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto.

(Section 31)

#### Investment of Moneys

The College acknowledges that the Authority may in its sole discretion direct the investment of certain moneys held under the Resolution and the Series Resolution as provided therein and that no representation or warranty has been made by the Authority with respect to interest rates on, or the amount to be earned as a result of, any such investment. Neither the Authority nor the Trustee shall have any liability arising out of or in connection with the making of any investment authorized by the provisions of the Resolution summarized in Appendix D under the heading "Security for Deposits and Investment of Funds" in the manner provided therein, or for any loss, direct or indirect, resulting from any such investment. The Authority agrees that it shall direct the making of investments as permitted by the Resolution as soon as practicable when moneys are legally available therefor.

(Section 33)

#### Limitation on Agreements

The College shall not enter into any contract or agreement which impairs the College's ability to comply with the provisions of the Loan Agreement relating to financial obligations of the College in any material respect.

(Section 35)

#### Arbitrage; Tax Exemption

Each of the College and the Authority covenants that it shall take no action, nor shall it approve the Trustee's taking any action or making any investment or use of the proceeds of the Bonds, which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Bonds at the time of such action, investment or use. The College (or any related person, as defined in Section 147(a)(2) of the Code) shall not, pursuant to an arrangement, formal or informal, purchase Bonds in an amount related to the amount of any obligation to be acquired from the College by the Authority.

The College covenants that it will not take any action or fail to take any action which would cause any representation

## *Appendix C*

or warranty of the College contained in the Tax Certificate then to be untrue and shall comply with all covenants and agreements of the College contained in the Tax Certificate, in each case to the extent required by and otherwise in compliance with such Tax Certificate.

(Section 36)

### Limitation on Authority Rights

As long as no Event of Default has occurred and is continuing, and no event has occurred that, with the giving of notice or lapse of time, or both, would constitute an Event of Default, the Authority will not, without the prior written consent of the College (i) change the dates on which an Option Bond is to be tendered for purchase or the period during which a Variable Interest Rate Bond is to bear interest at a particular rate, (ii) convert a Variable Interest Rate Bond to bear interest at a fixed rate to its maturity, (iii) seek the removal or resignation of a Remarketing Agent or appoint a successor Remarketing Agent, (iv) amend or modify the dates on or Redemption Price at which a Variable Interest Rate Bond after its conversion to bear interest at a fixed rate to the maturity date thereof may be redeemed at the election or direction of the Authority in accordance with the Resolution or (v) remarket at a price other than par any Option Bond tendered or deemed to have been tendered for purchase. The College may, at any time no Event of Default, or an event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default, has occurred and is continuing, request the Authority to take such action as may be required by the Resolution or the Series Resolution or the Bond Series Certificate to change the dates on which such Option Bonds are to be tendered for purchase or the period during which such Variable Interest Rate Bonds shall bear interest at a particular rate or to convert such Variable Interest Rate Bonds to bear interest at a fixed rate to their maturity.

(Section 37)

### Certificate as to Representations and Warranties

The obligations of the Authority under the Loan Agreement and the delivery of the Bonds are conditioned upon the receipt by the Authority at or prior to delivery of the Bonds of a certificate of an Authorized Officer of the College acceptable to the Authority to the effect that the representations and warranties contained in the Loan Agreement are true and correct and in full force and effect on and as of the date of delivery of the Bonds as if made on the date of delivery of the Bonds.

(Section 40)

### Further Assurances

The College, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as are necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, moneys, securities, funds and security interests by the Loan Agreement or by the Resolution pledged, assigned or granted, or intended so to be, or which the College may after the date of the Loan Agreement become bound to pledge, assign or grant to the Authority pursuant to the Loan Agreement.

(Section 43)

### Amendments to Loan Agreement

The Loan Agreement may be amended only in accordance with the Resolution and each amendment shall be made by an instrument in writing signed by the College and the Authority, an executed counterpart of which shall be filed with the Trustee.

(Section 44)

### Termination

The Loan Agreement shall remain in full force and effect until no Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the College shall have been made or provision made for the payment thereof; provided, however, that the liabilities and the obligations of the College under the Loan Agreement relating to the prompt payment of arbitrage rebate and to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to certain provisions of the Loan Agreement shall nevertheless survive any such termination. Upon such termination, the Authority shall promptly deliver such documents as may be reasonably

requested by the College to evidence such termination and the discharge of the College's duties under the Loan agreement and the release or surrender of any security interests granted by the College to the Authority pursuant to the Loan Agreement.

(Section 45)

Covenant as to Liquidity Facility

The College covenants to maintain a Liquidity Facility (as such term is defined in the Bond Series Certificate relating to the Bonds) with respect to the Bonds pursuant to and in accordance with the requirements set forth in such Bond Series Certificate.

(Section 50)

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**SUMMARY OF CERTAIN PROVISIONS  
OF THE RESOLUTION**

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## **SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**

The following is a brief summary of certain provisions of the Resolution pertaining to the Bonds. This summary does not purport to be complete and reference is made to the Resolution for full and complete statements of such and all provisions. The headings below are not part of the Resolution but have been added for ease of reference only. Defined terms used herein shall have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

### **Resolution and Bonds Constitute a Contract**

It is the intent of the Resolution to authorize the issuance by the Authority, from time to time, of its Ithaca College Revenue Bonds in one or more Series, each such Series to be authorized by a separate Series Resolution and, inter alia, to be separately secured from each other Series of Bonds. Each such Series of Bonds shall be separate and apart from any other Series of Bonds authorized by a different Series Resolution and the Holders of Bonds of such Series shall not be entitled to the rights and benefits conferred upon the Holders of Bonds of any other Series of Bonds by the respective Series Resolution authorizing such Series of Bonds. With respect to each Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of a Series authorized to be issued under the Resolution and a Series Resolution by those who shall hold or own the same from time to time, the Resolution and such Series Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of such Bonds of a Series, and the pledge and assignment to the Trustee made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds of a Series, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bonds of such Series over any other Bonds of such Series except as expressly provided in the Resolution or permitted by the Resolution or by a Series Resolution.

### **(Section 1.03)**

#### **Option of the Authority to Assign Certain Rights and Remedies**

With respect to each Series of Bonds, as security for the payment of the principal Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Outstanding Bonds of such Series and for the performance of each other obligation of the Authority under the Resolution and under a Series Resolution, the Authority may, and upon the occurrence of an event of default under the Resolution shall, grant, pledge and assign to the Trustee all of the Authority's estate, right, title, interest and claim in, to and under the Loan Agreement or the Mortgage, together with all rights, powers, security interests, privileges, options and other benefits of the Authority under such Loan Agreement or Mortgage, including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance with the Resolution) all Revenues, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under the Loan Agreement or Mortgage, and the right to make all waivers and agreements in the name and on behalf of the Authority, as Trustee for the benefit of the Bondholders of such Series, and to perform all other necessary and appropriate acts under the Loan Agreement or Mortgage, subject to the following conditions, that (i) the Holders of such Bonds of such Series, if any, shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by the Authority and (ii) that, unless and until the Trustee, in its discretion exercised following an "Event of Default" under the Loan Agreement or Mortgage that is continuing, so elects, by an instrument in writing delivered to the Authority and the College (and then, only to the extent that the Trustee so elects), the Trustee shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in the Loan Agreement or Mortgage to be performed by the Authority (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision) the Authority, however, to remain liable to observe and perform all the conditions and covenants, in the Loan Agreement or Mortgage, provided to be observed and performed by it; and (iii) that any grant, pledge and assignment of money, revenues, accounts, rights or other property of the College made with respect to the Loan Agreement or Mortgage pursuant to the Resolution shall secure, in the case of the Loan Agreement or Mortgage, only the payment of the amounts payable under the Loan Agreement.

