

EXISTING ISSUES  
REOFFERED



**\$95,930,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**THE NEW YORK PUBLIC LIBRARY REVENUE BONDS, SERIES 1999**

Consisting of:

**\$65,485,000 SERIES 1999A**  
Date of Reoffering: November 26, 2008  
Due: July 1, 2028  
CUSIP <sup>(1)</sup> 64983M4M7  
Price: 100% (plus accrued interest)

**\$30,445,000 SERIES 1999B**  
Date of Reoffering: November 26, 2008  
Due: July 1, 2028  
CUSIP <sup>(1)</sup> 64983M4N5  
Price: 100% (plus accrued interest)

The New York Public Library Revenue Bonds, Series 1999A (the "Series 1999A Bonds") and Series 1999B (the "Series 1999B Bonds" and, together with the Series 1999A Bonds, the "Series 1999 Bonds") were issued on April 29, 1999 as Variable Interest Rate Bonds and are subject to mandatory tender for purchase and remarketing on November 26, 2008 due to the substitution of the Credit Facilities and Liquidity Facilities (the "Substitution Date").

**Payment and Security:** The Series 1999 Bonds are special obligations of the Dormitory Authority of the State of New York (the "Authority"), payable from, and secured by a pledge of (i) certain payments to be made under the Loan Agreement dated as of March 31, 1999, as amended and supplemented (the "Loan Agreement") between The New York Public Library, Astor, Lenox and Tilden Foundations (the "Library") and the Authority, and (ii) all funds and accounts (except the Arbitrage Rebate Fund and any Credit Facility Repayment Fund) established under the Authority's The New York Public Library Revenue Bond Resolution, adopted March 31, 1999, as amended and supplemented (the "Resolution"), and with respect to the Series 1999A Bonds, The New York Public Library Series 1999A Resolution authorizing the Series 1999A Bonds, adopted March 31, 1999, as amended and supplemented (the "Series 1999A Resolution"), and with respect to the Series 1999B Bonds, The New York Public Library Series 1999B Resolution authorizing the Series 1999B Bonds, adopted March 31, 1999, as amended and supplemented (the "Series 1999B Resolution" and together with the Series 1999A Resolution, the "Series Resolutions").

The Loan Agreement is a general obligation of the Library and requires the Library to pay, in addition to the fees and expenses of the Authority and the Trustee, amounts sufficient to pay the principal, Sinking Fund Installments, Redemption Price and Purchase Price of and interest on all Bonds issued under the Resolution, including the principal of and interest on the Series 1999 Bonds, as such payments become due.

On and after the Substitution Date, the Series 1999 Bonds will be additionally secured by, and principal, Sinking Fund Installments and Purchase Price of and interest on the Series 1999 Bonds will be payable from amounts drawn by The Bank of New York Mellon, New York, New York, as Trustee under two separate irrevocable direct pay letters of credit (each a "Letter of Credit" and collectively, the "Letters of Credit") issued by TD Bank, N.A. (the "Bank").



Each Letter of Credit will permit the Trustee to draw an amount sufficient to pay, when due, the principal, Sinking Fund Installments and Purchase Price of and up to 35 days' interest on the applicable Series of the Series 1999 Bonds bearing interest at a Weekly Rate computed at the rate of 12% per annum. Each Letter of Credit will expire, unless extended or earlier terminated as described herein, on November 26, 2013.

*The Series 1999 Bonds are not a debt of the State of New York nor is the State liable thereon. The Authority has no taxing power.*

**Description:** The Series 1999 Bonds will be reoffered on the Substitution Date as Variable Interest Rate Bonds and as fully registered Bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. For the period commencing on the Substitution Date through and including the following Tuesday, each Series of the Series 1999 Bonds will bear interest at their respective rates per annum determined by Morgan Stanley & Co. Incorporated, the Remarketing Agent for the Series 1999 Bonds. Thereafter, each Series of the Series 1999 Bonds will bear interest at a Weekly Rate for each Weekly Rate Period commencing on and including Wednesday of each week and ending on and including the next succeeding Tuesday until converted to another Rate Period. Each Weekly Rate for the Series 1999 Bonds will be determined by the Remarketing Agent on Tuesday of each week (or the next preceding Business Day, if such Tuesday is not a Business Day). Interest on the Series 1999 Bonds is payable, in arrears, on the first Business Day of each calendar month, commencing on December 1, 2008, for as long as the Series 1999 Bonds bear interest at a Weekly Rate.

The Rate Period applicable to each Series of the Series 1999 Bonds may be changed to another Rate Period at the times and in the manner set forth herein. Unless otherwise set forth herein, the descriptions of the Series 1999 Bonds and the related documents included herein generally relate only to the terms and provisions which are applicable while the Series 1999 Bonds bear interest at a Weekly Rate.

The Series 1999 Bonds have been issued 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 1999 Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 1999 Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 1999 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 1999 BONDS - Book-Entry Only System" herein.

**Tenders for Purchase and Redemption:** The Series 1999 Bonds are subject to optional and mandatory tender for purchase and optional redemption prior to maturity as more fully described herein.

**Tax Exemption:** Concurrently with the original issuance and delivery of the Series 1999 Bonds, Brown & Wood LLP, New York, New York (now Sidley Austin LLP), Bond Counsel, delivered its opinion (the "Approving Opinion") to the effect that as of the date of issuance of the Series 1999 Bonds under then existing law, and assuming compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and covenants regarding the use, expenditure and investment of the Series 1999 Bond proceeds and timely payment of certain investment earnings to the United States Treasury, interest on the Series 1999 Bonds would not be includable in the gross income of the owners of the Series 1999 Bonds for federal income tax purposes. In the approving opinion, Brown & Wood LLP also delivered its opinion that interest on the Series 1999 Bonds is exempt from personal income taxes of the State and its political subdivisions including The City of New York and the City of Yonkers. The Approving Opinion has not been updated or reissued in connection with the substitution of the Credit Facilities and the Liquidity Facilities and the remarketing of the Series 1999 Bonds. On November 26, 2008, the Substitution Date, Sidley Austin LLP, Bond Counsel, will deliver an opinion to the effect that the substitution of the Credit Facilities and the Liquidity Facilities, will not in and of itself impair the exclusion of interest on the Series 1999 Bonds from gross income for purposes of federal income taxation. Bond Counsel will not express an opinion regarding the current status of such interest for federal income tax purposes. See "PART 9 - TAX EXEMPTION" herein regarding certain other tax considerations.

In connection with the substitution of the Credit Facilities and Liquidity Facilities for the Series 1999 Bonds, certain legal matters will be passed upon by Sidley Austin LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Library by its special counsel, Orrick, Herrington & Sutcliffe, LLP, New York, New York. Certain legal matters will be passed upon for the Remarketing Agent by its counsel, Nixon Peabody LLP, New York, New York. Certain legal matters will be passed upon for the Bank by its counsel, Harris Beach PLLC, Albany, New York. The Authority expects to complete the substitution of the Credit Facilities and Liquidity Facilities and the remarketing of the Series 1999 Bonds in New York, New York on November 26, 2008.

**Morgan Stanley**

November 17, 2008

(1) CUSIP numbers have been assigned by an organization not affiliated with the Authority or the Library and are included solely for the convenience of the Holders of the Series 1999 Bonds. Neither the Authority nor the Library is responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 1999 Bonds or as indicated above.

No dealer, broker, salesperson or other person has been authorized by the Authority, the Library, the Bank or the Remarketing Agent to give any information or to make any representations with respect to the Series 1999 Bonds, other than the information and representations contained in this Reoffering Circular. If given or made, any such information or representations must not be relied upon as having been authorized by the Authority, the Library or the Remarketing Agent.

This Reoffering Circular does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 1999 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 Reoffering Circular has been supplied by the Library, the Bank and other sources that the Authority believes are reliable. Neither the Authority nor the Remarketing Agent guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority or of the Remarketing Agent.

The Library has reviewed the parts of this Reoffering Circular describing the Library, Principal and Interest Requirements and Appendix B. It is a condition to the remarketing of the Series 1999 Bonds that the Library certify to the Remarketing Agent and the Authority that, as of the date of this Reoffering Circular and of delivery of the Series 1999 Bonds, 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. The Library makes no representation as to the accuracy or completeness of any other information included in this Reoffering Circular.

Other than with respect to information contained in "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 1999 BONDS – The Letters of Credit" and information concerning the Bank contained in "PART 4 – THE BANK" none of the information in this Reoffering Circular 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 1999 Bonds; or (iii) the tax status of the interest on the Series 1999 Bonds.

References in this Reoffering Circular to the Act, the Resolution, the Series Resolutions and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series Resolutions and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series Resolutions and the Loan Agreement are on file with the Authority and the Trustee.

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

Under no circumstances shall the delivery of this Reoffering Circular or any sale made after its delivery create any implication that the affairs of the Authority and the Library have remained unchanged after the date of this Reoffering Circular.

IN CONNECTION WITH THE OFFERING OF THE SERIES 1999 BONDS, THE REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 1999 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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**DORMITORY AUTHORITY - STATE OF NEW YORK**  
**PAUL T. WILLIAMS, JR. – EXECUTIVE DIRECTOR**

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

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**REOFFERING CIRCULAR RELATING TO**  
**\$95,930,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**THE NEW YORK PUBLIC LIBRARY REVENUE BONDS, SERIES 1999**

**Consisting of:**

**\$65,485,000**  
**The New York Public Library**  
**Revenue Bonds, Series 1999A**

**\$30,445,000**  
**The New York Public Library**  
**Revenue Bonds, Series 1999B**

**PART 1 – INTRODUCTION**

**Purpose of the Reoffering Circular**

The purpose of this Reoffering Circular, including the cover page and appendices, is to provide information about the Authority, the Bank and the Library, in connection with the reoffering of \$65,485,000 principal amount of the Authority's The New York Public Library Revenue Bonds, Series 1999A (the "Series 1999A Bonds") and \$30,445,000 principal amount of the Authority's The New York Public Library Revenue Bonds, Series 1999B (the "Series 1999B Bonds" and together with the Series 1999A Bonds, the "Series 1999 Bonds").

On April 29, 1999, the Series 1999 Bonds were issued by the Authority pursuant to the Resolution, their respective Series Resolutions and the Act. Proceeds from the Series 1999 Bonds were used to refund bonds previously issued by the Authority for the benefit of the Library. The Series 1999 Bonds were initially issued as Variable Interest Rate Bonds in the Weekly Rate Period.

Pursuant to the terms of the applicable Bond Series Certificates, dated as of April 29, 1999 and to be supplemented on November 26, 2008, if certain conditions are met on November 26, 2008 (the "Substitution Date"), from and after the Substitution Date, the Series 1999 Bonds will be payable from amounts drawn by the Trustee under the respective Letters of Credit (as hereinafter defined). On the Substitution Date, the \$65,485,000 aggregate principal amount of Outstanding Series 1999A Bonds and the \$30,445,000 aggregate principal amount of Outstanding Series 1999B Bonds will be subject to mandatory tender by the Holders thereof for purchase at a price equal to 100% of the principal amount thereof plus accrued interest.

*Since their date of issuance, the payment of principal of and interest on each Series of the Series 1999 Bonds when due has been insured under a financial guaranty insurance policy (the "Policies") issued by MBIA Insurance Corporation ("MBIA"). Effective on the Substitution Date, the Policies will be cancelled and MBIA will have no liability and no person will have a claim against MBIA for payments of principal and interest on the Series 1999 Bonds to be made after such Substitution Date.*

The following is a brief description of certain information concerning the Series 1999 Bonds, the Authority, the Bank and the Library. A more complete description of such information and additional information that may affect decisions to invest in the Series 1999 Bonds is contained throughout this Reoffering Circular, which should be read in its entirety. Certain terms used in this Reoffering Circular are defined in Appendix A hereto. Unless otherwise set forth herein, the descriptions of the Series 1999 Bonds and the related documents included herein generally relate only to the terms and provisions which are applicable while the Series 1999 Bonds bear interest at a Weekly Rate.

## **Authorization of Issuance**

The Series 1999 Bonds were issued pursuant to the Resolution, the Series Resolutions and the Act. In addition to the Series 1999 Bonds, the Resolution authorizes the issuance of other Series of 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 for the benefit of the Library. The Bonds permitted to be issued under the Resolution include fixed rate bonds, Capital Appreciation Bonds, Deferred Income Bonds and Variable Interest Rate Bonds. All Bonds issued under the Resolution rank on a parity with each other and are secured equally and ratably with each other. See PART 2 – “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 1999 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 and not-for-profit institutions. See “PART 6 - THE AUTHORITY.”

## **The Library**

The New York Public Library, Astor, Lenox and Tilden Foundations (the “Library”), is a private, tax-exempt, not-for-profit education corporation operating in the City of New York. The Library operates one of the world’s preeminent research libraries and one of the most extensive branch (circulating) library systems in the United States. The Library’s collections are accessible to users in person and in part through the Internet. See “PART 5 - THE LIBRARY” and “Appendix B - Financial Statements of The New York Public Library, Astor, Lenox and Tilden Foundations with Report of Independent Auditors.”

## **Amended Documents**

On September 24, 2008, the Authority adopted the Supplemental General Resolution, which authorizes the amendment of the Resolution, the Series Resolutions and the Bond Series Certificates. On September 24, 2008, the Authority also adopted the Supplemental Series 1999A Resolution and the Supplemental Series 1999B Resolution, each of which amends the Series Resolutions under which the Series 1999 Bonds were originally issued. The Series Resolutions, as amended, authorize the execution by an officer of the Authority of amendments to the Bond Series Certificate for each Series of the Series 1999 Bonds. It is expected that a supplement to each Bond Series Certificate with respect to each Series of the Series 1999 Bonds will be executed on the Substitution Date in order to accommodate the direct-pay letter of credit structure being utilized upon the substitution of the Credit Facilities and Liquidity Facilities (collectively, the “Facilities”) for the Series 1999 Bonds and to eliminate references to the Policies being terminated on the Substitution Date and provisions relating thereto.

Under the Resolution, for purposes of giving consents to amendments, the Remarketing Agent for the Series 1999A Bonds and the Series 1999B Bonds is deemed to be sole holder of the Series 1999A Bonds and the Series 1999B Bonds upon the tender and before the remarketing of the Series 1999A Bonds and the Series 1999B Bonds. The Remarketing Agent has agreed to give its consent to the amendments upon the tender, but before the remarketing, of the Series 1999A Bonds and the Series 1999B Bonds.

This Reoffering Circular describes the terms of the Series 1999 Bonds as provided for in the Resolution, the Series Resolutions and the Bond Series Certificates as amended and supplemented and all references to the Resolution, the Series Resolutions and the Bond Series Certificates are to such documents as amended and supplemented. Certain terms of the Resolution as supplemented are summarized in Appendix D to this Reoffering Circular. By purchasing the Series 1999 Bonds, a purchaser will be deemed to have acknowledged and consented to the amendment of the Resolution, the applicable Series Resolution and the applicable Bond Series Certificate.

## **The Series 1999 Bonds**

The Series 1999A Bonds are being reoffered as Variable Interest Rate Bonds and will bear interest from November 26, 2008 to and including the following Tuesday at a rate per annum determined by the Remarketing Agent. Thereafter, the Series 1999A Bonds will bear interest at the Weekly Rate to be determined by the Remarketing Agent from time to time in accordance with the applicable Series Resolution and Bond Series

Certificate, unless the method of determining interest on the Series 1999A Bonds is converted to another Rate Period. The Series 1999A Bonds will mature on July 1, 2028.

The Series 1999B Bonds are being reoffered as Variable Interest Rate Bonds and will bear interest from November 26, 2008 to and including the following Tuesday at a rate per annum determined by the Remarketing Agent. Thereafter, the Series 1999B Bonds will bear interest at the Weekly Rate to be determined by the Remarketing Agent from time to time in accordance with the applicable Series Resolution and Bond Series Certificate, unless the method of determining interest on the Series 1999B Bonds is converted to another Rate Period. The Series 1999B Bonds will mature on July 1, 2028.

The Weekly Rate will be determined by the Remarketing Agent on Tuesday of each week (or the next preceding Business Day, if such Tuesday is not a Business Day) and while in the Weekly Rate Period, interest on the Series 1999 Bonds will be payable on the first Business Day of each calendar month. At the election of the Authority upon the written direction of the Library, the Rate Period applicable to each Series of the Series 1999 Bonds may be converted to another Rate Period upon satisfaction of the terms and conditions described herein.

During any period of time in which the Series 1999 Bonds bear interest at the Weekly Rate, the Series 1999 Bonds are subject to optional and mandatory tender for purchase at a price equal to 100% of the principal amount of such Series 1999 Bonds plus accrued and unpaid interest thereon to the date of purchase (the "Purchase Price"). The Purchase Price is payable from (i) proceeds of the remarketing of the Series 1999 Bonds, (ii) to the extent remarketing proceeds are insufficient to pay the Purchase Price, from moneys obtained under the Liquidity Facility required for each Series of the Series 1999 Bonds under the terms of the respective Series Resolution and Bond Series Certificate, and (iii) if the provider of the Liquidity Facility fails to pay the Purchase Price, from moneys furnished by or on behalf of the Library in accordance with the Resolution and Loan Agreement.

For a more complete description of the Series 1999 Bonds, the determination of interest rates, conversion to another Rate Period and optional and mandatory tenders, see "PART 3 - THE SERIES 1999 BONDS."

***This Reoffering Circular, in general, describes the Series 1999 Bonds only while bearing interest at a Weekly Rate.***

### **Payment of the Series 1999 Bonds**

The Series 1999 Bonds are special obligations of the Authority payable from certain payments to be made by the Bank under the Letters of Credit and, if such amounts are insufficient, from the Revenues which consist of certain payments to be made by the Library under the Loan Agreement, which payments are pledged and assigned to the Trustee and the Bank (as defined hereinafter) pursuant to the terms of an Intercreditor Agreement, dated as November 26, 2008, (the "Intercreditor Agreement") by and among the Bank, the Authority and the Trustee. All other Bonds which have been and may be issued under the Resolution are also payable from the Revenues. The Loan Agreement is a general obligation of the Library. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 1999 BONDS - Payment of the Series 1999 Bonds." For information on Outstanding Bonds previously issued under the Resolution, see "PART 5 - THE LIBRARY - Library Indebtedness and Swaps."

### **Security for the Series 1999 Bonds**

On the Substitution Date, the Library will cause to be delivered to The Bank of New York Mellon, New York, New York, as Trustee, two separate irrevocable direct pay letters of credit (each a "Letter of Credit" and collectively, the "Letters of Credit") to be issued by TD Bank, N.A. (the "Bank") to additionally secure the respective Series of the Series 1999 Bonds to which such Letters of Credit apply.

Each Letter of Credit will be issued pursuant to the terms of the Letter of Credit Reimbursement Agreement dated as of November 1, 2008 (the "Reimbursement Agreement") between the Library and the Bank. Each Letter of Credit will be issued in an amount equal to the principal amounts of the Series 1999A Bonds and the Series 1999B Bonds, as applicable, together with 35 days' interest thereon computed at the rate of twelve percent (12%) per annum. The Bank will also advance funds under each Letter of Credit to the Trustee up to the principal amount of the applicable Series 1999 Bonds, together with 35 days' interest thereon computed at the rate of twelve percent (12%) per annum in order to pay the Purchase Price of such Series 1999 Bonds tendered and not remarketed.

The Letter of Credit relating to the Series 1999A Bonds only secures the Series 1999A Bonds while such Series 1999A Bonds bear interest at a Weekly Rate. The Letter of Credit relating to the Series 1999B Bonds only secures the Series 1999B Bonds while such Series 1999B Bonds bear interest at a Daily Rate or a Weekly Rate.

Each Letter of Credit will expire five (5) years following the Substitution Date unless extended or earlier terminated upon the occurrence of certain events described herein. Each Letter of Credit constitutes a “Credit Facility” and a “Liquidity Facility” and the Bank constitutes a “Facility Provider,” a “Credit Facility Provider” and a “Liquidity Facility Provider” under the terms of the Resolution, the related Series 1999 Resolution and the related Bond Series Certificate. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 1999 BONDS.”

The Resolution authorizes the issuance by the Authority, from time to time, of Bonds in one or more Series, each such Series to be authorized by a separate Series Resolution. All Bonds issued under the Resolution rank on a parity and share equally and ratably in the security provided by the Resolution. Each Letter of Credit will secure only the Series of Series 1999 Bonds to which it relates. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 1999 BONDS – Issuance of Additional Bonds.”

The Series 1999 Bonds are not a debt of the State nor is the State liable thereon. The Authority has no taxing power. Neither the State nor the Authority has any responsibility to make payments with respect to the Series 1999 Bonds except for the Authority’s responsibility to make payments from moneys received from the Library pursuant to the Loan Agreement and from amounts held in the funds and accounts under the Resolution and pledged therefor.

### **Pledged Collateral**

The obligations of the Library under the Loan Agreement will be secured by security interest in the Pledged Collateral of the Library. The Pledged Collateral will secure, on a *pari passu* basis, the obligations of the Library under the Loan Agreement with respect to both the Series 1999A Bonds and the Series 1999B Bonds. The Authority will, under the terms of the Intercreditor Agreement, assign the Pledged Collateral to the Trustee and the Bank. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 1999 BONDS - Pledged Collateral.”

## **PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 1999 BONDS**

*Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 1999 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 applicable Series Resolutions, the applicable Bond Series Certificates, the Letters of Credit and the Reimbursement Agreement. Copies of the Loan Agreement, the Resolution, the Series Resolutions, the Bond Series Certificates, the Letters of Credit and the Reimbursement Agreement 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 statement of the rights, duties and obligations of the parties thereto.*

### **Payment of the Series 1999 Bonds**

The Series 1999 Bonds and all other Bonds which have been or may be issued under the Resolution are special obligations of the Authority. The principal, Sinking Fund Installments, Redemption Price and Purchase Price of and interest on the Series 1999 Bonds and all other Bonds which have been or may be issued under the Resolution are payable from the Revenues, which consist of payments to be made by the Library pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments, if any, Redemption Price and Purchase Price of and interest on the Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Bondholders. While the Letters of Credit are in effect, the payment of the principal of and interest on the Series 1999 Bonds, and, to the extent remarketing proceeds are insufficient for such purpose, the payment of the Purchase Price of the Series 1999 Bonds tendered for purchase, will be payable from amounts drawn under the applicable Letter of Credit.

The Loan Agreement is a general obligation of the Library and obligates the Library to make payments of the principal, Sinking Fund Installments, Redemption Price and Purchase Price of and interest on the Series 1999 Bonds. Payments of principal and Sinking Fund Installments are to be made on each June 10 in an amount equal to the principal and Sinking Fund Installment coming due on the Series 1999 Bonds on the succeeding July 1. For as long as the Series 1999 Bonds bear interest at a Variable Interest Rate, the Loan Agreement obligates the Library to make payments on account of interest on the Series 1999 Bonds at least three (3) Business Days preceding the date on which such interest becomes due. The Authority has directed, and the Library has agreed, to make such

payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal, Sinking Fund Installments and Redemption Price of and interest on the Series 1999 Bonds or, while the Letters of Credit are in effect, to reimburse the Bank for amounts drawn under the Letters of Credit to pay the principal, Sinking Fund Installments and Redemption Price of and interest on the Series 1999 Bonds in accordance with the Resolution. The Library is also obligated under the terms of the Loan Agreement to pay the Purchase Price of the Series 1999 Bonds tendered for purchase and not remarketed if and to the extent that the provider of the Liquidity Facility required to be in effect for any Series 1999 Bonds bearing interest at a Daily Rate or a Weekly Rate does not pay such Purchase Price.

### **Security for the Series 1999 Bonds**

*Since their date of issuance, the payment of principal of and interest on each Series of the Series 1999 Bonds when due has been insured under a financial guaranty insurance policy (the "Policies") issued by MBIA Insurance Corporation ("MBIA"). Effective on the Substitution Date, the Policies will be cancelled and MBIA will have no liability and no person will have a claim against MBIA for payments of principal and interest on the Series 1999 Bonds to be made after such Substitution Date.*

The Series 1999 Bonds are secured by the Letters of Credit applicable to each Series of the Series 1999 Bonds and by the pledge and assignment of the Revenues, all funds and accounts authorized and established under or pursuant to the Resolution and the applicable Series Resolutions (with the exception of the Arbitrage Rebate Fund and the Credit Facility Repayment Fund). With respect to the pledge and assignment of the Revenues and the funds and accounts under the Resolution, the Series 1999 Bonds are on a parity with all other Bonds which have been or may be issued under the Resolution.

At all times while the Series 1999 Bonds bear interest at a Variable Interest Rate, the Library is required under the terms of the applicable Bond Series Certificates to obtain and maintain a Liquidity Facility providing for the payment of the Purchase Price of the Series 1999 Bonds tendered for purchase in the event remarketing proceeds are insufficient for such purpose. The Letters of Credit constitute Liquidity Facilities (as well as Credit Facilities) for purposes of the Bond Series Certificates.

Upon the expiration or earlier termination of the Letters of Credit, the Library will be required to obtain a Liquidity Facility (referred to as an "Alternate Liquidity Facility") for each Series of the Series 1999 Bonds, and also provide for delivery to the Trustee of a Credit Facility in order to provide credit support for the payment of principal and Sinking Fund Installments of and interest on the Series 1999 Bonds. Upon the expiration, termination or substitution of a Liquidity Facility or a Credit Facility in effect for the Series 1999 Bonds, including the Letters of Credit, the Series 1999 Bonds will be subject to mandatory tender for purchase as described herein under the heading "PART 3 – THE SERIES 1999 BONDS – Tender Provisions – *Mandatory Tender of the Series 1999 Bonds.*"

### **The Letters of Credit**

The following description is subject in all respects to the complete terms of the Letters of Credit.

The Bank will deliver a Letter of Credit to the Trustee with respect to each Series of the Series 1999 Bonds on the Substitution Date. Each Letter of Credit will be issued by the Bank pursuant to the Reimbursement Agreement. Each Letter of Credit constitutes the irrevocable obligation of the Bank to pay to the Trustee upon timely requests up to the principal amount (including the Purchase Price) of the Series 1999A Bonds and the Series 1999B Bonds, as applicable and up to 35 days of interest accrued on the Series 1999A Bonds bearing interest at a Weekly Rate, or the Series 1999B Bonds bearing interest at a Daily Rate or a Weekly Rate (computed at a rate of interest of 12% per annum, based on a year of 365 days) (collectively, the "Available Amount").

Subject to the provisions contained in the immediately following paragraph, each drawing under the Letter of Credit shall reduce the Available Amount by the amount of such drawing.

After a drawing for the payment of the unpaid principal amount of the Series 1999 Bonds, whether at maturity or upon redemption or acceleration thereof, the Available Amount of the applicable Letter of Credit shall be reduced permanently and automatically by an amount equal to the amount so drawn. After a drawing for the payment of interest on the Series 1999 Bonds, the payment of the principal amount of which is made with the proceeds of a drawing described in the preceding sentence, the Available Amount of the applicable Letter of Credit shall be reduced permanently and automatically, in an amount equal to 35 days' interest (calculated at the rate of 12% per annum, based on a year of 365 days) accrued on the amount of the principal drawing, such reductions of the

Available Amount of the applicable Letter of Credit to be effective on the date of such payment by the Bank. Except as otherwise described in the preceding sentence, the Available Amount of each Letter of Credit shall be automatically reinstated in the full amount of a drawing for interest payable on the Series 1999 Bonds at the close of business on the calendar day of the payment of such drawing.

Each Letter of Credit will automatically terminate upon the earliest of: (i) the honoring by the Bank of the final drawing available to be made under the applicable Letter of Credit which is not subject to reinstatement; (ii) receipt of a written notice from the Trustee that: (a) no Series 1999 Bonds of the applicable Series to which such Letter of Credit relates remain outstanding and unpaid, or (b) the Trustee has received a substitute Letter of Credit and the conditions precedent under the Resolution for the acceptance of a substitute Letter of Credit have been satisfied, or (c) all of the Series 1999A Bonds to which such Letter of Credit relates have been converted from a Weekly Rate Period to another interest rate period, or all of the Series 1999B Bonds to which such Letter of Credit relates have been converted from a Weekly Rate Period to another interest rate period other than a Daily Rate Period; or (iii) November 26, 2013.

For a summary of certain provisions of the Reimbursement Agreement, see “Appendix E – Summary of Certain Provisions of the Reimbursement Agreement” herein.

For information concerning the Bank, see “PART 4 – THE BANK” herein.

### **Pledged Collateral**

The obligations of the Library under the Loan Agreement with respect to both the Series 1999A Bonds and the Series 1999B Bonds are secured by the security interest in the Pledged Collateral (consisting of certain gifts and grants received by the Library for its Annual Fund in support of the general operations of The Research Libraries) granted by the Library to the Authority under the Loan Agreement. See “PART 5 - THE LIBRARY - Operating Support and Revenue - *Private Support*”, for a description of the revenues which currently constitute the Pledged Collateral. The Pledged Collateral will be assigned by the Authority to the Trustee and the Bank pursuant to the terms of the Intercreditor Agreement.

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

The following are events of default under the Resolution: (i) a default in the payment of the principal, Sinking Fund Installment, if any, or Redemption Price of or interest on any Bond; (ii) a default by the Authority in the due and punctual performance of the tax covenants contained in the Resolution, as a result of which the interest on Bonds of a Series is no longer excludable from gross income under the Code; (iii) a default by the Authority in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolution or any Series Resolution on the part of the Authority to be performed and the continuance of such default for 30 days after written notice specifying such default and requiring the 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 25% in principal amount of the Outstanding Bonds; (iv) an event of default under the Loan Agreement shall have been declared and is continuing and all sums payable by the Library under the Loan Agreement have been declared immediately due and payable (unless such declaration has been annulled). Unless otherwise specified above, 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 clauses (ii) or (iii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of the applicable Credit Facility Provider or the Holders of not less than 25% in principal amount of the Bonds Outstanding with the written consent of the applicable Credit Facility Provider, by notice in writing to the Authority, shall declare the principal of and interest on all of the Bonds Outstanding to be due and payable at the expiration of 30 days after such notice is given. At the expiration of 30 days from the giving of such notice, such principal and interest will become immediately due and payable. The Trustee, with the written consent of the Applicable Credit Facility Provider or with the written consent of the Holders of not less than 25% in principal amount of Bonds not yet due by their terms and then Outstanding and the consent of the Credit Facility Provider, will annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

Notwithstanding any other provision of the Resolution to the contrary, upon an Event of Default, upon the direction of the Credit Facility Provider or the Holders of not less than 25% in principal amount of the Outstanding Bonds of the Series affected thereby with the consent of the Applicable Credit Facility Provider, the Trustee is to exercise the rights and remedies provided to the Bondholders under the Resolution.



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 Holders of the Bonds within 30 days after knowledge of the occurrence thereof unless such default has been remedied or cured before the giving of such notice. However, except in the case of default in the payment of the principal, Sinking Fund Installment, if any, or Redemption Price of, or interest on, any of the Bonds, the Trustee is protected in withholding such notice thereof from 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 Bonds.

So long as each Letter of Credit is outstanding and the Bank is meeting its obligations thereunder, the Bank shall be recognized as the owner of the Series 1999 Bonds for purposes of giving consents or exercising voting rights in accordance with the provisions of the Resolution.

### **Issuance of Additional Bonds**

In addition to the Series 1999 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 Library. The Bonds which may be issued include fixed rate bonds, Capital Appreciation Bonds, Deferred Income Bonds and Variable Interest Rate Bonds.

### **General**

The Series 1999 Bonds are not a debt of the State nor is the State liable thereon. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal or sinking fund installments of or interest on its bonds or notes. See "PART 6 - THE AUTHORITY."

## **PART 3 - THE SERIES 1999 BONDS**

*Set forth below is a narrative description of certain provisions relating to the Series 1999 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series Resolutions, the Bond Series Certificates 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 1999 Bonds.*

### **General**

The Series 1999 Bonds were issued by the Authority pursuant to the Act, the Resolution, the applicable Series Resolution and the applicable Bond Series Certificate. The Series 1999 Bonds are dated and will mature as set forth on the cover page of this Reoffering Circular.

The Series 1999 Bonds are fully registered bonds without coupons and will be remarketed in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Series 1999 Bonds are registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), pursuant to DTC's Book-Entry Only System. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 1999 Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 1999 Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Series 1999 Bonds is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined). See "Book-Entry Only System" below. If the Series 1999 Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal, Purchase Price or Redemption Price of Series 1999 Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, New York, New York, as Trustee and Paying Agent upon presentation and surrender of such Series 1999 Bonds to it. Interest on the Series 1999 Bonds will be payable by check or draft mailed to the registered owners thereof or, at the request of an owner, by wire transfer to the wire transfer address within the continental United States to which such owner has, not less than five (5) days prior to the applicable Record Date, requested the Trustee to wire such interest.

The Series 1999 Bonds may be exchanged for other Series 1999 Bonds of the same Series in any other authorized denominations upon payment of a charge sufficient to reimburse the Authority or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange and for the cost of preparing the

new bond, and otherwise as provided in the Resolution. The Authority will not be obligated to make any exchange or transfer of Series 1999 Bonds (i) during the period beginning on the Record Date next preceding an Interest Payment Date for such Series 1999 Bonds and ending on such Interest Payment Date or (ii) after the date next preceding the date on which the Trustee commences selection of Series 1999 Bonds for redemption.

## **Description of the Series 1999 Bonds**

### *General*

The Series 1999A Bonds will be reoffered as Variable Interest Rate Bonds that, after an initial period commencing on the Substitution Date to and including the following Tuesday (herein referred to as “Initial Rate Period”), will bear interest at the Weekly Rates as determined from time to time by the Remarketing Agent, unless and until the Rate Period for the Series 1999A Bonds is converted to another Rate Period as described herein.

The Series 1999B Bonds will be reoffered as Variable Interest Rate Bonds that, after an initial period commencing on the Substitution Date to and including the following Tuesday (also referred to herein as an “Initial Rate Period”), will bear interest at the Weekly Rates as determined from time to time by the Remarketing Agent, unless and until the Rate Period for the Series 1999B Bonds is converted to another Rate Period.

***Unless otherwise set forth herein, the descriptions of the Series 1999 Bonds and the related documents included herein generally relate only to the terms and provisions which are applicable while the Series 1999 Bonds bear interest in the Weekly Rate Period.***

### *Interest Payment Dates for Series 1999 Bonds*

While bearing interest at a Weekly Rate, interest on each Series of the Series 1999 Bonds will be paid on December 1, 2008 and on the first Business Day of each month thereafter. During the Weekly Rate Period, interest on each Series of the Series 1999 Bonds will be computed on the basis of a 365-day year for the actual number of days elapsed.

### *Weekly Rate Period*

Following the Initial Rate Period, each Series of the Series 1999 Bonds will bear interest at Weekly Rates for successive weekly periods generally beginning on each Wednesday and ending on and including the following Tuesday, unless and until the Rate Period for such Series of Series 1999 Bonds is converted to another Rate Period.

### *Determination of Weekly Rates*

Each Series of the Series 1999 Bonds will bear interest at the Weekly Rates determined by the Remarketing Agent by 5:00 p.m. on the day before the Substitution Date and thereafter on Tuesday of each week or, if such Tuesday is not a Business Day, the preceding Business Day (referred to herein as the “Weekly Rate Determination Date”). Each Weekly Rate will be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax exempt obligations comparable, in the judgment of such Remarketing Agent, to the applicable Series 1999 Bonds and known by such Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by such Series of Series 1999 Bonds, would enable such Remarketing Agent to sell all of such Series 1999 Bonds on the effective date of that rate at a price (plus accrued interest, if any) equal to the principal amount thereof. In no event may the interest rate on any Series 1999 Bond exceed the Maximum Interest Rate while bearing interest at a Weekly Rate, which is equal to 12% per annum.