## *Appendix D*

Any grant, pledge or assignment made pursuant to the Resolution as summarized herein, shall be made by instruments in form and substance reasonably satisfactory to the Trustee executed and delivered by the Authority as soon as practicable after the occurrence of an event of default under the Resolution, but in no event more than thirty (30) days thereafter. The Trustee shall accept such grant, pledge and assignment which acceptance shall be evidenced in writing and signed by an Authorized Officer of the Trustee in form and substance reasonably satisfactory to the Authority.

If an event of default under the Resolution has been cured and is no longer continuing, the Trustee, as soon as practicable after the written request of the Authority, shall re-grant and re-assign to the Authority, and release from any pledge made by the Authority pursuant to the Resolution as summarized herein, all of the Authority's estate, right, title, interest and claim in, to and under the Loan Agreement, together with all rights, powers, security interests, privileges, options and other benefits of the Authority thereunder, theretofore granted, pledged or assigned to the Trustee pursuant to the Resolution. The Trustee shall execute such instruments as the Authority may reasonably require to effect or evidence such re-grant, re-assignment or release.

(Section 1.04)

### Refunding Bonds

All or any portion of one or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all Outstanding Bonds, one or more Series of Outstanding Bonds, a portion of a Series of Outstanding Bonds or a portion of a maturity of a Series of Outstanding Bonds. The Authority may issue Refunding Bonds of a Series in an aggregate principal amount sufficient, together with other money available therefor, to accomplish such refunding and to make such deposits required by the Resolution and by the Series Resolution authorizing such Series of Refunding Bonds.

The Refunding Bonds of such Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by the Resolution) of:

(a) If the Bonds to be refunded are to be redeemed, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a redemption date specified in such instructions;

(b) Irrevocable instructions to the Trustee, satisfactory to it, to duly give the notice provided for in the defeasance provisions of the Resolution to the Holders of the Bonds being refunded;

(c) Either (i) money in an amount sufficient to effect payment of the principal at maturity or the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which money shall be held by the Trustee or any one or more of the Paying Agents in a separate fund or account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as shall be necessary to comply with the defeasance provisions of the Resolution, which Defeasance Securities and money shall be held in trust and used only as provided in the defeasance provisions of the Resolution; and

(d) A certificate of an Authorized Officer of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements summarized herein.

The proceeds, including accrued interest, of Refunding Bonds shall be applied simultaneously with the delivery of such Refunding Bonds in the manner provided in or as determined in accordance with the Series Resolution authorizing such Refunding Bonds or the Bond Series Certificate relating to such Series of Refunding Bonds.

(Section 2.04)

### Additional Obligations

The Authority reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Authority, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as provided in the Resolution, entitled to a charge, lien or right prior or equal to the charge or lien created by the Resolution, or prior or equal to the rights of the Authority and Holders of Bonds as provided by the Resolution.

(Section 2.05)

## Redemption and Purchase of Bonds

### Authorization of Redemption

Bonds of a Series subject to redemption prior to maturity pursuant to the Resolution or to a Series Resolution or a Bond Series Certificate shall be redeemable, in accordance with the Resolution, at such times, at such Redemption Prices and upon such terms as may otherwise be specified in the Resolution or in the Series Resolution authorizing such Series or the applicable Bond Series Certificate.

(Section 4.01)

### Redemption at the Election or Direction of the Authority

In the case of any redemption of Bonds of a Series other than as summarized in the following paragraph, the Authority shall give written notice to the Trustee and each applicable Provider of its election or direction to redeem, of the Series and of the principal amounts of the Bonds of each maturity of such Series to be redeemed. The Series, maturities and principal amounts thereof to be redeemed at the election or direction of the Authority shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Resolution or in the Series Resolution authorizing such Series or the applicable Bond Series Certificate. Such notice shall be given to the Trustee and each applicable Provider at least sixty (60) days prior to the date on which such Bonds are to be redeemed, or such lesser number of days as shall be acceptable to the Trustee. Unless the notice of redemption required by the Resolution provides that the redemption is subject to the condition that money for payment of the Redemption Price is available on the redemption date, such notice shall not be given unless prior to the date such notice is given, the Authority shall have paid or caused to be paid to the Trustee an amount which, in addition to other amounts available therefor held by the Trustee, is sufficient to redeem, on the redemption dates at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds of such Series to be so redeemed.

(Section 4.02)

### Redemption Other Than at Authority's Election or Direction

Whenever by the terms of the Resolution the Trustee is required to redeem Bonds of a Series through the application of mandatory Sinking Fund Installments, the Trustee shall select the Bonds of such Series, and maturities to be redeemed in the manner summarized in the following paragraph, give the notice of redemption and pay out of money available therefor the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, to the appropriate Paying Agents in accordance with the terms of the Resolution.

(Section 4.03)

### Selection of Bonds to Be Redeemed

Unless otherwise provided in the Series Resolution authorizing the issuance of Bonds of a Series or the Bond Series Certificate relating to such Bonds, in the event of redemption of less than all of the Outstanding Bonds of like Series, maturity and tenor, the Trustee shall assign to each Outstanding Bond of the Series, maturity and tenor to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw such Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as summarized herein) which end in the same digit or in the same two digits. If in such a case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued shall be redeemed as shall equal the lowest denomination in which the Bonds of such Series are authorized to be issued for each number assigned to it and so selected.

## *Appendix D*

For purposes of the Resolution as summarized herein, the lowest denomination in which a Capital Appreciation Bond is authorized to be issued shall be the lowest Accreted Value authorized to be due at maturity on such Bonds and the lowest denomination in which a Deferred Income Bond is authorized to be issued shall be the lowest Appreciated Value on the Interest Commencement Date authorized for such Bonds.

(Section 4.04)

### Notice of Redemption

Whenever Bonds of a Series are to be redeemed, the Trustee shall give notice of the redemption of such Bonds in the name of the Authority which notice shall specify: (i) the Bonds to be redeemed and the date said Bonds were issued pursuant to the Resolution, the maturity dates and interest rates of the Bonds to be redeemed; (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the Redemption Price; (v) the principal amount of each Bond to be redeemed; (vi) the date of publication, if any, of the notice of redemption; (vii) that except in the case of Book-Entry Bonds, such Bonds will be redeemed at the principal corporate trust office of the Trustee giving the address thereof and the name and telephone number of a representative of the Trustee to whom inquiries may be directed; (viii) that no representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on such Bond or as contained in such notice shall not affect the validity of the proceedings for redemption; and (ix) if the Authority's obligation to redeem the Bonds is subject to conditions, a statement that describes the condition to such redemption. Any notice of redemption, other than a notice for special or extraordinary redemption provided for in a Series Resolution or Bond Series Certificate, may state that the redemption is conditioned upon receipt by the Trustee, on or prior to the redemption date, of moneys sufficient to pay the Redemption Price of the Bonds to be redeemed, and that if such moneys are not received such notice shall be of no force or effect and such Bonds shall not be required to be redeemed.

Such notice shall further state that on such date there shall become due and payable upon each Bond of a Series to be redeemed the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue. Such notice shall be given by mailing a copy of such notice not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date or, in the case of Variable Interest Rate Bonds or Option Bonds, such shorter period as shall be established by the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, but in no event less than fifteen (15) days prior to the redemption date. Such notice shall be sent by first class mail, postage prepaid, to the registered owners of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice, the Trustee shall promptly certify to the Authority that it has mailed or caused to be mailed such notice to the Holders of the Bonds to be redeemed in the manner provided in the Resolution. Such certificate shall be conclusive evidence that such notice was given in the manner required by the Resolution. The failure of any Holder of a Bond of a Series to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of the Bonds. If directed in writing by an Authorized Officer of the Authority, the Trustee shall also give such notice by publication thereof once in an Authorized Newspaper, such publication to be not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date or, in the case of Variable Interest Rate Bonds or Option Bonds, such shorter period as shall be established by the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, but in no event less than fifteen (15) days prior to the redemption date; provided, however, that such publication shall not be a condition precedent to such redemption, and failure to so publish any such notice or a defect in such notice or in the publication thereof shall not affect the validity of the proceedings for the redemption of the Bonds.

In addition, unless otherwise provided for in a Series Resolution with respect to a Series of Bonds, the Trustee shall (i) if any of the Bonds to be redeemed are Book Entry Bonds, mail a copy of the notice of redemption to the Depository for such Book Entry Bonds not less than thirty-five (35) days prior to the redemption date, but, if notice of redemption is to be published as aforesaid, in no event later than five (5) Business Days prior to the date of publication, and (ii) mail a copy of the notice of redemption to Kenny Information Systems Notification Service and to Standard & Poor's Called Bond Record, or to any successor thereof, in each case at the most recent address therefor. Such copies shall be sent by certified mail, return receipt requested, but mailing such copies shall not be a condition precedent to such redemption and failure to so mail or of a person to which such copies were mailed to receive such copy shall not affect the validity

of the proceedings for the redemption of the Bonds.

(Section 4.05)

#### Payment of Redeemed Bonds

Notice having been given by mail in the manner provided in the Resolution, the Bonds of a Series or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender of such Bonds, other than Book Entry Bonds of like Series, maturity and tenor to be redeemed in part, at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. Payment of the Redemption Price shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be redeemed, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, at the time such Bonds are surrendered to the Trustee, directed in writing the Trustee to wire such Redemption Price. If there shall be drawn for redemption less than all of the principal amount of a registered Bond of a Series, the Authority shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, Bonds of like Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, money for the redemption of all Bonds of a Series or portions thereof of any like Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date, interest on such Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be Outstanding under the Resolution. If such money shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(Section 4.06)

#### Purchase of Bonds at the Election of the College

Whenever Bonds are to be purchased at the election of the College, written notice thereof and of the Bonds of the Series and maturity to be so purchased having been given by the College to the Authority, the Trustee, and each applicable Provider, the Trustee shall select the particular Bonds of such Series and maturity to be so purchased in the same manner as provided in the Resolution for the selection of Bonds to be redeemed in part. Promptly thereafter the Trustee shall give notice of the purchase of the Bonds at the times and in the manner provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate related thereto. The Trustee shall not give such notice unless prior to the date such notice is given, the College has caused to be delivered to the Trustee the written consent to such purchase of the Authority and each applicable Provider. All such purchases may be subject to conditions to the College's obligation to purchase such Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required by the Series Resolution authorizing the Bonds to be so purchased or the Bond Series Certificate relating thereto, then, if sufficient money to pay the purchase price of such Bonds is held by the Trustee, the purchase price of the Bonds or portions thereof so called for purchase shall become due and payable on the date set for purchase, upon presentation and surrender of such Bonds (other than Book Entry Bonds) to be purchased at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney. Payment of the purchase price of other than Book Entry Bonds shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be so purchased, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has prior to the purchase date directed in writing the Trustee to wire such purchase price. Bonds so purchased shall be considered to be Outstanding and each such Bond so purchased that is not a Book Entry Bond shall be registered in the name or at the direction of the College.

(Section 4.07)

#### Pledge of Revenues; Funds and Accounts; Revenues and Application Thereof

##### Pledge of Revenues

## *Appendix D*

The proceeds from the sale of a Series of Bonds, the applicable Revenues, the Authority's security interest in the applicable Pledged Revenues and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution, other than the Arbitrage Rebate Fund and any fund established for the repayment of funds drawn under a Credit Facility or Liquid Facility, are pursuant to the Resolution subject to the adoption of a Series Resolution pledged and assigned to the Trustee as security for the payment of the principal and Redemption Price of and interest on such Series of Bonds, all in accordance with the Resolution and the Series Resolution. The pledge made pursuant to the Resolution shall relate only to the Bonds of a Series authorized by such Series Resolution and no other Series of Bonds and such pledge shall not secure any such other Series of Bonds. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of a Series of Bonds, the applicable Revenues, the Authority's security interest in the applicable Pledged Revenues, and all funds and accounts established by the Resolution and by a Series Resolution which are pledged by the Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds of each Series shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the applicable Revenues, the Authority's security interest in the applicable Pledged Revenues and the funds and accounts established by the Resolution and a Series Resolution which are pledged by the Resolution as provided in the Resolution, and which pledge shall constitute a first lien thereon, subject only to the Prior Pledges.

(Section 5.01)

### Establishment of Funds and Accounts

Unless otherwise provided by a Series Resolution, the following funds are authorized to be established by the Resolution and shall be held and maintained for each Series of Bonds by the Trustee separate and apart from any other funds established and maintained pursuant to any other Series Resolution authorized by the Resolution:

Construction Fund;

Debt Service Fund;

Debt Service Reserve Fund, if applicable; and

Arbitrage Rebate Fund.

In addition to the accounts and subaccounts, if any, required to be established by the Resolution or by any Series Resolution, or any Bond Series Certificate, the Authority may for purposes of internal accounting establish such other accounts and subaccounts as the Authority or the Trustee deems proper, necessary or desirable. All money at any time deposited in any fund, account or subaccount created and pledged hereby or by any Series Resolution or required thereby to be created shall be held in trust for the benefit of the Holders of Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Resolution, unless otherwise provided in the applicable Series Resolution; provided, however, that the proceeds derived from the remarketing of Option Bonds tendered or deemed to have been tendered for purchase in accordance with the Series Resolution authorizing the issuance of such Bonds or the Bond Series Certificate relating to such Bonds or derived from a Liquidity Facility relating to such Bonds, and any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of Bonds other than such Option Bonds and are pledged by the Resolution for the payment of the purchase price of such Option Bonds.

(Section 5.02)

### Application of Money in the Construction Fund

As soon as practicable after the delivery of each Series of Bonds, the Trustee shall deposit in the Construction Fund the amount required to be deposited therein pursuant to the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series. In addition, the Authority shall pay over to the Trustee and the Trustee shall deposit in the Construction Fund any money paid to the Authority pursuant to provisions of the Resolution, and all amounts paid



by the College which by the terms of the Loan Agreement are required to be deposited therein.