If no Weekly Rate for any week is established by the Remarketing Agent, or the Weekly Rate so established is held to be invalid or unenforceable, then the Rate for such week will be based on the Weekly Rate Index set forth in the applicable Series Resolution for such Series of Series 1999 Bonds. If for any reason the Weekly Rate is not established for a Weekly Rate Period as described above, then the Weekly Rate for the affected Series of the Series 1999 Bonds shall be equal to the Rate in effect on the day preceding the first day of such Weekly Rate Period; provided that the Rate applicable for any Series of the Series 1999 Bonds, other than the Series 1999A Liquidity Provider Bonds and Series 1999B Liquidity Provider Bonds, shall not exceed the Maximum Interest Rate.

## **Conversion to Another Rate Period**

The Authority, at the written direction of the Library, may convert the Rate Period for the Series 1999A Bonds, in whole, to the Fixed Rate, and the Rate Period for the Series 1999B Bonds, in whole, to a Daily Rate, a Flex Rate, Semi-Annual Rate, an Annual Rate or the Fixed Rate upon the terms and conditions set forth in the applicable Bond Series Certificate.

Any Series 1999 Bonds that are to be converted from a Weekly Rate Period to another Rate Period will be subject to mandatory tender for purchase on the first day of the new Rate Period.

*Notice of Conversion*

If a Series of the Series 1999 Bonds is to be converted from a Weekly Rate Period to another Rate Period, the Trustee shall give written notice of such conversion (a "Conversion Notice") to the Holders of such Series of Series 1999 Bonds by first class mail, not less than 15 days prior to the proposed effective date of the new Rate Period.

*Failure to Satisfy Conditions to Conversion*

If on the proposed effective date of the new Rate Period, the conditions precedent to the conversion have not been satisfied, then (i) the new Rate Period will not be effective, (ii) such Series of the Series 1999 Bonds will bear interest at a Weekly Rate commencing on the proposed effective date of the new Rate Period Conversion, and (iii) such Series of the Series 1999 Bonds will continue to be subject to mandatory tender on the proposed effective date of the new Rate Period.

**Tender Provisions**

*Optional Tender of Series 1999 Bonds*

The Holders of Series 1999 Bonds may elect to tender their Series 1999 Bonds or portions thereof (other than Liquidity Facility Bonds (hereinafter defined)) in Authorized Denominations (provided that the amount of any such Series 1999 Bonds not to be purchased shall also be in Authorized Denominations) for purchase at the Purchase Price on any Business Day (herein referred to as an "Optional Tender Date").

To exercise the tender option, a Bondholder must deliver to the Remarketing Agent and to the Trustee at their principal offices, not later than 5:00 p.m. on the seventh calendar day preceding the Optional Tender Date, an irrevocable written notice which states (i) the principal amount of such Series 1999 Bonds and the principal amount thereof to be purchased and (ii) the Optional Tender Date.

As long as the Series 1999 Bonds are registered in the name of Cede & Co., as nominee of DTC, the tender option may only be exercised by a DTC Participant (as hereinafter defined) by giving written notice of its election to tender at the times and in the manner described above. An election to tender a Series 1999 Bond for purchase is irrevocable and binding on the Holder or DTC Participant making such election, the Beneficial Owner (as hereinafter defined) on whose behalf the notice was given and on any transferee thereof.

*Mandatory Tender of Series 1999 Bonds*

Each Series of the Series 1999 Bonds are subject to mandatory tender and purchase at the Purchase Price on the following dates (each a "Mandatory Tender Date"):

- (a) on the first day of a new Rate Period (or on the day which would have been the first day of a new Rate Period had the conditions precedent to a conversion to a new Rate Period not been satisfied);
- (b) on the fifth Business Day preceding:
  - (i) the expiration date of a Credit Facility or Liquidity Facility, in the event such Credit Facility or Liquidity Facility is not extended;
  - (ii) the substitution date of a Credit Facility or Liquidity Facility;
  - (iii) the termination date of a Credit Facility or Liquidity Facility; and
  - (iv) the date specified in the notice delivered by a Credit Facility Provider or Liquidity Facility Provider to the Trustee (which date shall not be less than 5 Business Days following receipt of such notice by the Trustee) of the occurrence of an event under a Credit Facility or Liquidity Facility which gives the Credit Facility Provider or Liquidity Facility Provider the option, upon notice, to terminate such Credit Facility or Liquidity Facility or to terminate its obligation under such Credit Facility or Liquidity Facility prior to the expiration date of the Credit Facility or Liquidity Facility and direct the mandatory tender of such Series 1999 Bonds (a "Mandatory Facility Tender Event"); and
- (c) on the date specified in a notice to the Trustee from a Credit Facility Provider, if the applicable Credit Facility does not provide for the automatic reinstatement of the interest component, that the interest component of the Credit Facility will not be reinstated in full within the time period required therein.

### *Notice of Tender*

In connection with any mandatory tender of the Series 1999 Bonds in accordance with paragraphs (a), (b)(i), (b)(ii) or (b)(iii) above, the Trustee shall give notice of such mandatory tender by mail to the Holders of the Series 1999 Bonds to be purchased not less than 15 days prior to Mandatory Tender Date. In connection with any mandatory tender of the Series 1999 Bonds in accordance with paragraph (b)(iv) or (c) above, the Trustee shall give notice of such mandatory tender by mail to the Holders of the Series 1999 Bonds as soon as reasonably possible, but no later than the Business Day following the receipt by the Trustee of notice from the Bank of the occurrence of a Mandatory Facility Tender Event.

### *Delivery of Tendered Series 1999 Bonds*

Series 1999 Bonds or portions thereof (other than Series 1999 Bonds registered in the name of DTC or its nominee, Cede & Co.), for which an election to tender has been made and Series 1999 Bonds subject to mandatory tender are to be delivered and surrendered to the Trustee at its principal corporate trust office on the Purchase Date, at the times specified in the applicable Series Resolution or Bond Series Certificate. If on the Purchase Date a Holder fails to deliver its Series 1999 Bonds to be tendered, such Series 1999 Bonds will constitute "Untendered Bonds," and if there is on deposit with the Trustee sufficient moneys to pay the Purchase Price of such Untendered Bonds on the Purchase Date, then (a) such Untendered Bonds will be deemed to have been purchased and will no longer be deemed Outstanding, and (b) interest on such Untendered Bonds will cease to accrue on the Purchase Date. The Holders or DTC Participants and Beneficial Owners of such Untendered Bonds will have no further rights under the Resolution other than the right to the payment of the Purchase Price.

### *Remarketing and Purchase of Series 1999 Bonds*

The Remarketing Agent is required to offer for sale and use its best efforts to remarket the applicable Series 1999 Bonds tendered or deemed tendered on the Purchase Date and, if not remarketed on such Purchase Date, thereafter until sold, at a price equal to par plus accrued interest.

Tendered Series 1999 Bonds will be purchased from the Holders on the Purchase Date at the Purchase Price. The Purchase Price for Series 1999 Bonds tendered or deemed tendered is payable out of the moneys derived from the remarketing of such Series 1999 Bonds, and, if not so remarketed, from moneys obtained under the applicable Letter of Credit. In the event that all or a portion of the Series 1999 Bonds tendered for purchase cannot be remarketed and the Bank fails to purchase all or a portion of such Series 1999 Bonds on the Purchase Date in accordance with the applicable Letter of Credit, then the Library is obligated under the terms of the Loan Agreement, to pay such shortfall in immediately available funds to the Trustee as soon as practicable on the Purchase Date. The Authority has no obligation to pay the Purchase Price out of any other moneys.

### **Rate Period Table**

The following Weekly Rate Interest Period Table is provided for the convenience of the Holder. The information contained in the table is not intended to be comprehensive. Reference is made to the above description and to the Resolution, the Series Resolutions and the Bond Series Certificates for a more complete description.

#### **Weekly Rate Period Table**

<b>Duration of Rate Period</b>	Seven days beginning on a Wednesday to and including the following Tuesday
<b>Interest Payment Dates</b>	The first Business Day of each month
<b>Interest Rate Determination Dates</b>	By 5:00 p.m. New York City time on the Business Day prior to the first day of the Weekly Rate Period
<b>Optional Tender Date</b>	Any Business Day
<b>Bondholder Notice of Tender Due</b>	No later than 5:00 p.m. New York City time on the seventh day preceding the Optional Tender Date

## Redemption Provisions

The Series 1999 Bonds are subject to optional and mandatory redemption as described below.

### *Optional Redemption*

The Series 1999 Bonds are subject to optional redemption at the election of the Authority upon the direction of the Library while such Series 1999 Bonds are Variable Interest Rate Bonds, as a whole or in part, at any time, at a redemption price equal to 100% of the principal amount of Series 1999 Bonds or portions thereof to be redeemed, plus accrued interest, if any, to the redemption date.

### *Special Redemption*

The Series 1999 Bonds are subject to redemption prior to maturity at the option of the Authority, in whole or in part on any interest payment date, at 100% of the principal amount thereof plus accrued interest to the redemption date in the event that there exists proceeds from a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project to which such Series of the Series 1999 Bonds being redeemed relates.

Any Series of Series 1999 Bonds may be subject to special redemption on any Interest Payment Date at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date to the extent (i) the Library receives gifts or grants attributable to the Costs of the Project and (ii) a redemption is necessary, because the receipt of such amounts, to maintain the exemption from taxation of the interest on such Series of Series 1999 Bonds.

### *Mandatory Redemption*

In addition, the Series 1999 Bonds are also subject to redemption, in part, on each July 1 of the years and in the principal amounts for each Series set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of Series 1999 Bonds of each Series specified for each of the years shown below:

<u>Series 1999A Bonds</u>				<u>Series 1999B Bonds</u>			
<u>Year</u>	<u>Sinking Fund Installments</u>	<u>Year</u>	<u>Sinking Fund Installments</u>	<u>Year</u>	<u>Sinking Fund Installments</u>	<u>Year</u>	<u>Sinking Fund Installments</u>
2009	\$2,740,000	2019	4,260,000	2009	\$895,000	2019	1,495,000
2010	2,865,000	2020	4,455,000	2010	940,000	2020	1,575,000
2011	2,990,000	2021	4,655,000	2011	990,000	2021	1,660,000
2012	3,110,000	2022	4,855,000	2012	1,040,000	2022	1,745,000
2013	3,260,000	2023	2,035,000	2013	1,100,000	2023	1,835,000
2014	3,405,000	2024	2,125,000	2014	1,155,000	2024	1,935,000
2015	3,565,000	2025	2,215,000	2015	1,215,000	2025	2,035,000
2016	3,720,000	2026	2,320,000	2016	1,280,000	2026	2,145,000
2017	3,895,000	2027	2,420,000	2017	1,350,000	2027	2,260,000
2018	4,070,000	2028	2,525,000†	2018	1,420,000	2028	2,375,000†

†Final maturity.

### *Redemption of Liquidity Facility Bonds*

Series 1999 Bonds that have been purchased from funds drawn on their respective Letters of Credit (“Liquidity Facility Bonds”) are subject to redemption prior to maturity by the Authority, at the written direction of the Library, in whole or in part on any date, upon payment of 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

### *Selection of Bonds to be Redeemed*

In the case of Series 1999 Bonds to be redeemed at the option of the Authority, the Authority or the Library will select the maturity of the Series 1999A Bonds or Series 1999B Bonds to be redeemed, provided that the Liquidity Facility Bonds shall be redeemed before any other Series 1999 Bonds of such Series. If less than all of the Series 1999A Bonds or Series 1999B Bonds of a maturity are to be redeemed, the Series 1999A Bonds or Series 1999B Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee will consider proper in its discretion.

### *Notice of Redemption*

The Trustee is to give notice of the redemption of the Series 1999 Bonds in the name of the Authority, by first-class mail, postage prepaid, not less than 30 days prior to the redemption date for Series 1999 Bonds in any Variable Rate Period, by first-class mail prepaid to the registered owners of any Series 1999 Bonds which are to be redeemed, at their last known addresses appearing on the registration books of the Authority. The failure of any owner of a Series 1999 Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 1999 Bond. If directed in writing by an Authorized Officer of the Authority, the Trustee will publish or cause to be published such notice in an Authorized Newspaper not less than 30 days prior to the redemption date, but publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of such Series 1999 Bonds.

If on the redemption date moneys for the redemption of the Series 1999 Bonds to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the redemption price, and if notice of redemption has been mailed, then interest on such Series 1999 Bonds will cease to accrue from and after the redemption date and such Series 1999 Bonds will no longer be considered to be Outstanding.

For a more complete description of the redemption and other provisions relating to the Series 1999 Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution."

### **Special Considerations Relating to the Remarketing of the Series 1999 Bonds**

#### *The Remarketing Agent is Paid by the Library*

Each Remarketing Agent's responsibilities include determining the interest rate from time to time and using best efforts to remarket the applicable Series 1999 Bonds that are optionally or mandatorily tendered ("Tendered Bonds") by the owners thereof (subject, in each case, to the terms of the applicable Remarketing Agreement), as further described in this Reoffering Circular. The Remarketing Agent is appointed by the Library and is paid by the Library for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series 1999 Bonds.

#### *The Remarketing Agent Routinely Purchases 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 Bonds for its own account and, in its sole discretion, routinely acquires such Tendered Bonds in order to achieve a successful remarketing of the Tendered Bonds (*e.g.* because there otherwise are not enough buyers to purchase the Tendered Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Tendered Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 1999 Bonds by routinely purchasing and selling Series 1999 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 1999 Bonds. The Remarketing Agent may also sell any Series 1999 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 1999 Bonds. The purchase of Series 1999 Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 1999 Bonds in the market than is actually the case. The practices described above also may result in fewer Series 1999 Bonds being tendered in a remarketing.

#### *Series 1999 Bonds May Be Offered at Different Prices on Any Date*

Pursuant to each 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 Tendered Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the effective date of such rate. The interest rate will reflect, among other factors, the level of market demand for the Tendered Bonds (including whether the Remarketing Agent is willing to purchase Tendered Bonds for its own account). There may or may not be Series 1999 Bonds tendered and remarketed on the date the rate is determined or the date the rate becomes effective, the Remarketing Agent may or may not be able to remarket any Series 1999 Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Tendered Bonds at varying prices to different investors on such dates 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 1999 Bonds at the remarketing price. In the event the Remarketing Agent owns any Series 1999 Bonds for its own account, it may, in its sole discretion in a

secondary market transaction outside the tender process, offer such Series 1999 Bonds on any date, including the date the rate is determined or the date the rate becomes effective, at a discount to par to some investors.

*The Ability to Sell the Series 1999 Bonds Other Than through the Tender Process May Be Limited*

The Remarketing Agent may buy and sell Series 1999 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 1999 Bonds to do so through the Trustee with appropriate notice. Thus, investors who purchase the Series 1999 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 1999 Bonds other than by tendering the Series 1999 Bonds in accordance with the tender process.

*Under Certain Circumstances, the Remarketing Agent May be Removed, Resign or Cease Remarketing the Series 1999 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.

### **Book-Entry Only System**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 1999 Bonds. The Series 1999 Bonds will be issued as fully-registered securities 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 Series 1999A Bond certificate will be issued for the Series 1999A Bonds and one fully-registered Series 1999B Bond certificate will be issued for the Series 1999B Bonds, and such Series 1999A Bond certificate and such Series 1999B Bond certificate will be deposited with DTC.

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

Purchases of Series 1999 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 1999 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 1999 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 1999 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 1999 Bonds, except in the event that use of the book-entry system for the Series 1999 Bonds is discontinued.

To facilitate subsequent transfers, all Series 1999 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 1999 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 1999 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 1999 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 1999 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 1999 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 1999 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 1999 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 Authority or the Trustee on the 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 Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, 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.

A Beneficial Owner shall give notice to elect to have its Series 1999 Bond tendered for purchase, through its Participant, to the Trustee and the Remarketing Agent, and shall effect delivery of such Series 1999 Bond by causing the Direct Participant to transfer the Participant's interest on the Series 1999 Bond, on DTC's records, to the Trustee. The requirement for physical delivery of Series 1999 Bonds in accordance with an optional tender or mandatory tender for purchase will be deemed satisfied when the ownership rights in the Series 1999 Bonds are transferred by Direct Participants on DTC's records and followed by a book entry credit of tendered Series 1999 Bonds to the Trustee's DTC account.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 1999 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 1999 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 1999 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 1999 Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 1999 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its service as depository with respect to the Series 1999 Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 1999 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, the Series 1999 Bond certificates will be printed and delivered to DTC.



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

Each person for whom a Participant acquires an interest in the Series 1999 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 of 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 OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 1999 BONDS.

So long as Cede & Co. is the registered owner of the Series 1999 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 1999 Bonds (other than under the caption "PART 9 — TAX EXEMPTION" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 1999 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Trustee to DTC only.

For every transfer and exchange of Series 1999 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 the Series 1999 Bonds if the Authority determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 1999 Bonds. or (ii) a continuation of the requirement that all of the Outstanding Series 1999 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, Series 1999 Bond certificates will be delivered as described in the Resolutions and the Bond Series Certificate.

NEITHER THE AUTHORITY, THE LIBRARY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT, (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 1999 BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 1999 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 1999 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 1999 BONDS; OR (VI) ANY OTHER MATTER.

## Principal and Interest Requirements

The following table sets forth the amounts required to be paid by the Library during each twelve month period ending June 30 of the Bond Years shown for the payment of principal of and interest on the Series 1999 Bonds.