Except as otherwise provided in the Resolution and in any applicable Series Resolution or Bond Series Certificate, money deposited in the Construction Fund shall be used only to pay the Costs of Issuance and the Costs of the Project with respect to such Series of Bonds.

Payments for Costs of Issuance shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority stating the names of the payees, the purpose of each payment in terms sufficient for identification, and the respective amounts of each such payment. Payments for Costs of any Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority, substantiated by a certificate filed with the Authority in accordance with the Loan Agreement naming the Project and describing in reasonable detail the purpose for which money was used and the amount thereof, and further stating that such purpose constitutes a necessary part of the Costs of such Project, except that payments to pay interest on Bonds of a Series shall be made by the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of the Authority directing the Trustee to transfer such amount from the Construction Fund to the Debt Service Fund.

Any proceeds of insurance, condemnation or eminent domain awards received by the Trustee, the Authority or the College with respect to a Project shall be deposited in the Construction Fund and, if necessary, such fund may be re-established for such purpose.

The Project shall be deemed to be complete upon delivery to the Authority and the Trustee of a certificate signed by an Authorized Officer of the College, which certificate shall be delivered as soon as practicable after the date of completion of such Project, or upon delivery to the College and the Trustee of a certificate signed by an Authorized Officer of the Authority which certificate may be delivered at any time after completion of such Project. Each such certificate shall state that such Project has been completed substantially in accordance with the plans and specifications, if any, applicable to such Project and that such Project is ready for occupancy or use, and, in the case of a certificate of an Authorized Officer of the College, shall specify the date of completion.

Upon receipt by the Trustee of a certificate relating to the completion of a Project, the money, if any, then remaining in the Construction Fund relating to the Project, after making provision in accordance with the direction of an Authorized Officer of the Authority for the payment of any Costs of Issuance and Costs of such Project - then unpaid, shall be paid or applied by the Trustee as follows and in the following order of priority:

First: Upon the direction of an Authorized Officer of the Authority, to the Arbitrage Rebate Fund, the amount set forth in such direction;

Second: To the Debt Service Reserve Fund, if any, such amount as shall be necessary to make the amount on deposit in such fund equal to the applicable Debt Service Reserve Fund Requirement; and

Third: To the Debt Service Fund, to be applied in accordance with the Resolution, any balance remaining.

(Section 5.04)

Debt Service Fund

(a) The Trustee shall on or before the Business Day preceding each interest payment date pay to itself and any other Paying Agent out of the Debt Service Fund:

- (i) the interest due and payable on all Outstanding Bonds of a Series on such interest payment date;
- (ii) the principal amount due and payable on all Outstanding Bonds of a Series on such interest payment date; and
- (iii) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on such interest payment date on Outstanding Bonds of a Series.

The amounts paid out pursuant to the Resolution shall be irrevocably pledged to and applied to such payments.

(b) Notwithstanding the provisions of the Resolution summarized in paragraph (a) above, the Authority may, at any time subsequent to the first day of July of any Bond Year but in no event less than forty-five (45) days prior to the

## *Appendix D*

succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with money on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment. In addition, the College pursuant to the Loan Agreement may deliver, at any time subsequent to July 1 of any Bond Year, but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, to the Trustee for cancellation one or more Term Bonds of the Series and maturity to be so redeemed on such date from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond so delivered to the Trustee shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Authority. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date; provided, however, that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

(c) Money in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, the interest on Outstanding Bonds payable on and prior to the earlier of the next succeeding interest payment date, assuming that a Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum, and the purchase price or Redemption Price of Outstanding Bonds of a Series theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to the purchase of Outstanding Bonds of any Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of the Authority shall direct. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Debt Service Fund, such money shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority given pursuant to the Resolution to the redemption of Bonds as provided in the redemption provisions of the Resolution, at the Redemption Prices specified in the Series Resolution authorizing the issuance of the Bonds to be redeemed or the Bond Series Certificate relating to such Bonds.

(Section 5.06)

### Arbitrage Rebate Fund

The Trustee shall deposit to the Arbitrage Rebate Fund any money delivered to it by the College for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Authority, money on deposit in any other funds held by the Trustee under the Resolution at such times and in such amounts as shall be set forth in such directions.

Money on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Money which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated shall, first, be applied to reimburse, pro rata, each Provider for money advanced under a Credit Facility or a Liquidity Facility, including interest thereon which is then unpaid in proportion to the respective amounts advanced by each such Provider, and then be deposited to any fund or account established under the Resolution in accordance with the written direction of such Authorized Officer.

The Authority shall periodically determine the amount which may be required by the Code to be rebated to the Department of the Treasury of the United States of America with respect to each Series of Bonds and direct the Trustee to (i) transfer from any other of the funds and accounts held by the Trustee under the Resolution and deposit to the Arbitrage Rebate Fund such amount as the Authority shall have determined to be necessary in order to enable it to comply with its obligation to rebate money to the Department of the Treasury of the United States of America with respect to such Series of Bonds and (ii) if and to the extent required by the Code, pay out of the Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 5.07)

### Application of Money in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time (i) the amounts held in the Debt Service Fund and Debt Service Reserve Fund, if applicable, are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of a Series and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable or to make provision pursuant to the Resolution for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Authority and the College. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Outstanding Bonds of a Series, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution and by a Series Resolution as provided in the redemption provisions of the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the defeasance provisions of the Resolution and make provision for the payment of such Outstanding Bonds at the maturity or redemption dates thereof in accordance therewith.

(Section 5.08)

#### Transfer of Investments

Whenever money in any fund or account established under the Resolution or under a Series Resolution is to be paid in accordance with the Resolution to another such fund or account, such payment may be made, in whole or in part, by transferring to such other fund or account investments held as part of the fund or account from which such payment is to be made, whose value, together with the money, if any, to be transferred, is at least equal to the amount of the payment then to be made; provided, however, that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such fund.

(Section 5.09)

#### Security for Deposits and Investment of Funds

##### Security for Deposits

All money held under the Resolution by the Trustee shall be continuously and fully secured, for the benefit of the Authority and the Holders of a Series of Bonds, by direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; provided, however, (a) that if the securing of such money is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any money with them pursuant to the debt service fund provisions or the defeasance provisions of the Resolution and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on a Series of Bonds, or for the Trustee to give security for any money which shall be represented by obligations purchased or other investments made under the provisions of the Resolution as an investment of such money.

(Section 6.01)

##### Investment of Funds and Accounts

(a) Money held under the Resolution by the Trustee, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority (which direction shall specify the amount thereof to be so invested), in Government Obligations, Federal Agency Obligations or Exempt Obligations; provided, however, that each such investment shall permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes of the Resolution.

(b) In lieu of the investments of money in obligations authorized in paragraph (a) summarized above, the Trustee shall, to the extent permitted by law, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority, invest money in the Construction Fund in any Permitted Investment; provided, however, that each such investment shall permit the money so deposited or invested to be available for use at the times

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at which the Authority reasonably believes such money will be required for the purposes of the Resolution; provided, further, that (x) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the Permitted Collateral shall be free and clear of claims of any other person.

(c) Permitted Investments purchased as an investment of money in any fund or account held by the Trustee under the provisions of the Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

(d) In computing the amount in any fund or account held by the Trustee under the provisions of the Resolution, each Permitted Investment shall be valued at par or the market value thereof, plus accrued interest, whichever is lower.

(e) Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in the Resolution and summarized in this paragraph. Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in order to provide money to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Authority and the College in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions of summarized in paragraphs (a), (b) and (c) above. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

(f) No part of the proceeds of a Series of Bonds or any other funds of the Authority shall be used directly or indirectly to acquire any securities or investments the acquisition of which would cause any Bond of a Series to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(Section 6.02)

### Particular Covenants

#### Payment of Principal and Interest

The Authority shall pay or cause to be paid the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on every Bond of each Series on the date and at the places and in the manner provided in the Bonds according to the true intent and meaning thereof.

(Section 7.01)

#### Further Assurance

The Authority, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, pledges and assignments created by the Resolution and by the applicable Series Resolution or made or intended to be created or made, or which the Authority may hereafter become bound to pledge or assign.

(Section 7.04)

#### Accounts and Audits

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to a Series of Bonds including but not limited to the objects and purposes for which proceeds of such

Bonds were expended and the respective amounts expended for such objects and purposes. Such books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the College, the Trustee or of any Holder of a Bond of a Series or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, to each Provider and to the College. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Resolution and the applicable Series Resolution; a statement of the Revenues collected in connection with the Resolution and each Series Resolution; and complete and correct entries of the Authority's transactions relating to each Series of Bonds. A copy of such report shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond of a Series or any beneficial owner of a Book Entry Bond requesting the same.

(Section 7.05)

#### Creation of Liens

Except as permitted by the Resolution or a Series Resolution, the Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds of such Series on the proceeds from the sale of such Bonds, the applicable Revenues, the rights of the Authority to receive payments to be made under the applicable Loan Agreement that are to be deposited with the Trustee or the funds and accounts established by the Resolutions or by such Series Resolution that are pledged by the Resolution; provided, however, that nothing contained in the Resolution shall prevent the Authority from (i) issuing bonds, notes or other obligations or otherwise incurred indebtedness under another and separate resolution so long as the charge or lien created by such resolution is not prior to the charge or lien created by the Resolution and the Series Resolution and (ii) incurring obligations with respect to a Credit Facility or a Liquidity Facility which are secured by a lien upon and pledge of the applicable Revenues of equal priority with the lien created and the pledge made by the Resolution and by the applicable Series Resolution..

(Section 7.06)

#### Enforcement of Duties and Obligations of the College

The Authority shall take all legally available action to cause the College to perform fully all duties and acts and comply fully with the covenants of the College required by the Loan Agreement in the manner and at the times provided in the Loan Agreement; provided, however, that the Authority may (i) delay or defer enforcement of one or more provisions of the Loan Agreement (other than provisions requiring the payment of money or the delivery of securities to the Trustee for deposit to any fund or account established under the Resolution) if the Authority determines such delay or deferment will not materially adversely affect the interests of the Holders of the Bonds of such Series and (ii) at any time prior to the occurrence of an event of default under the Resolution, annul any declaration that the indebtedness under the Loan Agreement is immediately due and payable and, if prior to the entry of a final judgment or decree in any action or proceeding instituted on account of an "Event of Default" under the Loan Agreement, as such term is defined in such Loan Agreement, discontinue such action or proceeding if the College shall have cured such "Event of Default".

(Section 7.07)

#### Deposit of Certain Money in the Construction Fund

In addition to the proceeds of Bonds of a Series to be deposited in the Construction Fund, any moneys paid to the Authority for the acquisition, construction, reconstruction, renovation or equipment of a Project, including the proceeds of any insurance or condemnation award to be so applied shall be deposited in the Construction Fund.

(Section 7.08)

#### Offices for Payment and Registration of Bonds

The Authority shall at all times maintain an office or agency in the State where Bonds of a Series may be presented for payment. The Authority may, pursuant to a Supplemental Resolution or a Series Resolution or pursuant to a resolution adopted in accordance with the Resolution, designate an additional Paying Agent or Paying Agents where Bonds of the Series authorized thereby or referred to therein may be presented for payment. The Authority shall at all

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times maintain an office or agency in the State where Bonds of a Series may be presented for registration, transfer or exchange and the Trustee is appointed as its agent to maintain such office or agency for the registration, transfer or exchange of such Bonds.

(Section 7.09)

### Amendment of Loan Agreement

The Loan Agreement may not be amended, changed, modified, altered or terminated nor may any provision thereof be waived if any such amendment, change, modification, alteration, termination or waiver would adversely affect in any material respect the interest of the Holders of Outstanding Bonds of the applicable Series to which such Loan Agreement relates unless consented to in writing by the Holders of at least a majority in aggregate principal amount of the Bonds of such Series then Outstanding; provided, however, that no such amendment, change, modification, alteration, or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds of a Series the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the College under the Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Any consent given pursuant to the paragraph summarized herein by the Holders of Bonds shall, except as otherwise provided in the paragraph summarized herein, be given in the same manner required by the portion of the Resolution addressing amendments of the Resolution.

The Loan Agreement may be amended, changed, modified or altered (i) to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of any facilities constituting a part of any Project or to otherwise amend the Project or (ii) with the consent of the Trustee, to cure any ambiguity, or to correct or supplement any provisions contained in the Loan Agreement which may be defective or inconsistent with any other provisions contained in the Resolution or in the Loan Agreement. Except as otherwise provided in the paragraph summarized herein, the Loan Agreement may be amended, changed, modified or altered without the consent of the Holders of Outstanding Bonds or the Trustee. Prior to execution by the Authority of any amendment, a copy thereof certified by an Authorized Officer of the Authority shall be filed with the Trustee.

For the purposes of the paragraph summarized herein, the purchasers of Bonds of a Series, whether purchasing as underwriters, Remarketing Agent or otherwise for resale, may upon such purchase consent to an amendment, change, modification, alteration, termination or waiver permitted by the paragraph summarized herein in the manner provided in the Resolution, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or Remarketing Agent or for resale, the nature of the amendment, change, modification, alteration, termination or waiver and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering or remarketing memorandum or other offering document prepared in connection with the initial offering, reoffering or resale of the Bonds of such Series.

For the purposes of the paragraph summarized herein, a Series of Bonds shall be deemed to be adversely affected by an amendment, change, modification, alteration or termination of the Loan Agreement or the waiver of any provision thereof if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any particular Series would be adversely affected in any material respect by any amendment, change, modification, alteration, termination or waiver and any such determination shall be binding and conclusive on the College, the Authority and all Holders of Bonds of such Series.

For all purposes of the paragraph summarized herein, the Trustee shall be entitled to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee, with respect to whether any amendment, change, modification, alteration, termination or waiver adversely affects the interests of any Holders of Bonds of a Series then Outstanding in any material respect.

(Section 7.11)

### Notice as to Event of Default under Loan Agreement

The Authority shall notify the Trustee in writing that an "Event of Default" under the Loan Agreement, as such term is defined in the Loan Agreement, has occurred and is continuing, which notice shall be given as soon as practicable after the Authority has obtained actual knowledge thereof.

(Section 7.12)

#### Series Resolutions and Supplemental Resolutions

##### Modification and Amendment without Consent

Notwithstanding any other provisions of the Resolution, the Authority may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority:

(a) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(b) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds of a Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

(c) To prescribe further limitations and restrictions upon the issuance of Bonds of a Series and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(d) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

(e) To confirm, as further assurance, any pledge under the Resolution and under the Series Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution and by the provisions of a Series Resolution, of the Revenues, or any pledge of any other money, securities or funds;

(f) To modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions;

(g) To modify or amend the Project; or

(h) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders of a Series in any material respect.