<b>12 Month Period Ending June 30</b>	<b><u>Principal</u></b>	<b><u>Interest Payments</u></b> <sup>(1)</sup>	<b><u>Total</u></b>
2009	\$ -	\$1,915,781	\$1,915,781
2010	3,635,000	3,613,221	7,248,221
2011	3,805,000	3,465,721	7,270,721
2012	3,980,000	3,317,467	7,297,467
2013	4,150,000	3,144,681	7,294,681
2014	4,360,000	2,981,469	7,341,469
2015	4,560,000	2,804,645	7,364,645
2016	4,780,000	2,624,092	7,404,092
2017	5,000,000	2,420,949	7,420,949
2018	5,245,000	2,222,039	7,467,039
2019	5,490,000	2,009,120	7,499,120
2020	5,755,000	1,789,180	7,544,180
2021	6,030,000	1,549,208	7,579,208
2022	6,315,000	1,307,125	7,622,125
2023	6,600,000	1,051,066	7,651,066
2024	3,870,000	892,092	4,762,092
2025	4,060,000	730,313	4,790,313
2026	4,250,000	565,376	4,815,376
2027	4,465,000	390,712	4,855,712
2028	4,680,000	207,938	4,887,938
2029	4,900,000	15,777	4,915,777

<sup>(1)</sup> The Series 1999 Bonds are assumed to bear interest at their respective fixed swap rates.

## PART 4 - THE BANK

*The following information has been provided by the Bank (at times referred to hereinafter as “TD Bank, N.A.”) for use in this Reoffering Circular. Such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Authority, the Library or the Remarketing Agent. This information has not been independently verified by the Authority, the Library or the Remarketing Agent. No representation is made by the Authority, the Library 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.*

TD Bank, N.A. (the “Bank”) is a national banking association organized under the laws of the United States, with its main office located in Wilmington, Delaware. The Bank is an indirect, wholly-owned subsidiary of The Toronto-Dominion Bank (“TD”) and, operating under the brand names TD Banknorth and Commerce Bank, offers a full range of banking services and products to individuals, businesses and governments throughout its market areas, including commercial, consumer, trust, investment advisory and insurance agency services. The Bank operates banking offices in Connecticut, Delaware, the District of Columbia, Florida, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Vermont and Virginia.

On October 2, 2007, TD entered into a merger agreement with Commerce Bancorp, Inc. (“Commerce”), the holding company for Commerce Bank, N.A., Philadelphia, Pennsylvania, and Commerce Bank/North, Ramsey, New Jersey (together, the “Commerce Banks”), which provided for Commerce to be acquired by TD. The acquisition was consummated on March 31, 2008. On May 31, 2008, the Commerce Banks merged with and into TD Banknorth, N.A. (“TD Banknorth”). In connection with this merger, the Bank’s legal name was changed to “TD Bank, N.A.” As of September 30, 2008, the Bank had consolidated assets of \$98.6 billion, consolidated deposits of \$75.0 billion and stockholder’s equity of \$18.2 billion, based on regulatory accounting principles.

Additional information regarding the foregoing is available from the filings made by TD with the U.S. Securities and Exchange Commission (the “SEC”), which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning TD, the Bank and the Commerce Banks contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letters of Credit have been issued by the Bank and are the obligations of the Bank and not TD.

The Bank will provide copies of the publicly available portions of the most recent quarterly Call Report of the Bank (or its predecessor banks) delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

TD Bank, N.A.  
P.O. Box 9540  
Portland, ME 04112-9540  
Attn: Corporate Communications  
Mail Stop: ME 089-71

Information regarding the financial condition and results of operations of the Bank is contained in the quarterly Call Reports of the Bank delivered to the Comptroller of the Currency and available online at <https://cdr.ffiec.gov/public>. General information regarding the Bank may be found in periodic filings made by TD with the SEC. TD is a foreign issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare certain filings with the SEC in accordance with the disclosure requirements of Canada, its home country. Canadian disclosure requirements are different from those of the United States. TD’s financial statements are prepared in accordance with Canadian generally accepted accounting principles, and may be subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies prepared in accordance with United States generally accepted accounting principles.

The delivery hereof shall not create any implication that there has been no change in the affairs of TD or the Bank since the date hereof, or that the information contained or referred to in this Reoffering Circular is correct as of any time subsequent to its date.

## **PART 5 - THE LIBRARY**

### **Introduction**

The Library is a private, tax-exempt, not-for-profit education corporation operating in the City of New York. It is among the world's preeminent research libraries, serving a national and international public of over 2 million on-site visitors in fiscal year 2008. The Library also operates one of the most extensive branch (circulating) library systems in the United States, with more than 2.5 million card holders and nearly 19.6 million items circulated. Its facilities are available free of charge. The Library's collections are fully accessible to users in person and partly accessible to users through the Internet with website visits totaling 28 million in fiscal year 2008. The Library receives its support from governmental appropriations and from private sources.

### **History and Organization**

The Library traces its origin to the Astor Library, the Lenox Library and The Tilden Trust, which were established by private philanthropists in 1849, 1870 and 1887, respectively. In 1895, by authorization of the New York State Legislature, the Astor and Lenox Libraries and The Tilden Trust were consolidated into a single corporation called "The New York Public Library, Astor, Lenox and Tilden Foundations." The holdings of these predecessor institutions became part of the non-circulating research collections. Subsequently, in January 1901, the Library assumed a circulating library function when it consolidated with The New York Free Circulating Library.

In March 1901, Andrew Carnegie offered to furnish funds for the construction of certain branch (circulating) libraries in the City of New York if the government of the City of New York (the "City") would acquire the sites and agree to maintain these branches. The City accepted Carnegie's offer and the Library agreed to operate these 50 free public libraries with funds provided by the City. Under these arrangements as well as annual funding arrangements with the City covering the remaining branches, the Library operates and manages the primarily City-supported branch library system in the City's Boroughs of Manhattan, the Bronx and Staten Island (the branch libraries). See "The Branch Libraries" below. The other two boroughs in New York City, Brooklyn and Queens, are each served by independent not-for-profit corporations that provide free circulating public library services to those boroughs.

The Library currently operates under its Restated Charter, which it received from the Regents of the University of the State of New York on June 27, 1975, as amended. The Library's Board of Trustees (the "Board") oversees the operations of a staff of approximately 3,200 employees (including part-time employees), led by a full-time paid President. See "Governance" below.

### **Goals and Strategy**

In March 2008, the Trustees of The New York Public Library announced a five-year plan that represents the greatest change to the system since its founding more than a century ago. The plan calls for investing \$1 billion in buildings, technology, collections and services to create a 21<sup>st</sup>-century library system. To jumpstart the implementation of the strategy, Trustee Stephen A. Schwarzman made a pledge of \$100 million, the largest contribution in the Library's history.

The major elements of the plan were adopted by the Library's Board following a comprehensive 18-month study by Trustees and staff. The plan includes the renovation and modernization of the landmark Fifth Avenue building to accommodate both research and circulating collections. By moving the general research collection from the original 1911 book stacks that currently occupy the seven stories at the western side of the building to high-density shelving under Bryant Park, vast spaces that were formerly inaccessible to the public can be repurposed in order to create a multilevel, light-filled new library that overlooks the park. It is anticipated that this new circulating library will replace the Mid-Manhattan Library located across Fifth Avenue and, therefore, the plan contemplates the sale of the Mid-Manhattan Library building.

The accommodation of research and circulating resources under one roof will allow the Library to serve a diverse range of users, including young children, students, scholars, writers, entrepreneurs and casual readers, among many others. The transformation is expected to result in a threefold increase in the use of the building, to an estimated 3.5 million visitors annually.

This transformative plan will result in a more integrated New York Public Library. The repurposed Fifth Avenue building, with research and circulating collections in one location, is planned to be the epicenter of the system. The plan also contemplates the creation of two large "hub" libraries, in Northern Manhattan and Staten

Island, to serve as anchors to groups of smaller neighborhood branches. The system will be united by a greatly expanded digital presence, which will extend the reach of the Library beyond its physical premises.

Particularly in light of the current unsettled economic environment, there can be no assurance that any or all elements of the Library's plan, including the renovation and modernization of the Fifth Avenue building, the creation of new hub libraries, the expansion of the Library's digital presence and the sale of the Mid-Manhattan Library building, will be undertaken as contemplated or will be achieved as anticipated.

## **The Research Libraries**

In size, scope and quality, the research collections of the Library rank among the greatest in the world. They include more than 16 million books and more than 28 million other resources, such as prints, maps, sound recordings, sheet music, newspapers and periodicals. These collections, in more than 3,000 languages and dialects, draw scholars from every part of the world. A considerable portion of the collections is not available elsewhere. Generally, the collections of the research libraries do not circulate, and therefore must be used in the Library.

The research materials are organized into four principal collections located in four separate facilities in Manhattan:

*The Humanities and Social Sciences Library* – The landmark building on Fifth Avenue at 42<sup>nd</sup> Street houses the research library's Humanities and Social Sciences Library. The collections at this location comprise the Library's oldest general and special collections, consisting of materials detailing general research, art, architecture, periodicals, U.S. and local history, genealogy, literature, manuscripts and archives, photographs and prints, maps and atlases, Asian and Middle Eastern studies, Slavic and Eastern European studies, and Jewish studies.

*The Science, Industry and Business Library* ("SIBL") – Located at Madison Avenue and 34<sup>th</sup> Street, SIBL is the nation's largest public information center devoted solely to science and business. Its circulating and non-circulating collections are enhanced by services such as training in the use of the Internet and the Library's other extensive electronic resources; consultation and referral services related to international trade and for small business entrepreneurs; and science education initiatives for the secondary and higher education institutions.

*The Schomburg Center for Research in Black Culture* (the "Schomburg Center") – Housed in a modern complex at 135<sup>th</sup> Street and Malcolm X Boulevard, the Schomburg Center is one of the world's leading research facilities devoted to the preservation of materials on the global African and African diasporan experiences. A focal point of Harlem's cultural life, the Schomburg Center also functions as the national research library in the field, providing free access to its non-circulating research collections.

*The New York Public Library for the Performing Arts: Dorothy and Lewis B. Cullman Center* – Located on the Lincoln Center campus, the Library for the Performing Arts houses the world's most extensive collection of circulating and non-circulating reference and research materials on music, dance, theater, recorded sound, and other performing arts. The collection, containing more than nine million items, is an invaluable source of information and inspiration for professionals and students in virtually all aspects of performing arts.

With the Library's emphasis on accessibility and state-of-the-art technology, the research collections are readily available to all adult users, including business people, scholars and advanced students. The Library is a major participant in a number of cooperative library arrangements (including the Research Library's Group and METRO, a regional library cooperative). Through inter-library loan arrangements, the Library makes its resources available to other institutions throughout the United States and receives material requested from these sources for its own readers.

Registration data indicate that, of the users of the research collections, approximately 53% are students or work in an educational institution, 11% work in the non-profit sector, and 36% work in for-profit industry and other sectors. Substantial use of the research collections is made by persons living outside New York City and New York State.

The Library displays and interprets its research collections through a program of exhibitions, educational and cultural programs, and publications.

*Exhibitions.* The majority of the Library's exhibitions are composed of materials drawn from its own collections. Exhibitions are mounted in the Humanities and Social Sciences Library's three exhibition spaces. The Library also mounts exhibitions at the Library for the Performing Arts, the Schomburg Center and SIBL. The Library hosts related programs that compliment the exhibitions at these sites and in the branch libraries, including day-long events, films, lectures and special tours.

*Educational and Cultural Programs.* In the four research libraries, there are more than 2,100 programs held annually, attended by more than 79,000 individuals. These include author and panel discussions, conversations and debates, screenings, readings, and lectures.

*Publications.* The Library's publications program is intended to make selected Library holdings available outside the Library, to publicize the Library's collections and services, to make a scholarly contribution and to generate related income. In fiscal year 2008, there were three exhibition-related books and one collection-related book published through the Publications Office. In addition, the donor magazine *Bookmark* is published three times per year and seasonal guides to exhibitions and program throughout the library system are published for both adults and children.

## **The Branch Libraries**

With 87 locations in the Bronx, Manhattan, and Staten Island, the branches form one of the largest urban public circulating library systems in the world. In order to address varied informational, educational, cultural, and recreational needs and interests, the branches provide print and media collections, computer technology, public programs and training, and a highly knowledgeable staff. Public programming includes a range of services: from storytelling that encourages literacy development in young readers to English-language courses, from career and job search information to instructional use of the Internet. In addition, all branches offer free use of personal computers, often assisted by Computer Pages – young people from the community who are trained to aid patrons with this service. The aim is to make a difference in the lives of users, providing them with services that will both influence their lives and fulfill their needs.

The neighborhood branches are divided into six large networks, each with a “destination hub library” that offers a broad suite of library services, including enhanced programming and extended hours, as an anchor for a group of smaller neighborhood branches that serve the needs of their more local users. The most extensive collections are available at the Mid-Manhattan Library; the circulating collections at the Library of Performing Arts; the Bronx Library Center and SIBL. The Andrew Heiskell Braille and Talking Book Library serves members of the population that have difficulty reading standard printed materials.

The collections of the branch libraries offer more than 7.56 million books and other items, most of which are available for off-premises use. The collections include books, periodicals, pamphlets, DVDs, CDs, pictorial reproductions and special materials for users with print disabilities.

The branch libraries operate under the 1901 Agreement (the “1901 Agreement”) between the Library and the City under which the Library agreed to operate certain branch libraries and the City agreed to provide funds to operate and maintain these branches. Specifically, the 1901 Agreement provides that the City “agrees adequately to provide for the maintenance of the free public branch libraries to be erected pursuant to this agreement ... and to that end provide in each year in the annual budget and tax levy of said city a sum not less than” approximately \$520,000. The 1901 Agreement and concomitant appropriations in 1901 established a pattern of annual City appropriations in support of the branch libraries. Since that time, annual appropriations for operation of the branch libraries have grown to the fiscal year 2008 amount of \$117.0 million. The City has also established a historical pattern of annual appropriations for operation of the research libraries, which in fiscal year 2008 amounted to \$22.7 million. See “PART 5 - THE LIBRARY – Accounting and Budgeting Matters – *Fiscal Year 2009 Outlook*” for further discussion on proposed City funding reductions in fiscal years 2009 and 2010.

The City also promised under the 1901 Agreement to “annually, in addition to the provision for the maintenance heretofore provided for, provide funds for the repair of the [branch libraries].” Appropriations for new construction, renovation of the Library's physical facilities, and capital equipment purchases are generally made from the City's Capital Budget. In fiscal year 2008, such appropriations totaled about \$2.9 million for the branch and research libraries (excluding amounts paid directly by the City for City-managed capital projects).

## **Electronic Resources**

Since 1972, all new acquisitions of the research libraries have been recorded in an electronic catalogue known as “CATNYP” (Catalogue of The New York Public Library), rather than on paper catalogue cards. In 2000, the Library completed a project to convert all of the remaining 2.3 million paper-based catalog entries contained in the Dictionary Catalog to digital form for inclusion in CATNYP.

“LEO” (Library Entrance Online), the branch libraries' online catalog and information system, was launched in 1995 and provides access to a catalog of 800,000 titles and the circulation status of six million items. Library users can search LEO for books, DVDs, music, downloadable e-materials and other materials available in the branch

libraries. Users may also place reserves on items and review the status of items they have reserved or checked out from the Library.

In the Summer of 2009, CATNYP and LEO will be combined into a new, integrated library system. For the first time, this will allow users to search the holdings of the branch and research collections simultaneously through a single interface.

### Facility Usage

The use of the branch libraries and the research libraries continues to grow considerably. In looking at the four fiscal year period, 2005-2008, the number of users of branch libraries increased by nearly 25%, items circulated increased by 26%, branch program attendance increased by 22%, and branch reference questions increased by 14%. The research libraries also increased 14% in the number of users for the same period. The table below shows the statistics relating to the use of the Library for the four fiscal years which ended June 30, 2008.

<u>Fiscal Year</u>	<u>The Branch Libraries</u>			<u>The Research Libraries</u>	
	<u>Materials Circulated</u>	<u>Reference Questions</u>	<u>Users</u>	<u>Program Attendance</u>	<u>Users</u>
2005	15,547,000	6,825,000	11,926,000	515,000	1,760,000
2006	15,859,000	6,923,000	12,434,000	489,000	1,934,000
2007	16,557,000	7,692,000	14,514,000	550,000	1,812,000
2008	19,588,000	7,794,000	14,896,000	631,000	2,010,000

### Governance

The Library is governed by a Board of Trustees with an authorized maximum of 48 Voting Trustees, including any Foundation Trustees and ex-officio, the Mayor, the Speaker of the City Council, the Comptroller of the City of New York and the Library's President. In addition, the Board designates certain persons as non-voting Life Trustees and Honorary Trustees. As of October 6, 2008, the Board had 46 Voting Trustees in office. All Trustees (other than the President) serve without compensation for their services.

Under the Library's current Charter and By-laws, Voting Trustees (other than Foundation Trustees and ex-officio members of the Board) are elected by the Board for terms not exceeding three years and may be re-elected for any number of terms until they reach the Board's mandatory retirement age. Such Trustees are divided into three classes, each as nearly equal in number as possible. One class is elected by the Board each year. Vacancies on the Board may be filled at any time by a vote of the majority of Voting Trustees then in office. The general retirement age for elected Trustees is 75, except Trustees who also serve as Chairman of the Board or Vice-Chairman of the Board, for whom the retirement age is 77. Foundation Trustees must be at least age 74 at the time of election, are elected for one-year terms, are eligible for re-election and are not subject to a mandatory retirement age. Up to three Foundation Trustees may hold office at any one time.

The Board typically holds four regular meetings a year. In addition, the Executive Committee generally meets four times a year, in months when the Board does not meet. Between meetings of the Board, the Executive Committee is authorized to act for the Board except for those actions requiring the authorization of the full Board. Some of the functions of the Board are also delegated to other committees of the Board which meet throughout the year.