(Section 9.01)

##### Supplemental Resolutions Effective With Consent of Bondholders

The provisions of the Resolution and of a Series Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of Bondholders of the applicable Series in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority. The Trustee shall transmit a copy of such Supplemental Resolution to the College upon its becoming effective.

(Section 9.02)

##### General Provisions Relating to Series Resolutions and Supplemental Resolutions

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The Resolution or a Series Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Resolution. Nothing contained the Resolution shall affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Resolution summarized under the heading "Further Assurance" above, or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere provided in the Resolution or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by the Authority, when filed with the Trustee, shall be accompanied by an opinion of Bond Counsel stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms. The Trustee shall transmit a copy of such Supplemental Resolution to the College and the applicable Provider upon its becoming effective.

The Trustee is authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions of the Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Bond Counsel that such series resolution or Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent or of a Facility Provider shall become effective without the written consent of the Trustee, Paying Agent or Provider affected thereby.

(Section 9.03)

Amendments of Resolution

Powers of Amendment

Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution or of any Series Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution and summarized in the following paragraph, (i) of the Holders of at least a majority in principal amount of the Bonds of a Series Outstanding at the time such consent is given or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond of a Series or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of the provisions of the Resolution summarized in this paragraph, a Series shall be deemed to be affected by a modification or amendment if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds of such Series. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution. The Trustee shall transmit a copy of such Supplemental Resolution to the College upon its becoming effective.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution summarized in the preceding paragraph to take effect when and as provided in the



Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders of a Series for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to such Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds of a Series specified in the Resolution as summarized in the preceding paragraph and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution as summarized below. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds of a Series with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds of a Series described in the certificate or certificates of the Trustee.

Any consent given by the a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Bondholder and of any Bonds of a Series issued in exchange therefor (whether or not such subsequent Insurer or Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee provided for in the Resolution is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds of a Series shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed.

At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds of a Series and will be effective as provided in the Resolution, shall be given to such Bondholders by the Authority by mailing such notice to such Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds of a Series shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee provided for in the Resolution is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in the Resolution). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted by the Resolution to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent, and the Holders of all Bonds of such Series upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the Authority, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

For the purposes of the provisions of the Resolution relating to amendments of the Resolution, the purchasers of the Bonds of a Series, whether purchasing as underwriters or Remarketing Agent, for resale or otherwise, upon such purchase, may consent to a modification or amendment permitted by the Resolution in the manner provided in the Resolution, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or

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for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series by the Authority.

(Section 10.02)

### Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds of a Series may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority of a copy of a Supplemental Resolution certified by an Authorized Officer of the Authority and the consent of the Holders of all of the Bonds of a Series then Outstanding, such consent to be given as provided in the Resolution, except that no notice to the Bondholders either by mailing or publication shall be required.

(Section 10.03)

### Consent of Provider

Whenever by the terms of the Resolution relating to amendments of the Resolution the consent of any of the Holders of the Bonds of a Series to a modification or amendment hereof made by a Series Resolution or Supplemental Resolution is required, such modification or amendment shall not become effective until the written consent of each applicable Provider has been obtained. No modification or amendment hereof which adversely affects a Provider shall be, if any, made without the written consent thereto of the Provider affected thereby. Notice of the adoption of any such Series Resolution or Supplemental Resolution and of the effectiveness of the modification or amendment made thereby shall be given to each applicable Provider, if any, by mail at the times and in the manner provided herein with respect to notices thereof required to be given to the Holders of the Bonds of a Series. Notice thereof shall also be given to each Rating Service as soon as practical after adoption of such Series Resolution or Supplemental Resolution and of the effectiveness thereof.

(Section 10.04)

### Defaults and Remedies

#### Events of Default

An event of default shall exist under the Resolution and under a Series Resolution (referred to in the Resolution as an "event of default") if:

(a) With respect to a Series of Bonds, payment of the principal, Sinking Fund Installments or Redemption Price of any Bond shall not be made by the Authority when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) With respect to a Series of Bonds, payment of an installment of interest on any Bond shall not be made by the Authority when the same shall become due and payable; or

(c) With respect to a Series of Bonds, the Authority shall fail to duly and punctually perform of any covenants contained in the Series Resolution authorizing the issuance thereof to the effect that the Authority shall comply with the provisions of the Code applicable to such Bonds necessary to maintain the exclusion of interest therein from gross income under Section 103 of the Code and shall not take any action which would adversely affect the exclusion of interest on such Bonds from gross income under Section 103 of the Code and, as a result thereof, the interest on the Bonds of such Series shall no longer be excludable from gross income under Section 103 of the Code; or

(d) With respect to a Series of Bonds, the Authority shall fail to duly and punctually perform any other of the covenants, conditions, agreements and provisions contained in the Resolution or in such Bonds or in any series resolution on the part of the Authority to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of such Series, or if such default is not capable of being cured within thirty (30) days, if the Authority fails to commence within said thirty (30) days and

**SUMMARY OF CERTAIN PROVISIONS  
OF THE REIMBURSEMENT AGREEMENT**

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## **SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT**

The following is a summary of certain provisions of the Reimbursement Agreement pursuant to which the Letter of Credit will be issued. This summary is not a complete recital of the terms of the Reimbursement Agreement or the documents that secure the Reimbursement Agreement and reference is made to the Reimbursement Agreement and those documents in their entirety. During the initial offering period, potential purchasers of the Series 2008 Bonds can obtain a copy of the Reimbursement Agreement and of the other documents referenced below in connection with the Reimbursement Agreement from the Underwriter at no cost and are encouraged to review the same before investing in the Series 2008 Bonds. Following the initial offering period, potential purchasers can examine such documents at the office of the Trustee. Among other matters of concern to purchasers of the Series 2008 Bonds that are set forth in such documents, if an Event of Default occurs under the Reimbursement Agreement, the Bank can cause the Series 2008 Bonds to be tendered for mandatory purchase or accelerated.

Any reimbursement agreement pursuant to which a Substitute Credit Facility is issued may have terms substantially different from those of the Reimbursement Agreement. The rights and obligations of the parties to the Reimbursement Agreement and the documents that secure the Reimbursement Agreement do not extend to the Trustee or to the Bondholders.

### **Reimbursement by the College**

The College agrees to pay to the Bank all amounts that are drawn under the Letter of Credit, together with interest on all such amounts.

### **Fees and Expenses**

Pursuant to the Reimbursement Agreement, the College agrees to pay to the Bank a fee (the "Letter of Credit Fee") equal to forty-seven one hundredths of one percentage point (47 basis points) per annum (the "Rate") of the Letter of Credit Commitment (as reduced pursuant to the Letter of Credit without any reduction for principal or interest which may be reinstated pursuant to the Letter of Credit ("Temporary Reductions")) during the term of the Reimbursement Agreement. The Letter of Credit Fee shall be payable in quarterly installments in advance on each January 1, April 1, July 1 and October 1 until the Expiration Date of the Letter of Credit; provided, however, that upon the Date of Issuance of the Letter of Credit, the College shall pay an installment of the Letter of Credit Fee for the period from the Date of Issuance to and including June 30, 2008. The quarterly fee shall be computed based upon the outstanding face amount of the Letter of Credit on the last calendar day of the preceding quarter without giving effect to any Temporary Reductions. Letter of Credit Fees shall be paid in advance without prorating (except on the Closing Date) and shall be fully earned and non-refundable upon payment thereof to the Bank.

### **Certain Affirmative and Negative Covenants**

The College makes certain affirmative and negative covenants in the Reimbursement Agreement with respect to its legal, business and financial affairs.

### **Conversion from Weekly Rate**

The College agrees that it will not permit the conversion of any Series 2008 Bonds to an interest rate other than the Weekly Rate unless the College has obtained and there is in effect a written firm commitment in customary form to purchase all of the Series 2008 Bonds to be so converted not less than seven (7) days prior to the proposed Conversion Date from the Remarketing Agent or other underwriter or underwriters reasonably satisfactory to the Bank providing for the purchase of all of the Series 2008 Bonds by 12:00 noon (New York time) on such Conversion Date. The College also agrees that it will not convert from the Weekly Rate less than all of the Series 2008 Bonds then Outstanding.

## *Appendix E*

### **Security for Reimbursement Agreement**

As security for its obligations under the Reimbursement Agreement, the Authority has assigned the Mortgage to the Bank. The College has also executed a security agreement (the "Security Agreement") in favor of the Bank granting a security interest in tuition subject to Prior Pledges.

THE SECURITY AGREEMENT SECURES PAYMENTS AND OBLIGATIONS DUE FROM THE COLLEGE TO THE BANK UNDER THE REIMBURSEMENT AGREEMENT AND DOES NOT SECURE THE SERIES 2008 BONDS OR THE PAYMENT OF DEBT SERVICE PAYMENTS UNDER THE RESOLUTIONS AND IS NOT FOR THE BENEFIT OF THE HOLDERS OF THE SERIES 2008 BONDS.

### **Events of Default**

The occurrence of any of the following events constitutes an event of default under the Reimbursement Agreement:

(a) Failure of College (i) (A) to make any principal payment when due, (B) to pay any interest within five (5) days after the date when due, or (C) to observe or perform any of the other covenants or conditions by the College to be performed under the terms of the Reimbursement Agreement or any Credit Document concerning the payment of money, for a period of ten (10) days after written notice from the Bank that the same is due and payable; or (ii) for a period of thirty (30) days after written notice from the Bank, to observe or perform any non-monetary covenant or condition contained in the Reimbursement Agreement or any Credit Documents; provided that if any such failure concerning a non-monetary covenant or condition is susceptible to cure and cannot reasonably be cured within said thirty (30) day period, then the College will have an additional thirty (30) day period to cure such failure and no Event of Default will be deemed to exist under the Reimbursement Agreement so long as College commences such cure within the initial thirty (30) day period and diligently and in good faith pursues such cure to completion within such resulting sixty (60) day period from the date of the Bank's notice; provided further that if a different notice or grace period is specified under the Reimbursement Agreement with respect to a particular breach, or if another subsection of the Reimbursement Agreement applies to a particular breach and does not expressly provide for a notice or grace period, the specific provision shall control.

(b) If any representation or warranty or statement made or deemed made by the College in the Reimbursement Agreement or which is contained in any certificate, document, financial or other statement furnished at any time under or in connection with the Reimbursement Agreement proves to have been false or misleading in any material respect when made.

(c) Any breach or default following applicable notice and cure periods of any payment with respect to any indebtedness or guaranty of the College, when due, or the performance of any other obligation of the College incurred in connection with any indebtedness or guaranty.

(d) The College (i) applies for or consents to the appointment of a receiver, trustee or liquidator of any of its assets, (ii) admits in writing its inability to pay its debts as they mature, (iii) makes a general assignment for the benefit of creditors, (iv) is adjudicated bankrupt or insolvent, or (v) files a voluntary petition in bankruptcy, or a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation by law or statute, or an answer admitting the material allegations of a petition is filed against the College in any proceeding under any such law or the filing of an involuntary bankruptcy against the College, or if corporate action is taken by the College for the purpose of effecting any of the foregoing.

(e) An order, judgment or decree is entered, without the application, approval or consent of the College, by any court of competent jurisdiction, approving a petition seeking reorganization of the College, or of all or a substantial part of any of its respective properties or assets or appointing a receiver, trustee or liquidator of the College and such order, judgment or decree continues unstayed and in effect for a period of sixty (60) days.

(f) College becomes an "investment company" within the meaning of the Investment Company Act of 1940, as the same may be amended from time to time.

- (g) A Reportable Event (as defined in ERISA) occurs.
- (h) An Event of Default occurs with respect to any of the Credit Documents or Bond Documents.
- (i) The College ceases to conduct business, or is dissolved.
- (j) A Material Adverse Change.

(k) The liens created by any of the Credit Documents shall for any reason cease to be valid, perfected security interests or mortgage liens of the required priority in favor of the Bank (except with respect to UCC filings that have lapsed because the Bank has failed to timely file a continuation statement).

(l) The College ceases to be accredited by Middle States Association of Colleges and Schools, Commission of Higher Education.

### **Remedies**

Upon the occurrence of any Event of Default, the Bank may pursue any one or more of the following remedies concurrently or successively, it being the intent of the Reimbursement Agreement that none of such remedies will be to the exclusion of any other:

(a) Declare the obligations of the College under the Reimbursement Agreement to be forthwith due and payable and the same will thereupon become immediately due and payable without demand, presentment, protest or further notice of any kind, all of which are expressly waived by the College;

(b) Demand the immediate deposit of cash collateral in an amount equal to the full amount then available or which may subsequently become available under the Letter of Credit, and the same will thereupon become due and payable;

(c) Use and apply any monies or letters of credit deposited by the College with the Bank, regardless of the purposes for which the same was deposited, to cure any such default or to apply on account of any indebtedness under the Reimbursement Agreement which is due and owing to the Bank;

(d) Notify the Trustee that an Event of Default has occurred and instruct the Trustee to accelerate the Series 2008 Bonds or to effect a mandatory tender of the Series 2008 Bonds; and/or

(e) Exercise or pursue any other remedy or cause of action permitted under the Reimbursement Agreement or any Credit Documents, or conferred upon the Bank by operation of law.

The term "Credit Documents" is defined in the Reimbursement Agreement to mean the collective reference to the Reimbursement Agreement, the Mortgage, the Intercreditor Agreement, the Security Agreement and the other documents and instruments listed in the Reimbursement Agreement, and all the other documents and instruments entered into from time to time, evidencing or securing the obligations of the College under the Reimbursement Agreement and/or thereunder or any obligation of payment thereof or performance of the College's obligations in connection with the transaction contemplated under the Reimbursement Agreement, each as amended or supplemented from time to time.

The term "Material Adverse Change" is defined in the Reimbursement Agreement to mean if, in the Bank's reasonable discretion, the business, prospects, operations, assets or condition, financial or otherwise of a person, entity (including without limitation the College) or property has changed in a manner which would materially impair the value of the Bank's security for the obligations of the College under the Reimbursement Agreement and the other applicable Credit Documents, prevent timely payment of the obligations of the College under the applicable Credit Documents or otherwise prevent the applicable person or entity from timely performing any of its material obligations under the applicable Credit Documents.