The members of the Board as of October 6, 2008, together with their principal affiliations, are listed below.

**John H. Banks III**  
Government Relations  
Consolidated Edison, Inc.

**Timothy Barakett**<sup>(1)</sup>  
Finance  
Atticus Capital

**John P. Birkelund**\*<sup>(2, 3)</sup>  
Finance  
Saratoga Partners

**Samuel C. Butler, Esq.**<sup>±(1, 2, 3)</sup>  
Chairman of the Budget Committee  
Chairman of the Compensation Committee  
Co-Chairman of the Campaign Steering Committee  
Law  
Cravath, Swaine & Moore LLP

**Sila M. Calderón**  
Government Relations/Philanthropy  
Commonwealth of Puerto Rico

**Joan Hardy Clark**  
Philanthropy  
The International Council of the World Monuments  
Fund

**Sol Neil Corbin, Esq.\*<sup>(3)</sup>**  
Law/Philanthropy  
Formerly of Taylor Colicchio & Silverman, LLP

**Dorothy Cullman\***  
Performing Arts/Philanthropy  
The American Academy in Rome

**Lewis B. Cullman\***  
Business/Philanthropy  
General American Investors Co.

**Robert Darnton**  
Director/Libraries/Fine Arts/Author  
Harvard University Library

**Gordon J. Davis, Esq.**  
Law  
Dewey & LeBouef, LLP

**Anne E. de la Renta<sup>(1)</sup>**  
Co-Chairman of the Nominating Committee  
Philanthropy  
Board of Trustees of the Metropolitan Museum of  
Art

**Andreas C. Dracopoulos**  
Finance/Philanthropy/International Shipping  
Stavros Niarchos Foundation

**James H. Duffy, Esq.<sup>(3)</sup>**  
Fine Arts-Writing/Author  
School of American Ballet

**H.R.H. Princess Firyal of Jordan**  
Philanthropy  
International Hope Foundation for the Education of  
Street Children

**Barbara G. Fleischman\***  
Philanthropy  
Visiting Committee for the American Painting and  
Sculpture Department of the Metropolitan Museum  
of Art

**Henry Louis Gates, Jr.**  
Fine Arts/Education/Writing  
Harvard University

**Barbara Goldsmith\***  
Fine Arts-Writing  
American Academy in Rome

**William Gray<sup>(1)</sup>**  
Co-Chairman of the Committee on Marketing  
Advertising  
Ogilvy North America

**Alan C. Greenberg\***  
Finance  
Bear Stearns, a J.P. Morgan Company

**Louise L. Grunwald<sup>(1)</sup>**  
Co-Chairman of the Committee on Marketing  
Philanthropy  
Co-Chairman of the Visiting Committee of the  
Egyptian Department of the Metropolitan Museum  
of Art

**John H. Gutfreund\*<sup>(2)</sup>**  
Finance  
Gutfreund & Co.

**Ralph E. Hansmann\***  
Finance/Investment Associate  
William T. Golden, New York City

**Roger Hertog<sup>(1)</sup>**  
Co-Chairman of the Campaign Steering Committee  
Finance  
Alliance Bernstein

**John B. Hess**  
Chairman and CEO  
Hess Corporation

**Mahnaz Ispahani**  
International Affairs/Philanthropy  
Former Senior Fellow for South Asia, then Adjunct  
Senior Fellow, at the Council on Foreign Relations  
in New York

**Kevin W. Kennedy<sup>(1,2)</sup>**  
Chairman of the Investment Committee  
Goldman Sachs & Co.

**Patricia D. Klingenstein\***  
Philanthropy  
The New York Historical Society

**Paul LeClerc<sup>(1,2,4)</sup>**  
President  
The New York Public Library

**Robert Liberman<sup>(1,3)</sup>**  
Chairman of the Committee on Capital Planning &  
Real Estate  
The Adler Group, Inc.

**Harold W. McGraw, Jr.\***  
Publishing  
The McGraw-Hill Companies

**Harold W. McGraw, III**  
Publishing  
The McGraw-Hill Companies

**Raymond J. McGuire<sup>(1)</sup>**  
Co-Chairman of the Building Committee  
Citigroup



**Scott Malkin**  
Retail/Marketing  
Value Retail PLC

**The Honorable Victor Marrero<sup>(1,3)</sup>**  
Chairman of the Audit Committee  
U.S. District Court of the Southern District of New York

**Catherine C. Marron<sup>(1,2,3)</sup>**  
Chairman of the Board  
Co-Chairman of the Campaign Steering Committee  
Philanthropy/Publishing/Finance  
The New York Public Library

**Robert B. Menschel\***  
Finance  
Goldman, Sachs & Co.

**Abby S. Milstein<sup>(1)</sup>**  
Co-Chairman of the Library Policy Committee  
Law/Partner  
Constantine Cannon LLP

**Toni Morrison\***  
Fine Arts/Author/Professor  
Princeton University

**Suzanne C. Mueller\***  
Philanthropy  
CocoPoint Fund of Barbuda

**Susan M. Newhouse**  
Philanthropy  
The Fresh Air Fund

**Jessye Norman**  
Performing Arts  
Boards of Citymeals-on-Wheels, The New York Botanical Garden, and the National Music Foundation

**Carl H. Pforzheimer III<sup>(1,3)</sup>**  
Co-Chairman of the Library Policy Committee  
Finance  
Carl H. Pforzheimer & Co., LLC

**Harold Prince\***  
Performing Arts  
Theatrical producer and director

**Katharine J. Rayner<sup>(1)</sup>**  
Philanthropy  
The Institute of International Education

**David Remnick**  
Publishing  
The New Yorker Magazine

**Elizabeth Rohatyn<sup>+(1)</sup>**  
Co-Chairman of the Campaign Steering Committee  
Philanthropy  
Teaching Matters

**Marshall Rose<sup>(1)</sup>**  
Co-Chairman of the Building Committee  
Real Estate  
The Georgetown Group, Inc.

**Sandra Priest Rose\***  
Philanthropy/Non-Profit Management  
Reading Reform Foundation

**Neil L. Rudenstine<sup>(1)</sup>**  
Co-Chairman of the Committee on Digital Strategy  
Fine Arts Management  
The Andrew W. Mellon Foundation

**John T. Sargent\***  
Publishing  
Former Chairman of the Board of Directors of  
Doubleday & Company, Inc.

**Eric S. Schwartz<sup>(2)</sup>**  
Finance/Philanthropy  
Former co-head of the Investment Management  
Division of Goldman Sachs & Co.

**Stephen A. Schwarzman**  
Finance  
The Blackstone Group

**Robert B. Silvers\***  
Publishing  
The New York Review of Books

**Dinakar Singh**  
Finance  
TPG-Axon Capital Management L.P.

**Laura J. Sloate<sup>(2)</sup>**  
Finance  
The Sloate Group  
Neuberger Berman LLC

**Gayfryd Steinberg**  
Philanthropy  
Member of the Undergraduate Executive Board of  
The Wharton School of the University of  
Pennsylvania

**Joshua L. Steiner<sup>(1)</sup>**  
Vice-Chairman of the Board  
Co-Chairman of the Nominating Committee  
Co-Chairman of the Committee on Digital Strategy  
Finance  
Quadrangle Group LLC

**James S. Tisch**  
President and CEO  
Loews Corporation

**Calvin Trillin**  
Fine Arts-Writing/Author  
Staff writer for The New Yorker; columnist for Time  
magazine and for The Nation

**Edgar Wachenheim III**<sup>(1,2,3)</sup>  
 Chairman of the Executive Committee  
 Co-Chairman of the Campaign Steering Committee  
 Finance  
 Greenhaven Associates, Inc.

**Sue Ann Weinberg\***  
 Philanthropy  
 New York City Ballet, The New-York Historical  
 Society, Columbia Teachers College, and Trustee  
 of the Bruce Museum

**The Honorable Michael R. Bloomberg**<sup>(4)</sup>  
 Mayor of the City of New York  
 Represented by Marc V. Shaw

**The Honorable Christine Quinn**<sup>(4)</sup>  
 Speaker of the City Council of New York  
 Represented by Peter Rider

**The Honorable William C. Thompson, Jr.**<sup>(4)</sup>  
 Comptroller of the City of New York  
 Represented by Leigh M. Miller

\*Life Trustee  
 †Foundation Trustee

<sup>(1)</sup> Member of the Executive Committee. Between meetings of the Board, the Executive Committee may exercise all of the powers of the Board except those requiring action of the full Board pursuant to the By-laws and New York State Law.  
<sup>(2)</sup> Member of the Investment Committee. The Investment Committee is responsible for the investment and reinvestment of the Library's endowment funds, the selection of independent investments managers for such funds, the apportionment of funds among investment managers and the establishment of investment objectives and guidelines for the investment managers.  
<sup>(3)</sup> Member of the Audit Committee. The Audit Committee is responsible for receiving, reviewing and making recommendations to the Board concerning the Library's accounting and auditing affairs, including the Library's financial statements, audit procedures and policies, accounting principles and selection of its independent auditors.  
<sup>(4)</sup> *Ex Officio*

## Administration

The officers of the Library as of October 6, 2008 are listed below, together with their backgrounds.

<u>Name</u>	<u>Position</u>
Paul LeClerc	President and Chief Executive Officer
David S. Ferriero	Andrew W. Mellon Director of The New York Public Libraries
David G. Offensend	Chief Operating Officer, Chief Financial Officer and Treasurer
Catherine Carver Dunn	Senior Vice President for External Affairs
Robert J. Vanni, Esq.	Vice President, General Counsel and Secretary
Anthony Calnek*	Vice President for Communications and Marketing
Jeffrey Roth	Vice President for Strategic Planning
Louise Shea	Vice President for Staff Services
Jacqueline F. Bausch, Esq.	Deputy General Counsel and Assistant Secretary
Todd M. Corbin	Chief Investment Officer
Sharon Hewitt Watkins	Vice President for Finance, Controller, and Assistant Treasurer
Vacant	Vice President for Development
Joanna M. Pestka	Vice President for Capital Planning and Facilities Operations
James Pisaniello	Vice President For Facilities Operations and Security
David Sturm	Vice President and Chief Information Officer

\* Mr. Calnek has announced his intention to leave his position at the Library effective December 1, 2008.

PAUL LeCLERC is the President and Chief Executive Officer of the Library. He is the author or co-editor of five scholarly volumes on writers of the French Enlightenment and his contributions to French culture earned him the Order of the Academic Palms (Officer) in 1989 and the French Legion of Honor (Chevalier) in 1996. Dr. LeClerc has received honorary doctorates from Oxford University, the University of Paris III-La Nouvelle Sorbonne and Brown University, among others, and he is currently a trustee of the Andrew W. Mellon Foundation, the J. Paul Getty Trust, the Carroll and Milton Petrie Foundation, the American Academy in Rome, Union College, and The National Book Foundation.

DAVID S. FERRIERO has served as a top executive in the academic libraries of the Massachusetts Institute of Technology and Duke University. He joined The New York Public Library in 2004, and is the Andrew W. Mellon

Director of The New York Public Libraries. Mr. Ferriero earned a Bachelor of Arts degree and a Master of Arts degree in English Literature from Northeastern University, and a Master of Science degree from the Simmons Graduate School of Library and Information Science.

DAVID G. OFFENSEND is the Chief Operating Officer, Chief Financial Officer and Treasurer of The New York Public Library. Before joining the Library in 2004, Mr. Offensend spent nine years at Evercore Partners Inc., a private equity and investment banking firm he co-founded in 1995. Prior to founding Evercore, Mr. Offensend worked with the Texas investor Robert M. Bass and was responsible for the leveraged acquisitions portfolio of Acadia Partners, L.P. Mr. Offensend spent thirteen years at Lehman Brothers, Inc. where he founded the firm's merchant banking operations. Mr. Offensend serves on the boards of Hudson Highland Group, Bedford Stuyvesant Restoration Corporation, Brooklyn Children's Museum and Brooklyn Bridge Park Development Corporation. He received a Bachelor of Arts degree in public and international affairs from Princeton University and a Master of Business Administration degree from the Harvard Business School, where he was a Baker Scholar.

CATHERINE CARVER DUNN is Senior Vice-President for External Affairs for The New York Public Library. She has been at the Library since September 1988. Before joining the Library, Ms. Dunn held a variety of posts in City, State and Federal governments. Ms. Dunn received a Bachelor of Arts degree from the University of South Dakota.

ROBERT J. VANNI, ESQ. was elected Vice President, General Counsel and Secretary of the Library in 2002. Mr. Vanni joined the Library in 1986 as Counsel to the President and became Assistant Secretary of the Library in 1992. Prior to joining the Library, he was General Counsel to the Department of Cultural Affairs of the City of New York, associate with the law firm Shearman & Sterling, and Assistant Economic Affairs Officer with the United Nations Secretariat. Mr. Vanni holds a Bachelor of Science degree from Babson College, a Juris Doctorate degree from New York University School of Law, and a Master of Business Administration degree from Columbia University Business School.

JEFFREY ROTH was elected Vice President for Strategic Planning in 2008. From 2004 to 2008, Mr. Roth served as the Library's Vice President for Budget & Planning and from 2000 to 2004, as Budget Director. For the previous eight years he was Financial Systems Manager at Teacher's College and then Director of Financial Planning and Systems at New York Institute of Technology. Mr. Roth holds a Bachelor of Arts degree from the University of Massachusetts, Amherst and a Master of Business Administration degree from Rutgers University.

LOUISE SHEA joined the Library in July 2008 as Vice President of the newly created Office of Staff Services. Before coming to the Library, Ms. Shea was the Vice President of Human Resources for the International Rescue Committee. Prior to IRC, Ms. Shea held human resource positions at CARE in Atlanta, GA; Hipp Waters in Stamford, CT; the American Institute for Foreign Study in Greenwich, CT; and Save the Children Federation in Westport, CT. Ms. Shea received a Bachelor of Fine Arts degree from Syracuse University.

JACQUELINE F. BAUSCH, ESQ. is Deputy General Counsel and Assistant Secretary of the Library. She joined the Library in 1994 as Deputy General Counsel and was elected Assistant Secretary in 2002. Her previous positions included associate at the law firm of Davis Polk & Wardwell and consulting attorney at the Metropolitan Museum of Art. Ms. Bausch received her Juris Doctorate degree from New York University School of Law and her Bachelor of Arts degree from the University of Virginia.

TODD M. CORBIN is the Chief Investment Officer of the Library. Mr. Corbin joined the library in March 2008. Prior to joining the Library, Mr. Corbin was Vice President and Head of Directional Equity Strategies at Citigroup Alternative Investments. Mr. Corbin also served as the Endowment Director at The Brookings Institution in Washington, D.C. overseeing the implementation of the investment program. Mr. Corbin began his investment career as a Senior Research Associate at Cambridge Associates LLC in Arlington, VA. Mr. Corbin received a Bachelor of Arts degree in English from Colgate University and is a Chartered Financial Analyst (CFA) charterholder and member of the CFA Society of Washington, D.C.

SHARON HEWITT WATKINS is the Library's Vice President for Finance, Controller, and Assistant Treasurer. Ms. Hewitt Watkins joined the Library in 2004. Prior to joining the Library, she held the position of Controller at Teachers College, Columbia University, where her responsibilities included, the day-to-day management of the College's \$150 million endowment. Before working at Columbia University, she was at KPMG for nine years, where she rose through the ranks to become a Senior Manager. At KPMG, Ms. Hewitt Watkins performed auditing and consulting services for various institutions, focusing primarily on nonprofit organizations, particularly institutions of higher education. Ms. Hewitt Watkins is a Certified Public Accountant. She earned a Master of Arts degree in Organizational Psychology from Teachers College, Columbia University and a Bachelor of Science

degree in Accounting from New York University. Ms. Hewitt Watkins also attended the Harvard Institute of Endowment Management. She holds memberships in the American Institute of Certified Public Accountants, the New York State Society of Certified Public Accountants, and the National Association of Female Executives.

JOANNA M. PESTKA is the Vice President for Capital Planning and Facilities Operations at the Library. Ms. Pestka was born in Poland and graduated from the Warsaw University of Technology, where she earned a Master of Architecture degree. She practiced architecture in Warsaw before joining Syska & Henessy and then the New York City Department of Design and Construction (DDC) in 1983, as Assistant Commissioner for Cultural Institutions and Libraries. Ms. Pestka joined City University of New York as Director of Design and Construction in 2001. She is a longstanding member of the New York Chapter of AIA.

JAMES PISANIELLO was elected as the Vice President for Facilities, Operations and Security in 2008. From 2004 to 2008 he served as the Assistant Vice President for Security and Distribution Services and from 2003 to 2004 he served as The Library's Director of Security. Prior to coming to the Library, Mr. Pisaniello served as the Director of Global Security for The American Jewish Committee. He is a twenty year veteran of the New York City Police Department where he attained the rank of Captain. Mr. Pisaniello holds a Masters of Business Administration degree, a Masters degree in management and a Bachelor of Science degree in management from St. Joseph's College. He is also a graduate of the FBI National Academy.

DAVID M. STURM was elected Vice President and Chief Information Officer in 2006. From 2000 to 2006, Mr. Sturm served as Vice President for Information Technology and from 1996 to 2000, Mr. Sturm served as Director of Information Technology. Prior to his employment at the Library, Mr. Sturm was the Vice President in Citibank's Global Information Network organization, and worked for nineteen years in operations and technology management. Mr. Sturm holds a Bachelor of Engineering degree from The Cooper Union, a Master of Science degree in Engineering from Stanford University, and a Master of Business Administration in Finance from New York University.

## **Operating Support and Revenue**

The Library receives regular financial support from the City, the State, certain federal agencies, corporations, foundations and the general public. The Library also derives income from investing its endowment and other funds and from fines for late returns of books, real estate leases and the sale of goods and services. Certain of this income is not restricted as to use and may be used for any purpose of the Library, including the payment of the Series 1999 Bonds. Other funds received by the Library are restricted as to use, may be used only as specified and are not available for the debt service of the Series 1999 Bonds. See the "Statement of Activities" below for additional information as to various sources of support and revenue received by the Library during the past fiscal years.

The Library's financial condition may be materially affected by general economic conditions, the success of private fundraising (which in turn may be affected by federal tax laws on charitable donations), levels of City, State and Federal appropriations and grants and economic conditions affecting the investment of endowment and other funds.

### *The City of New York*

The City provides the bulk of support for the general operations, security and maintenance of the branch libraries. The City also provides for the security and maintenance costs of the research libraries; is the principal source of support for operations of the Schomburg Center for Research in Black Culture; and provides limited support to acquire, process and make accessible to the public the collections of the research libraries that relate to the culture and economy of the City. All such operating support is subject to annual appropriations. Through its capital budget, the City provides funds, which are also subject to annual appropriations, for the construction and reconstruction of the facilities of the Library and for purchases of capital equipment.

As required by law, each January the Mayor of the City presents a preliminary budget for the next fiscal year. In April, the Mayor proposes his executive budget. The Mayor and the City Council typically negotiate and agree upon a final budget in June for the fiscal year that begins July 1.

Senior Library staff members work closely with elected and appointed City officials during the preparation of the City's annual budget to present the Library's proposal for stable or expanded City support. To the extent that the City proposes any reductions in Library funding, the Library's staff estimates the impact and projects the potential adverse effect such funding changes would have on Library operations and services to the public in the current and coming fiscal years. The Library's representatives then negotiate with the Mayor and the Mayor's staff

and the City Council to seek additional funding for improved services or to mitigate any proposed reductions in funding. Historically, even when reductions in City funding have resulted in reductions of Library services, the City has continued to provide for the increased costs of collective bargaining settlements and inflation-related increases in benefits for city-reimbursed employees and retirees.

Depending on financial projections, the Mayor may propose in his preliminary budget reductions in operating support for the City's libraries. Through vigorous support from community groups and efforts by Library representatives, the three library systems generally have worked to secure most or all of the proposed reductions to be rescinded by the time the final budget for the new fiscal year is adopted.

Over the years, the level of operations of the Library (as reflected in days of opening per week, hours of opening per day, and in the case of the branch libraries, number of books purchased and number of public programs) has fluctuated in relation to the level of City funding. Since July 2007, all neighborhood branches have been open six days per week. The Mid-Manhattan Library and the borough centers of the Bronx and Staten Island are each currently open seven days per week, as are six branch libraries. All four research libraries are currently open six days per week, and the Humanities and Social Sciences Library is open seven days per week.

City support of the Library for fiscal year 2008 amounted to approximately 84% and 39% for the branch and research libraries, respectively, of all operating support and revenues. This support includes the cost of energy, which the City pays directly, and the imputed value of the rent-free use of City-owned buildings. In addition, the City directly manages a number of City-funded capital projects at City-owned Library facilities. These capital expenditures, which are not recorded in the Library's financial statements, amounted to \$6.9 million in the fiscal year 2008. City-funded capital projects managed by the Library in the fiscal year 2008 (which are recorded in the Library's financial statements) amounted to \$2.9 million.

The Library has no control over the amounts of funds actually appropriated and paid by the City. The continued receipt of such funds depends on the ability and willingness of the City to make annual appropriations in the future. See "Governmental Appropriations" below.

Although it is not required to do so by the 1901 Agreement, from time to time the Library has used certain of its unrestricted funds and borrowings for the benefit of the branch libraries.

#### *State of New York*

The State has been a significant source of support for the Library. The State Education Law includes several formula funding authorizations that apply to multi-county public library systems such as the Library. The Education Law also provides for specific annual lump-sum appropriations to the research libraries. State agencies other than the Education Department, such as the New York State Council for the Arts, also provide the Library with support for specific purposes. All State support is subject to annual appropriation by the State Legislature. State support of the Library for fiscal year 2008 amounted to approximately 7% and 8% for the branch and research libraries, respectively, of all operating support and revenues.

To remain eligible for a substantial portion of State appropriations, the branch libraries must provide an aggregate minimum of 60 weekly hours of public service. The Library has consistently met that requirement. State law also requires localities such as the City to provide funding for the branch libraries (exclusive of capital expenditures) from local taxation in an amount equal to at least 95% of the average of such support in the two preceding calendar years. If local taxation support drops below the required level, the State Education Law requires that the amount of certain multi-county public library system support to which the Library would otherwise be entitled be reduced by 25%. The City's support for the branch libraries failed to satisfy the State test in calendar year 1991. However, the State enacted legislation that permitted the State Education Department to issue a one-year waiver of the local support level requirement and the Library received full State funding in that year. The Library cannot predict whether, in the event that local tax support for the branch libraries fails to satisfy the State requirement in future years, the State would issue a waiver as it did in 1991. See "Government Appropriations" below.

#### *Federal Aid*

The Library has applied for and received significant grants of funds from several agencies of the federal government. Certain of these applications for grants are made in the name of the research libraries and others are in the name of the branch libraries. The funds so received are restricted as to use and will not be available for debt service on the Series 1999 Bonds.

The principal sources of federal funds currently come from the National Endowment for the Humanities and the Institute of Museum and Library Services for the purposes of preserving the Library's collections and providing special services in the Library. The Library also receives grants from the National Endowment for the Arts and other federal agencies. Certain of these grants have been matching grants, conditioned on the Library applying other resources to the purpose of the grant or raising additional funds during a specific period from non-federal sources. The Library has met the conditions of each of these grants in the past, although there is no assurance that it will do so with respect to any future federal matching grants. The continued receipt of federal grants will depend on the ability and willingness of federal agencies to approve the Library's applications for such grants and the Library's ability to meet any conditions that might apply.

#### *Private Support*

Each year, the Library raises more than \$50 million (cash) in private support from individuals (through membership programs, major gifts, events, and planned gifts), from foundations and from corporations to support its programmatic goals. The Library's Annual Fund campaign, a yearly effort to secure support for the Library's basic operations, raises more than \$20 million to support the purchase of library materials, the operations of curatorial divisions, including staff, and support services. In addition, the Library raises funds to support specific programmatic activities, including the digitization or preservation of specific collections, programming for children and teens and many other programs. The Library also raises endowment funds to secure its key activities in perpetuity. Contributions to the Library are tax-deductible to the extent provided by the Internal Revenue Code.

#### *Capital Campaigns*

From time to time, the Library sponsors capital campaigns to raise funds to support both general operations and specific projects. In July 2007, the Library launched the "Pride of the City Campaign" with a goal of raising \$500 million in private funds and \$400 million in public funds over a five year period. The Pride of the City Campaign was designed after careful planning and consideration, including a feasibility study conducted with Library Trustees. The purpose of the Campaign is to implement the Library's strategic plan (see "PART 5 – THE LIBRARY – Goals and Strategy"), to tailor services to better fulfill users' needs and make programs more accessible to the public. This campaign follows two highly successful campaigns: The "Campaign for the Library" from 1985 - 1989, raising \$324 million, and the "Second Century Campaign" from 1993 - 2000, raising \$723 million. As of September 2008, the Library has met nearly 60% of its private campaign goal, 31% of which has been received in cash and the balance of which is to be paid in the future. The Library has also received commitments totaling \$42 million towards its public campaign goals. A substantial portion of the private support funds raised has been provided by the Library's Trustees. There can be no assurance, however, that the Library will continue to receive private gifts, grants and support in amounts comparable to those that it has received in the past. To the extent that funds received from any of the foregoing sources are restricted as to use, such funds may not be available to pay debt service on the Series 1999 Bonds.

### **Government Appropriations**

Future City and State governmental aid to the Library depends upon annual appropriations by the respective legislative bodies and the ability and willingness of the City and the State to pay the amounts appropriated. The Library would be adversely affected by any significant reduction in overall support from public funding sources. If, for any reason, the City or the State should substantially curtail funding for the Library, it may be required to limit materially days and hours of public service of its facilities, defer the purchase of books and other materials and otherwise limit services until funding is restored or alternative sources of funding are obtained. See "PART 5 – THE LIBRARY – Accounting and Budgeting Matters - *Fiscal Year 2009 Outlook*" below for further discussion on proposed city funding reductions in fiscal years 2009 and 2010.

### **Accounting and Budgeting Matters**

#### *Accounting*

The Library's accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds according to their nature and purpose. In the Library's financial statements, funds that have similar characteristics have been combined into three net asset categories: permanently restricted, temporarily restricted, and unrestricted.

- Permanently restricted net assets contain donor-imposed restrictions that stipulate the donated assets be maintained permanently, but permit the Library to expend part or all of the income derived from the donated assets for either specific or general purposes. These assets form the basis of the Library's endowment.
- Temporarily restricted net assets contain donor-imposed restrictions that permit the Library to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Library. Included in this category of assets are realized and unrealized gains on certain permanently restricted net assets.
- Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired. Included in this category of assets are realized and unrealized gains on certain permanently restricted net assets.

The Library records appropriations, grants and earned revenues (e.g., fines, royalties and other revenues) on an accrual basis. Investment income, including net realized and unrealized gains that are available for spending from long-term investments, equal to the aggregate spending amount authorized by the Board, is recognized as operating revenue. Investment income earned in excess of (or less than) the aggregate authorized spending amount is recognized as non-operating investment return. In addition, the Library records as revenue the following types of contributions, when they are received unconditionally, at their fair value: cash, promises to give (i.e. pledges), certain contributed services and gifts of long-lived and other assets (exclusive of collection items). Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. For purposes of applying revenue recognition policies, substantially all of the Library's grants and appropriations are considered to be contributions, some of which are conditional. Contributions in the form of promises to pay in future years are recorded at their present value, using a risk-free rate of return appropriate at the time the promise to give is made, net of estimated uncollectible amounts.

For additional information on the Library's accounting policies, see Note 2 to the 2008 financial statements of the Library included in Appendix B to this Reoffering Circular.

#### *Budgeting*

Operating budgets are prepared in detail for each fiscal year by the Library's Office of Budget and Planning. Each department's operating budget contains expenses by categories and summaries of income. Reports comparing budgeted expenditures to actual expenditures are prepared monthly and reviewed by appropriate library personnel. The Budget Committee of the Board is responsible for the initial review of each fiscal year's proposed budget and for approving budgetary policies. Final budgets are subject to adoption and approval by the Board. Each fiscal year, the Board makes available, for operational spending, a percentage of the average market value of the Library's long-term investment portfolio for the three preceding fiscal years, net of fees and adjusted for new gifts to endowment. In fiscal year 2004, the Board approved a plan to gradually decrease the spending rate from 7.5% to 5% in 2008, to remain at this level thereafter. The 5% rate was achieved in 2008. The operational spending appropriated from the endowment, together with funds available from governmental and private sources and earned revenues, comprise the aggregate spending amount authorized by the Board for the fiscal year. From time to time, the Board may authorize the spending of additional funds from the Library's long-term investment portfolio.

Capital budgets for expenditures from the Library's unrestricted resources are prepared by the Office of Capital Planning and Construction, in consultation with and review by the Office of Budget and Planning. In addition, the Vice President for Capital Planning and Facilities Operations prepares detailed project budgets and schedules for all construction projects, across all sources of funding, and presents them to the Capital Planning and Real Estate Committee of the Board at quarterly meetings. Any budget and timing variances from plan are described and reviewed by the Committee. The Capital Planning and Real Estate Committee reports regularly to the Board.

#### *Statement of Activities*

The following table sets forth summarized financial data derived from the Library's audited financial statements for each of the five fiscal years ended June 30, 2008 and should be read in conjunction with such financial statements and related notes. The fiscal year 2008 financial statements are included as Appendix B to this Reoffering Circular. The Library's financial statements for each of the four fiscal years ended June 30, 2004 through June 30, 2007 are not separately presented in the Reoffering Circular.

**New York Public Library**  
**Statement of Activities (Summarized)**  
**For the Five Fiscal Years Ended June 30, 2008**  
**(in thousands)**

	2004	2005	2006	2007	2008
<b>Operating support and revenues and reclassifications</b>					
City of New York	\$114,213	\$141,304 <sup>(1)</sup>	\$130,205	\$127,227	\$142,574
State of New York	22,352	21,975	25,159	22,724	25,239
Federal government	2,123	1,827	1,738	2,794	1,486
Contributed rent, energy, and other services	52,119	53,213	57,016	58,354	62,243
Contributions from individuals, corporations and foundations, including promises to give	38,961	46,452	37,524	39,308	41,231
Investment income used for operations, net	31,817	30,430	31,233	33,696	33,011
Fines, royalties, and other revenue	12,969	13,902	16,410	18,863	20,812
<b>Total operating support and revenues and reclassifications</b>	<b>274,554</b>	<b>309,103</b>	<b>299,285</b>	<b>302,966</b>	<b>326,596</b>
<b>Operating expenses</b>					
Library services:					
Books and other library materials	10,253	12,982	12,991	11,858	14,422
Salaries and other expenses	223,996	227,683	237,603	244,862	261,299
Depreciation and amortization	11,008	10,537	10,699	10,456	10,460
<b>Total library services</b>	<b>245,257</b>	<b>251,202</b>	<b>261,293</b>	<b>267,176</b>	<b>286,181</b>
Fundraising and membership development	7,106	7,381	6,397	6,778	7,903
Management and general	20,648	22,644	22,041	23,257	25,063
<b>Total operating expenses</b>	<b>273,011</b>	<b>281,227</b>	<b>289,731</b>	<b>297,211</b>	<b>319,147</b>
Additions to collections	12,013	12,011	13,846	14,225	15,325
<b>Total operating expenses and additions to collections</b>	<b>285,024</b>	<b>293,238</b>	<b>303,577</b>	<b>311,436</b>	<b>334,472</b>
(Deficiency) excess of operating support and revenues and reclassifications over operating expenses and additions to collections	(10,470)	15,865	(4,292)	(8,470)	(7,876)
<b>Non-operating support, revenues, gains and losses</b>					
Gain from sale of donated art properties not capitalized	-	33,811	14,003	5,000	517
Additions to permanently restricted net assets	2,700	21,660	11,609	12,710	25,465
Unrestricted bequests and funds designated for long-term investment	6,550	4,248	2,304	605	97,587
Asset retirement obligations	-	-	-	(1,480)	-
Investment return earned in excess of (less than) amounts used for operations	35,562	30,600	44,765	108,121	(65,775)
Postretirement benefit-related changes other than net periodic benefit cost	-	-	-	-	(1,103)
Loss on impairment of fixed assets	-	(2,712)	-	-	-
Change in net assets before change in value of interest rate swaps and effect of adoption of recognition provisions of FASB Statement 158 in 2007	34,342	103,472	68,389	116,486	48,815
Change in value of interest rate swaps	9,168	(5,209)	6,505	(701)	(4,512)
Effect of adoption of recognition provisions of FASB Statement 158 in 2007	-	-	-	(26,656)	-
<b>Change in net assets</b>	<b>43,510</b>	<b>98,263</b>	<b>74,894</b>	<b>89,129</b>	<b>44,303</b>
Net assets at beginning of year	481,639	525,149	623,412	698,306	787,435
<b>Net assets at end of year</b>	<b>\$525,149</b>	<b>\$623,412</b>	<b>\$698,306</b>	<b>\$787,435</b>	<b>\$831,738</b>

<sup>1</sup> Includes funding for the construction of the Bronx Library Center



The following section discusses key changes in the Statement of Activities between fiscal years 2007 and 2008.

*Operating Support and Revenues:* Support from the City of New York increased by \$15.3 million in fiscal year 2008 compared with 2007 due primarily to the receipt of City enhancement funding for six-day service for libraries across New York City, with the New York Public Library receiving in excess of \$20 million. This \$20 million increase was offset, in part, by a mid-year City funding reduction of \$3.6 million and a portion of the six-day funding restoration being held back in an amount equal to the estimated interest earnings the Library would earn on the significant prepayment received at the beginning of the fiscal year. State support increased by \$2.5 million in fiscal year 2008 as the Library received State funding for renovation of the façade of the Humanities and Social Sciences Library building. In addition, several State grants were received to support renovation of several Children's Rooms in many of the Library's branches. Grants and contracts from the federal government in fiscal year 2008 declined by \$1.3 million, or 47%, from the fiscal year 2007 level, due largely to the completion of services on a contract between the Library (through the Schomburg Center for Research in Black Culture) and the U.S. General Services Administration for the African Burial Ground preservation project. Several other Federal grants, primarily through the National Endowment for the Humanities, came to an end during fiscal year 2008.

Contributions from individuals, corporations and foundations, including promises to give, totaled \$41.2 million in fiscal year 2008, an increase of \$1.9 million, or 5%, from fiscal year 2007 due primarily to an increase in pledged revenues.

The Library reports its income from long-term investments net of investment expenses. The investments that produce this income are known as the Library's "endowment" and are composed of (a) its permanently restricted net assets and the reinvested appreciation and accumulated income on those assets, and (b) other unrestricted net assets specifically designated by the Board to function as endowment. Investment income is shown in two sections of the Statement of Activities, namely in operating support and revenue as "investment income used for operations, net" and in non-operating revenues, support, gains and losses as "investment return earned in excess of (less than) amounts used for operations." These amounts totaled \$(32.8) million and \$141.8 million in 2008 and 2007, respectively.

Each year, the Board makes available for spending a percentage of the average market value of the Library's long-term investment portfolio for the three preceding fiscal years, net of fees and adjusted for new gifts to endowment. (See "PART 5 – THE LIBRARY - Accounting and Budgeting Matters - *Budgeting*" above for further discussion.) This is categorized in the operating section of the Statement of Activities as "investment return used for operations", and equaled approximately \$33.7 million and \$33.0 million in 2007 and 2008, respectively. The research libraries largely benefited from such endowment support. The decrease reflected in fiscal year 2008 was due to the lowering of the spending rate by the Board from 5.75% in 2007 to 5% in 2008. The impact of this rate reduction was offset largely by continued strong appreciation of the endowment's market value and the receipt of new gifts to endowment.