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**FORM OF APPROVING OPINION  
OF BOND COUNSEL**

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[PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL]

Upon delivery of the Series 2008 Bonds, Harris Beach PLLC, Bond Counsel to the Authority, proposes to issue its approving opinion in substantially the following form:

[Closing Date]  
Dormitory Authority of the State of New York  
515 Broadway  
Albany, New York 12207

Re: \$ \_\_\_\_\_ Dormitory Authority of the State of New York  
Ithaca College Revenue Bonds, Series 2008  
Ladies and Gentlemen:

We have examined a record of proceedings relating to the sale and issuance of Authority's \$ \_\_\_\_\_ aggregate principal amount of Ithaca College Revenue Bonds, Series 2008 (the "Series 2008 Bonds") of the Dormitory Authority of the State of New York (the "Authority"), a body corporate and politic constituting a public benefit corporation of the State of New York, created and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Chapter 524 of the Laws of 1944 of the State of New York, as amended from time to time by, including but not limited to, the Healthcare Financing Construction Act, being title 4-B of the Public Authorities Law of the State of New York (the "Act"). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2008 Bonds are issued under and pursuant to (i) the Constitution and laws of the State of New York, including in particular the Act, (ii) the Authority's Ithaca College Revenue Bond Resolution adopted by the Authority on April 23, 2008 (the "General Resolution"), (iii) the Ithaca College Series 2008 Resolution Authorizing Up to \$41,000,000 Ithaca College Revenue Bonds, Series 2008 adopted by the Authority on April 23, 2008 (the "Series Resolution" and, together with the General Resolution, the "Resolutions"); and (iv) the Bond Series Certificate relating to the Series 2008 Bonds, dated as of May \_\_, 2008, executed by an Authorized Officer of the Authority in accordance with the Resolutions (the "Series Certificate").

The Bonds are being issued for the purposes set forth in the Resolutions. All capitalized terms used that are not otherwise defined herein shall have the meaning given to such terms in the Resolutions.

The Series 2008 Bonds are dated their date of closing and will bear interest at the Weekly Rate for the Weekly Rate Period until converted to another Rate Mode. Interest on the Series 2008 Bonds will be payable on the first Business Day of each calendar month, commencing on June 2, 2008, for so long as the Series 2008 Bonds bear interest at the Weekly Rate. The Series 2008 Bonds shall mature on July 1 in the years and in the principal amounts as set forth in the Bond Series Certificate.

The Series 2008 Bonds are issuable initially in the form of fully registered bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Series 2008 Bonds are lettered and numbered "R- " followed by the number from such bond. The Series 2008 Bonds are numbered consecutively from one upward in order of issuance.

The Series 2008 Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Resolutions and the Bond Series Certificate.

The Authority has entered into a Loan Agreement with Ithaca College (the "College") dated as of April 23, 2008 (the "Loan Agreement"), providing, among other things, for a loan by the Authority to the College of the proceeds of the Series 2008 Bonds for the purposes permitted thereby and by the Resolutions. Pursuant to the Loan Agreement, the College is required to make payments sufficient to pay the principal of and interest on the Series 2008 Bonds as the same shall become due, which payments have been pledged by the Authority to the Trustee for the benefit of the Holders of the Series 2008 Bonds.

## *Appendix F*

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2008 Bonds in order that interest thereon be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. Included among these continuing requirements are certain restrictions and prohibitions on the use and investment of bond proceeds and other moneys or property, required ownership of the facilities financed with the Series 2008 Bonds by an organization described in Section 501(c)(3) of the Code or a governmental unit, and the rebate to the United States of certain earnings in respect of investments. In the Resolutions, the Loan Agreement, the Tax and Arbitrage Certificate of the Authority, dated the date hereof (the "Arbitrage Certificate"), and Tax Certificate of the College, dated the date hereof (the "Tax Certificate"), the Authority and the College have covenanted to comply with certain procedures, and have made certain representations and certifications, designed to assure satisfaction of the requirements of the Code (the Arbitrage Certificate and the Tax Certificate being collectively referred to as the "Tax Documents").

In rendering the opinion set forth in paragraph 5 below, we have assumed the accuracy of certain factual certifications of, and continuing compliance with, the covenants, representations, warranties, provisions and procedures set forth in the Resolutions, the Loan Agreement and the Tax Documents by the Authority and the College. In the event of the inaccuracy or incompleteness of any of the certifications made by the Authority or the College, or the failure by the Authority or the College to comply with their respective covenants, representations and warranties and with the provisions and procedures set forth in the Resolutions, the Loan Agreement and the Tax Documents, interest on the Series 2008 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of the original issuance and delivery of the Series 2008 Bonds, regardless of the date on which the event causing such inclusion occurs. We render no opinion as to the exclusion from gross income of interest on the Series 2008 Bonds for purposes of federal income taxation on or after the date on which any change occurs or action is taken or omitted under the Resolutions, the Loan Agreement or the Tax Documents or under any other relevant documents without the advice or approval of, or upon the advice or approval of any bond counsel other than, Harris Beach PLLC. In addition, we have not undertaken to determine, or to inform any person, whether any actions taken, or not taken, or events occurring, or not occurring, after the date of issuance of the Series 2008 Bonds may affect the tax status of interest on the Series 2008 Bonds. Further, although interest on the Series 2008 Bonds is not included in gross income for purposes of federal income taxation, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Bond depending upon the tax status of such holder and such holder's other items of income and deduction. Except as stated in paragraphs 5 and 6 herein, we express no opinion as to federal, state or local tax consequences of the ownership or disposition of, or the accrual or receipt of interest on, the Series 2008 Bonds.

We have also examined one of the Series 2008 Bonds as executed and authenticated.

Based on the foregoing, and subject to the further assumptions and qualifications hereinafter set forth, we are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolutions and to issue the Series 2008 Bonds thereunder.
2. The Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect, and constitute legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.
3. The Series 2008 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act, and in accordance with the Resolutions. The Series 2008 Bonds are legal, valid and binding special obligations of the Authority payable as provided in Resolutions, are enforceable in accordance with their terms and the terms of the Resolutions, and are entitled to the equal benefits of the Resolutions and the Act.
4. The Authority has the right and lawful authority and power to enter into the Loan Agreement and the Loan Agreement has been duly authorized, executed and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.
5. Under existing statutes, regulations, administrative rulings and court decisions as of the date hereof, the interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that interest on the Series 2008 Bonds is not an "item of tax preference" for purposes of computing the federal alternative minimum tax imposed on individuals and corporations; we note, however, that interest on the Series 2008 Bonds is included in "adjusted current earnings" for purposes of calculating the federal alternative minimum tax liability, if any, of certain corporations.
6. Under existing statutes, including the Act, interest on the Series 2008 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof.

The foregoing opinions are qualified only to the extent that the enforceability of the Resolutions, the Loan Agreement and the Series 2008 Bonds may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws heretofore or hereafter enacted and judicial decisions relating to or affecting the enforcement of creditors' rights or remedies or contractual obligations generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

In rendering the foregoing opinions we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the Series 2008 Bonds. In rendering the foregoing opinions we have not been requested to examine any document or financial or other information concerning the Authority or the College other than the record of proceedings referred to above, and we express no opinion as to the adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2008 Bonds.

Very truly yours,

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