In each of the two fiscal years, the five largest categories of revenue in fines, royalties and other revenues together were approximately 72% of the total amount recorded in the Library's financial statements. The amounts of each of these categories in fiscal year 2008 were as follows: interest and dividends on short-term investment accounts - \$5.1 million; fines for late return of books and other materials borrowed from the branch libraries - \$3.5 million; fees from space rentals - \$2.9 million; rental income from real estate - \$2.0 million; and revenues from the Universal Services Discount Program, a federally-backed technology rebate program, - \$1.4 million. The increase in fiscal year 2008 over fiscal year 2007 of \$1.9 million was due primarily to increases in revenues from space rentals, rental income from real estate, and fines and fees collected for late returns of books and other library materials.

*Operating Expenses:* In fiscal year 2008, expenditures for books and other library materials in the branch libraries increased by \$2.6 million, or 22%, over the prior year. This was due to additional City enhancement funding received in 2008 that was directed toward the purchase of library materials for the circulating libraries.

Salaries and other expenses include salaries and fringe benefit costs and non-personnel costs, other than the purchase of books and other library materials, specific to programmatic activities. For a full listing of non-personnel costs, refer to note 13 of the 2008 financial statements included in Appendix B. The aggregate of this category of operating expenses increased by \$16.4 million, or 7% from fiscal year 2007 to 2008. This increase was attributed to several factors. First, an increase of \$3.4 million (3%) resulted in salary expense due to normal cost of living increases provided for Library staff. Building renovations and related expenditures, funded by City and State grants and appropriations, increased by \$7.0 million (43%) due to Children's Rooms and other renovations at several branch libraries, restoration of the façade at the Humanities and Social Sciences Library, costs associated with relocation of activities of the Donnell branch library to a temporary site, and the recognition of non-cash deferred rent expense associated with the straight-lining of rent expense for certain leases that have built-in escalations in

rent over their lease terms. The value of non-cash contributed rent expense increased by approximately \$3.6 million (7%) based on a 2008 study of fair market rental values of properties similar to those occupied by the Library under rent-free arrangements with the City and the State. The revenues to fund these expenditures, including utility costs (heat, light, and power) paid directly by the City on behalf of the Library, are recorded by the Library as contributed rent, energy and other services, offset by equal charges to expenses. Equipment rental and maintenance costs increased by \$1.2 million (25%) largely due to the purchase of laptops intended to increase public access to the branch libraries, technology infrastructure projects, and people counters and self-check technology for the branch libraries. Lastly, interest expense increased over \$0.8 million (24%) due to higher interest rates on the Library's insured variable rate debt due to the recent turmoil in the credit markets.

Fundraising and membership development costs increased by \$1.1 million (17%) due to additional staff positions recruited to support the Library's Campaign, the purchase and implementation of a new fundraising system and higher expenses associated with fundraising benefits and donor stewardship and cultivation events, both of which were offset with additional fundraising revenues.

Management and General expenses increased by \$1.8 million (8%) due largely to the filling of positions in central services departments that were previously vacant; replacement of several computer servers that support the Finance, Human Resources, and Development departments, as well as the Library's web site; the use of project management consultants in the Office of Capital Planning and Facilities Operations to assist with vacancies; the purchase of an applicant tracking system by the Office of Staff Services; and the increase in promotion and marketing associated with publicizing the restoration of six-day service resulting from enhanced City funding received in fiscal year 2008.

In contrast to the library materials acquired by the branch libraries, which are regularly replaced with new additions and new titles, library materials acquired for the research libraries are preserved under curatorial control and are held for research, education and public exhibition in furtherance of public service. Accordingly, purchases of library materials by the research libraries are reported as additions to collections, separate from total operating expenses. The increase of \$1.1 million (8%) in additions to collections in 2008 over 2007 is largely due to the infusion of \$1.0 million of City enhancement funding received in fiscal year 2008 toward research libraries' collections development.

*Non-operating Support, Revenues, Gains, and Losses:* The Library includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income, including net realized and unrealized gains and losses earned in excess of (less than) the Library's aggregate authorized spending rate; the gain (loss) on interest rate swaps; contributions to permanently restricted net assets; gain from sale of donated art properties outside the Library's collecting scope; the provision for asset retirement obligations; changes in post-retirement benefits, other than net periodic benefit cost; and certain unrestricted bequests and funds designated by the Library's Board of Trustees for long-term investment are recognized as non-operating revenues, support, gains and losses.

Key changes in non-operating support, revenues, gains, and losses between fiscal years 2007 and 2008 were as follows:

The gain from sale of donated art properties outside the Library's collecting scope was only \$0.5 million in 2008 as compared with \$5.0 million in 2007 due to the fact that a single piece of art was sold in 2007 that yielded proceeds totaling \$5.0 million. In fiscal year 2008, several minor pieces of art work were sold, which brought in an aggregate of only \$0.5 million. Additions to permanently restricted net assets increased in 2008 due largely to an increase in pledged revenues over 2007. Unrestricted bequests and funds functioning as endowment increased because of a significant pledge received from one of the Library's Trustees. Investment return earned in excess of (less than) amounts used for operations decreased in fiscal year 2008 from 2007 due to adverse market conditions in 2008, and decreased further due to the spending draw appropriated for operations, as approved by the Library's Board of Trustees. In connection with the subsequent years' recognition provisions of Statement of Financial Accounting Standards (SFAS) No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)*, a charge of \$1.1 million for postretirement benefit-related changes other than net periodic benefit cost was recognized in fiscal year 2008 to reflect additional actuarial losses arising during the fiscal year in valuing the Library's accrued postretirement benefit obligations. The initial recognition provisions of SFAS No.158 were adopted by the Library in fiscal year 2007. The adverse increase in change in value of interest rate swaps was due to lower swap rates in 2008 than in 2007 for comparable swaps to those of the Library making the swaps more of a liability to the Library in 2008.

## Balance Sheets

The following table reports the Library's assets, liabilities and net assets at June 30, 2007 and 2008.

<b>Balance Sheets</b>		
<b>June 30, 2007 and 2008</b>		
<b>(in thousands)</b>		
<b>Assets</b>	<b>2007</b>	<b>2008</b>
Cash and cash equivalents	\$149,065	\$140,208
Receivables	43,601	146,344
Other assets	3,311	3,730
Assets restricted as to use	5,958	3,829
Investments, at fair value	802,893	753,785
Real estate investment, at cost	15,521	15,521
Fixed assets, net of accumulated depreciation	150,779	152,549
Collections	-	-
Total assets	<u>\$1,171,128</u>	<u>\$1,215,966</u>
<b>Liabilities</b>		
Accounts payable, accrued expenses and other liabilities	\$39,077	\$50,034
Deferred revenue-City of New York and other	123,020	101,043
Long-term debt	102,710	99,400
Interest rate swaps	2,865	7,377
Accrued postretirement benefits	116,021	126,374
Total liabilities	<u>\$383,693</u>	<u>\$ 384,228</u>
<b>Net Assets</b>		
Unrestricted	120,685	186,745
Temporarily restricted	296,800	252,620
Permanently restricted	369,950	392,373
Total net assets	<u>787,435</u>	<u>831,738</u>
Total liabilities and net assets	<u>\$1,171,128</u>	<u>\$1,215,966</u>

*Assets:* Total assets at June 30, 2008 amounted to \$1.2 billion, of which approximately \$754 million, or 62%, represented the fair value of the Library's investments. The decline in investments between fiscal year 2007 and 2008 was attributed to investment losses due to adverse market conditions, combined with the spending draw appropriated for operations during fiscal year 2008. The composition of the Library's investments is shown below in the section "Endowment and Investments - *Endowment*." The remaining \$462 million, or 38%, consisted mainly of fixed assets, receivables and cash and cash equivalents. Fixed assets, net of accumulated depreciation is the recorded value of land, buildings, building improvements, leasehold improvements and equipment owned by the Library. It also reflects the value of improvements to City-owned or State-owned properties that were paid for with private funds. Net fixed assets increased modestly due to capital additions of \$12.2 million, offset by depreciation expense of \$10.4 million. Receivables consisted mainly of three components at June 30, 2008: (a) \$126.9 million due from individuals, foundations and corporations in the form of promises to give (pledges); (b) \$5.5 million due from the City; and (c) \$9.2 million due from the State. The significant increase in receivables in fiscal year 2008 was largely due to an unrestricted pledge of \$100 million received from one of the Library's Trustees. Cash and cash equivalents included a prepayment of the City's annual appropriation for the upcoming fiscal year of \$121.4 million and \$98.9 million at June 30, 2007 and 2008, respectively.

*Liabilities:* Accounts payable, accrued expenses and other liabilities had three major components at June 30, 2008: (a) \$17.7 million of accounts payable and accrued expenses that are generally payable in fiscal year 2009, (b) \$13.5 million of annual leave and sick leave benefits accrued by Library employees that are payable upon separation or retirement, and (c) \$6.3 million for the Library's annual contribution payable to the New York State and Local Retirement System (NYSLRS) to fund pension benefits for its employees. The increase in accounts payable and accrued expenses in 2008 as compared to 2007 was largely due to the accrual of construction invoices related to

various capital projects in progress at June 30, 2008, and the recognition of a deferred rent liability associated with the straight-lining of rent expense for certain leases that have built-in escalations in rent over their lease terms. The decrease in long-term debt in 2008, all of which has been issued through the Authority, was consistent with the scheduled amortization required by the loan agreement. Although the Library funds its postretirement benefits on a pay-as-you-go basis, for financial reporting purposes, the Library records these benefits as employees render service. Accrued postretirement benefits aggregated \$126.4 million at June 30, 2008. Approximately 63% of this amount is expected to be funded by the City. The current portion due and payable by the Library in fiscal year 2009 is estimated to be approximately \$4.8 million.

*Net assets:* Unrestricted net assets largely included amounts designated by the Board to be managed as long-term investments. Unrestricted net assets grew primarily due to the receipt of a significant pledge from one of the Library's Trustees, with partial offset by losses on our investments due to adverse market conditions. Temporarily restricted net assets primarily included the value of contributions, including pledged amounts and accumulated balances of income and gains from restricted endowments that will be expended in future years as donor requirements are satisfied. Temporarily restricted net assets decreased between 2007 and 2008 primarily due to investment losses on restricted endowment funds. Permanently restricted net assets increased in 2008 largely due to new gifts, pledged and received, for the Library's endowment.

*Fiscal Year 2009 Outlook:* During fiscal year 2009, the Library received operating appropriations from the City of New York totaling \$144 million, excluding contributed rent (which is separately reported as part of contributed rent, energy and other services in the Library's financial statements) and capital funding for facilities renovations (which was not final at the time the Library's budget was adopted). Since adoption, the Library received notice from the Mayor's Office of Management and Budget that the City's November Plan includes a proposed reduction of approximately 3% for fiscal year 2009 (\$3.6 million), and a 5% proposed reduction for fiscal year 2010 and out years (\$6.8 million), in addition to \$7.3 million of funding included in the fiscal year 2009 adopted budget that was not included in the fiscal year 2010 budget. As a result, unless City funding is partially or fully restored, there may be a reduction in the City's funding for the Library's operations in fiscal year 2010 of as much as 10%, or approximately \$14 million. The City assumes that any revenue reduction would be associated with expense cuts impacting service levels. Given the challenging financial environment, the Library's fiscal year 2009 planning already anticipated a possible mid-year reduction in City operating support. Forward planning is also in place for fiscal year 2010 and beyond, enabling proactive management of various reduction scenarios. Also due to the current market turmoil, the Library's investments declined in value by approximately 12% for the first quarter of fiscal year 2009. A reduction in the value of the Library's endowment may also adversely impact funding available for the Library's operations in future years. The Library is committed to balancing its budget and plans to address any funding reductions with reductions in expenses, including but not limited to reductions in expenses associated with Library service. See further discussion of the Library's investments, including its management and objectives, in the following section.

## Endowment and Investments

### *Endowment*

The assets of the Library that are managed as long-term investments are included in all three categories of net assets - unrestricted, temporarily restricted, and permanently restricted. The market values at the end of each of the last five fiscal years were as follows:

**Market Value of Endowment  
Categorized by Type of Net Asset  
June 30th,  
(in thousands)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Unrestricted	\$134,169	\$166,635	\$197,256	\$265,698	\$226,889
Temporarily Restricted	88,784	110,267	130,530	175,821	150,140
Permanently Restricted	278,894	301,325	324,279	352,977	369,133
Planned Giving	<u>8,768</u>	<u>8,232</u>	<u>8,517</u>	<u>8,397</u>	<u>7,623</u>
Total Market Value of Endowment	\$510,615	\$586,459	\$660,582	\$802,893	\$753,785

Adverse changes in the market may negatively impact the endowment and investments. Also due to the current market turmoil, the Library's investments declined in value by approximately 12% for the first quarter of fiscal year 2009.

New gifts to endowment in each of the last five fiscal years were as follows:

**Gifts to Endowment  
For Years Ended June 30,  
(in thousands)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Total</u>
Cash gifts, including unrestricted bequests designated for endowment	\$14,320	\$12,778	\$13,890	\$13,954	\$26,564	\$81,506
Proceeds from sale of art not within the Library's collecting scope and other properties	_____	<u>36,802</u>	<u>14,003</u>	<u>5,000</u>	<u>517</u>	<u>56,322</u>
Total gifts and other additions to endowment (excluding investment return)	\$14,320	\$49,580	\$27,893	\$18,954	\$27,081	\$137,828

*Investments*

The investment policy of the Library's endowment is established by the Investment Committee of the Board of Trustees, which meets at least quarterly. On a day-to-day basis, the investment program is implemented and monitored by the Library's Office of Investments, which is led by the Chief Investment Officer. The Chief Investment Officer is also responsible for making formal recommendations to the Investment Committee, which has the ultimate discretion over investment allocations.

The primary objective of the investment program is to generate long-term rates of return that are sufficient to protect the purchasing power of the endowment in perpetuity. As such, the investment program is designed to achieve results in excess of the Library's 5% annual spending rate on an inflation-adjusted basis, while minimizing the risk of permanent losses of capital.

The Library's assets are invested by a diversified group of external managers through separate accounts or commingled vehicles, including funds, trusts and limited partnerships.

The June 30, 2008 fair value and composition of the Library's long-term investments were as follows:

**Composition of Long-Term Investments  
As of June 30, 2008  
(in thousands)**

	<u>2008</u>	
	<u>Carrying Value</u>	<u>Cost</u>
Common stocks	\$120,141	\$122,865
Commingled bond funds	98,097	90,087
Limited partnerships – public investments	467,892	297,685
Limited partnerships – private investments	47,492	48,409
Mutual funds	7,445	7,008
Short-term investments	<u>12,718</u>	<u>13,556</u>
Total	\$753,785	\$579,610

The fair value of the Library's investments may be negatively impacted by adverse financial markets. Due to the current economic conditions the value of the Library's investments declined by approximately 12% between June 30, 2008 and September 30, 2008, primarily in domestic and global markets.

For five years of the prior seven-year period, the Library's long term returns exceeded relevant capital benchmarks. The Market Benchmark reflects a similar representation of risk as the Library's portfolio, with substantial exposure to Equity Market risk, and modest Fixed Income Market risk.

**Endowment Return History  
By Fiscal Year**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
NYPL Endowment	-1.9%	4.3%	14.5%	12.8%	13.7%	21.9%	-4.0%
Market Benchmark <sup>1</sup>	-13.0%	3.2%	15.0%	6.6%	6.6%	17.6%	-9.2%
Cambridge Associates (All Endowment Median)	-4.9%	3.4%	16.3%	10.7%	12.1%	18.6%	-1.4%
Cambridge Associates (\$500 million to \$1 billion Endowment Median)	-3.9%	3.7%	16.2%	10.8%	12.4%	19.1%	-1.1%

<sup>1</sup>Market Benchmark is 80% S&P 500, 20% Lehman Brothers Government/Credit Index

The endowment asset allocation is designed to earn superior investment returns while reducing the risk of permanent impairment of capital. Below is the Library's asset allocation for fiscal year 2000 through fiscal year 2008, shown in two-year increments to better highlight the asset allocation trends over time.

**Historical Asset Allocation**

	<u>2000</u>	<u>2002</u>	<u>2004</u>	<u>2006</u>	<u>2008</u>
U.S. Equity	40%	35%	36%	29%	25%
Global/Int'l Equity	12%	12%	16%	21%	21%
Hedge Funds	18%	21%	29%	30%	32%
Private Equity	3%	3%	3%	3%	5%
Real Estate	3%	3%	2%	2%	2%
Fixed Income/Cash	18%	20%	11%	15%	15%
High Yield Bonds	<u>6%</u>	<u>6%</u>	<u>3%</u>	<u>0%</u>	<u>0%</u>
Total	100%	100%	100%	100%	100%

In fiscal year 2004, the Board of Trustees elected to restructure the Library's spending policy such that the spending percentage applied to a three-year moving average market value of the endowment was to be decreased incrementally from as high as 7.5% to 5% by fiscal year 2008 in accordance with the following schedule:

**Historical Spending Policy**

<u>Fiscal Year</u>	<u>Unrestricted Endowment</u>	<u>Restricted Endowment</u>
2004	7.50%	6.00%
2005	7.00%	6.00%
2006	6.50%	6.00%
2007	5.75%	5.75%
2008	5.00%	5.00%

**Library Indebtedness and Swaps**

As of June 30, 2008, the Library's total outstanding indebtedness was \$99.4 million, all of which related to bonds issued through the Authority, as discussed below. Since June 30, 2008, the Library has made principal payments of approximately \$3.5 million against such indebtedness.

### *Authority Indebtedness*

In April 1999, the Library entered into loans with the Authority, financed through the issuance of insured, tax-exempt adjustable rate bonds (the Series 1999 Bonds), in the amount of \$117.6 million. The proceeds of the Series 1999 Bonds were used to advance refund and redeem outstanding debt and to fund various construction projects. The Series 1999 Bonds consist of two tax-exempt components: the Series 1999A adjustable rate bonds (the Series 1999A Bonds) in the amount of \$82.1 million and the Series 1999B adjustable rate bonds (the Series 1999B Bonds) in the amount of \$35.5 million. The Series 1999 Bonds are scheduled to mature July 1, 2028.

In connection with the Series 1999A Bonds, the Library has an interest rate swap agreement with UBS AG as swap counterparty, whereby the Library pays the swap counterparty a fixed rate of 3.85% on a notional amount equal to the principal amount outstanding on the Series 1999A Bonds at any time, in return for payments from the swap counterparty calculated at a rate equal to 54.50% of the 1-month British Bankers' Association LIBOR (United States Dollar), plus 0.31%. The Authority is not a party to the agreement, and has no right to receive payments from, and no liability to make payments to, the counterparty. The fair value of the interest rate swap was a liability of approximately \$5.1 million at June 30, 2008.

In connection with the Series 1999B Bonds, the Library has an interest rate swap agreement with Goldman Sachs Mitsui Marine Derivative Products, L.P. as swap counterparty, whereby the Library pays the swap counterparty a fixed rate of 4.01% on the notional amount equal to the principal amount outstanding on the Series 1999B Bonds at any time. These payments are made in return for payments from the swap counterparty calculated at a rate equal to the lower of LIBOR or 1-month LIBOR, where LIBOR is equal to the greater of (a) 1-month LIBOR x 68.00% or (b) (1-month LIBOR x 56.00%) plus 0.44%. The Authority is not a party to the agreement, and has no right to receive payments from, and no liability to make payments to, the counterparty. The fair value of the interest rate swap was a liability of approximately \$2.3 million at June 30, 2008.

Under certain circumstances, the Library may be required to post collateral to secure its obligations under the interest rate exchange agreements. In addition, such agreements may be terminated following the occurrence of certain events, at which time the Library may be required to make a termination payment to the swap counterparty.

### *Line of Credit*

The Library has available an unsecured line of credit from a bank, in the amount of \$15 million. The line of credit is available until cancelled by either party and carries an interest rate to be negotiated between the bank and the Library at the time of an advance. There are no amounts currently outstanding on the line credit.

### **Real Property**

The Library owns the following real property (land and buildings) that is used for library purposes:

Mid-Manhattan Library\*  
453-459 Fifth Avenue, New York, NY 10016

Donnell Library Center\*\*  
20 West 53rd Street, New York, NY 10019

The Annex\*  
521 West 43rd Street, New York, NY 10036

George Bruce Branch Library  
518 West 125th Street, New York, NY 10027

Riverdale Branch Library  
5540 Mosholu Avenue, Bronx, NY 10471

Bronx Library Center  
310 East Kingsbridge Road, Bronx, NY 10458

\* The Library is currently exploring the feasibility of selling these facilities, but there can be no assurance that these facilities will be sold as planned.

\*\* The Library contracted to sell the Donnell Library Center in November 2007, with a scheduled closing date in October 2008, and vacated the building in August 2008. As described in Note 15 to the Library's financial statements attached as Appendix B to this Reoffering Circular, the closing of such sale has been postponed.

The Library also owns, as a condominium, approximately 213,000 sq. ft. of space in the SIBL Building at 188 Madison Avenue, New York, New York 10016, and is exploring the feasibility of selling this condominium in support of its transformation strategy (See “PART 5 – THE LIBRARY – Goals and Strategy”). The Library also owns approximately 15,340 sq. ft. of space at 2900 Broadway, New York, New York 10027, which is used for a branch library. The Library does not own the buildings that house the three other centers of the research libraries. The Library uses these facilities under rent-free lease or license arrangements with the City. All other land and buildings housing the branch libraries are owned by the City or State or are leased by the Library. Historically, the City has appropriated funds in an amount sufficient to enable the Library to pay the Library's obligations under its leases and to pay the operating and maintenance expenses for the buildings the Library owns.

## **Insurance**

The Library carries insurance for fire and extended coverage on Library property and comprehensive general liability insurance in amounts that it considers to be adequate. The Library generally carries insurance of \$10,000,000 for objects of art (including borrowed works of art), and items of rarity or historic merit. The Library is self-insured for fire, theft and other losses for all other collection items. In addition, the Library has a paid-loss program for its workers' compensation insurance program whereby it pays up to \$250,000 per loss per year, not to exceed an annual aggregate limit of \$1,500,000.

## **Employees**

Approximately 60% of the Library's nearly 3,200 salaried and hourly paid employees (at June 30, 2008) are represented by Locals 374 and 1930 of District Council (“DC”) 37 of the American Federation of State, County and Municipal Employees. The Library's collective bargaining agreements with each local union expired on March 2, 2008. Changes in salaries and fringe benefits under the collective bargaining agreements are typically established in broad negotiations between the City and DC 37, of which Locals 374 and 1930 are constituent organizations. On October 30, 2008, DC 37 reached a tentative agreement with the City of New York on a new 24-month wage pact, for the period March 3, 2008 through March 2, 2010, that provides for a cumulative increase in salaries of 8.26% over the 24-month period. Once the agreement is ratified by the DC 37 membership, the salary increases will be applicable to (a) Library employees whose titles are collectively bargained and whose wages and benefits are reimbursed to the Library by the City and (b) other Library salaried employees whose titles are collectively bargained and whose wages and benefits are paid by non-City funds. The ratified agreement will then form the pattern for collective bargaining between the Library and DC 37 (on behalf of Library employees who are members of Locals 374 and 1930).

As with the Library's present and past collective bargaining agreements, the Library anticipates that any new agreement will provide that all financial obligations contained in the agreements that are payable to City-reimbursable employees of the Library will be contingent on the provision of appropriate City funds.

The Library has never been subject to a labor strike. The Library considers its labor relations to be good.

## **Litigation and Claims**

The Library is currently involved in certain litigation and claims arising in the normal course of its activities. Management believes that the amount of losses that may be sustained beyond existing insurance liability coverages, if any, would not have a material effect on its financial position.

## **Forward-Looking Statements**

Certain statements in this Reoffering Circular that relate to the Library are forward-looking statements that are based on the beliefs of, and assumptions made by, the Library. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the Library to be materially different from any expected future results or performance. Such factors include, among other things, the financial condition of the State and the City, the levels of governmental support and private contributions received by the Library, results of investment of the Library's endowment and general economic and financial market conditions.



## PART 6 - 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 September 30, 2008, the Authority had approximately \$36.9 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 September 30, 2008 were as follows:

	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Notes Outstanding</b>	<b>Bonds and Notes Outstanding</b>
<b>Public Programs</b>				
State University of New York				
Dormitory Facilities.....	\$ 2,250,196,000	\$ 974,760,000	\$ 0	\$ 974,760,000
State University of New York Educational and Athletic Facilities .....	11,757,912,999	4,849,608,949	0	4,849,608,949
Upstate Community Colleges of the State University of New York .....	1,397,910,000	577,550,000	0	577,550,000
Senior Colleges of the City University of New York .....	8,950,698,549	2,778,741,000	0	2,778,741,000
Community Colleges of the City University of New York .....	2,250,831,563	468,219,000	0	468,219,000
BOCES and School Districts .....	1,911,191,208	1,444,745,000	0	1,444,745,000
Judicial Facilities .....	2,161,277,717	731,557,717	0	731,557,717
New York State Departments of Health and Education and Other.....	4,675,320,000	3,257,740,000	0	3,257,740,000
Mental Health Services Facilities .....	6,198,585,000	3,794,045,000	0	3,794,045,000
New York State Taxable Pension Bonds .....	773,475,000	0	0	0
Municipal Health Facilities Improvement Program .....	985,555,000	802,230,000	0	802,230,000
Totals Public Programs.....	<u>\$ 43,312,953,036</u>	<u>\$ 19,679,196,666</u>	<u>\$ 0</u>	<u>\$ 19,679,196,666</u>
<b>Non-Public Programs</b>				
Independent Colleges, Universities and Other Institutions .....	\$ 16,554,756,020	\$ 8,083,977,833	\$184,725,000	\$ 8,268,702,833
Voluntary Non-Profit Hospitals.....	13,397,904,309	7,931,815,000	0	7,931,815,000
Facilities for the Aged .....	1,996,020,000	1,017,785,000	0	1,017,785,000
Supplemental Higher Education Loan Financing Program.....	95,000,000	0	0	0
Totals Non-Public Programs.....	<u>\$ 32,043,680,329</u>	<u>\$ 17,033,577,833</u>	<u>\$184,725,000</u>	<u>\$ 17,218,302,833</u>
Grand Totals Bonds and Notes .....	<u>\$ 75,356,633,365</u>	<u>\$ 36,712,774,499</u>	<u>\$184,725,000</u>	<u>\$ 36,897,499,499</u>

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

At September 30, 2008, the Agency had approximately \$382.8 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 September 30, 2008 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Mental Health Services Improvement Facilities.....	\$ 3,817,230,725	\$ 0
<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Hospital and Nursing Home Project Bond Program.....	\$ 226,230,000	\$ 3,605,000
Insured Mortgage Programs .....	6,625,079,927	370,965,939
Revenue Bonds, Secured Loan and Other Programs .....	<u>2,414,240,000</u>	<u>8,255,000</u>
Total Non-Public Programs.....	<u>\$ 9,265,549,927</u>	<u>\$ 382,825,939</u>
Total MCFFA Outstanding Debt.....	<u>\$ 13,082,780,652</u>	<u>\$ 382,825,939</u>

**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 currently an Attending Surgeon at St. Vincent's Hospital in Manhattan. Dr. Corvalan was Chief of Laparoscopic Surgery at St. Vincent's Hospital in Manhattan. Previously, Dr. Corvalan served as Chief of Surgery and President of the Medical Staff at St. Vincent's Midtown Hospital in Manhattan. He is a Diplomate of the 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 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-1980s. Mr. Ruder is a member of the board of the New York State Foundation for Science, Technology and Academic Research (NYSTAR), and also serves as chair of the board of the Adirondack Council, board member and secretary of the New York Metro Chapter of the World Presidents' Organization, and an advisory board member of 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 current 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, Ph.D., Delmar.

Dr. Hedges was appointed as a Member of the Authority by the Speaker of the State Assembly on February 24, 2003. Dr. Hedges serves on the Legislative Advisory Task Force on Demographic Research and Reapportionment. He is the former Deputy Secretary of the New York State Assembly Committee on Ways and Means. Dr. Hedges previously served as the Director of Fiscal Studies of the Assembly Committee on Ways and Means. He 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:

PAUL T. WILLIAMS, JR. is the Executive Director and chief administrative and operating officer of the Authority. Mr. Williams is responsible for the overall management of the Authority's administration and operations. He most recently served as Senior Counsel in the law firm of Nixon Peabody LLP. Prior to working at Nixon Peabody, Mr. Williams helped to establish a boutique Wall Street investment banking company. Prior thereto, Mr. Williams was a partner in, and then of counsel to, the law firm of Bryan Cave LLP. He was a founding partner in the law firm of Wood, Williams, Rafalsky & Harris, which included a practice in public finance and served there from 1984-1998. Mr. Williams began his career as an associate at the law firm of Walker & Bailey in 1977 and thereafter served as a counsel to the New York State Assembly. Mr. Williams is licensed to practice law in the State of New York and holds professional licenses in the securities industry. He holds a Bachelor's degree from Yale University and a Juris Doctor degree from Columbia University School of Law.

MICHAEL T. CORRIGAN is the Deputy Executive Director of the Authority, and assists the Executive Director in the administration and operation of the Authority. Mr. Corrigan came to the Authority in 1995 as Budget Director, and served as Deputy Chief Financial Officer from 2000 until 2003. 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, he served as the appointed Rensselaer County Executive for a short period. Mr. Corrigan 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 obtained the approval of the PACB for the original issuance of the Series 1999 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 financed with proceeds from the Series 1999 Bonds 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, 2008. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

## **PART 7 - LEGALITY OF THE SERIES 1999 BONDS FOR INVESTMENT AND DEPOSIT**

Under New York State law, the Series 1999 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 1999 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

## **PART 8 - NEGOTIABLE INSTRUMENTS**

The Series 1999 Bonds are negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 1999 Bonds.

## PART 9 - TAX EXEMPTION

In connection with the original issuance of the Series 1999A Bonds, Brown & Wood, LLP (now, Sidley Austin LLP) delivered its approving opinion (the “Series 1999A Original Opinion”), which concluded that under then existing law interest on the Series 1999A Bonds was not includable in the gross income of the owners of the Series 1999A Bonds for purposes of federal income taxation; however interest on the Series 1999A Bonds would be includable in gross income of the owners thereof retroactive to the date of original issuance of the Series 1999A Bonds (a) in the event of a failure by the Library or the Authority to comply, subsequent to the original issuance of the Series 1999A Bonds, with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and covenants regarding use, expenditure or investment of the Series 1999A Bond proceeds and the timely payment of certain investment earnings to the United States Treasury, or (b) in the event that the \$150,000,000 limitation imposed by the Code on outstanding non hospital bonds is exceeded. The Series 1999A Original Opinion further concluded that, under then existing law, interest on the Series 1999A Bonds would not be treated as a preference item for purposes of computing the alternative minimum tax liabilities of individuals; however, interest on the Series 1999A Bonds would be includable in the calculation of the alternative minimum tax imposed on corporations. In addition, the Series 1999A Original Opinion concluded that, under then existing law, interest on the Series 1999A Bonds was exempt from personal income taxes of the State of New York and its political subdivisions.

In connection with the original issuance of the Series 1999B Bonds, Brown & Wood, LLP (now, Sidley Austin LLP) delivered its approving opinion (the “Series 1999B Original Opinion”), which concluded that under then existing law interest on the Series 1999B Bonds was not includable in the gross income of the owners of the Series 1999B Bonds for purposes of federal income taxation; however interest on the Series 1999B Bonds would be includable in gross income of the owners thereof retroactive to the date of original issuance of the Series 1999B Bonds (a) in the event of a failure by the Library or the Authority to comply, subsequent to the original issuance of the Series 1999B Bonds, with certain requirements of the Code, and covenants regarding use, expenditure or investment of the Series 1999B Bond proceeds and the timely payment of certain investment earnings to the United States Treasury, or (b) in the event that the \$150,000,000 limitation imposed by the Code on outstanding non hospital bonds is exceeded. The Series 1999B Original Opinion further concluded that, under then existing law, interest on the Series 1999B Bonds would not be treated as a preference item for purposes of computing the alternative minimum tax liabilities of individuals; however, interest on the Series 1999B Bonds would be includable in the calculation of the alternative minimum tax imposed on corporations. In addition, the Series 1999B Original Opinion concluded that, under then existing law, interest on the Series 1999B Bonds was exempt from personal income taxes of the State of New York and its political subdivisions.

On the Substitution Date, Sidley Austin LLP, New York, New York, Bond Counsel, will deliver its opinion to the effect that (a) the adoption by the Authority of the Supplemental General Resolution and the Supplemental Series 1999A Resolution, the execution and delivery by the Authority of a supplement to the Bond Series Certificate relating to the Series 1999A Bonds and Loan Agreement Supplement No. 2, and the termination of a bond insurance policy and a standby letter of credit relating to the Series 1999A Bonds and the substitution therefor with the Letter of Credit relating to the Series 1999A Bonds will not in and of themselves adversely affect the exclusion of interest on said Series 1999A Bonds from gross income for purposes of federal income taxation, and (b) the adoption by the Authority of the Supplemental General Resolution and the Supplemental Series 1999B Resolution, the execution and delivery by the Authority of a supplement to the Bond Series Certificate relating to the Series 1999B Bonds and Loan Agreement Supplement No. 2, and the termination of a bond insurance policy and a standby letter of credit relating to the Series 1999B Bonds and the substitution therefor with the Letter of Credit relating to the Series 1999B Bonds will not in and of themselves adversely affect the exclusion of interest on said Series 1999B Bonds from gross income for purposes of federal income taxation. The form of such opinion to be delivered by Bond Counsel on the Substitution Date is contained in Appendix F to this Reoffering Circular. Consistent with customary procedures involving substitutions of credit facilities and liquidity facilities securing outstanding bonds and related changes to documents authorizing the issuance of such bonds and setting forth the terms of such bonds, Bond Counsel has not been asked to conduct, and has not conducted any review of facts and circumstances relating to the tax status of interest on either the Series 1999A Bonds or the Series 1999B Bonds and expresses no opinion as to whether interest on either the Series 1999A Bonds or the Series 1999B Bonds is currently excluded from gross income for federal income tax purposes. In addition, Bond Counsel has made no inquiry or investigation with respect to the status of the Library as an organization described in Section 501(c)(3) of the Code.



### *Collateral Tax Matters and Future Developments*

Bond Counsel expresses no opinion as to whether the interest on the Series 1999A Bonds or the Series 1999B Bonds is currently excluded from gross income for federal income tax purposes. Assuming that the interest on the Series 1999A Bonds and the interest on the Series 1999B Bonds is currently excluded from gross income for federal and State income tax purposes, purchasers of the Series 1999A Bonds and the Series 1999B Bonds should be aware of the following:

Ownership of tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or railroad retirement benefits, taxpayers eligible for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 1999A Bonds and the Series 1999B Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

Future legislative proposals, if enacted into law, regulations, rulings or court decisions may cause interest on the Series 1999A Bonds or the Series 1999B Bonds to be subject, directly or indirectly, to federal income taxation or interest on the Series 1999A Bonds or the Series 1999B Bonds to be subject to State or local income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Further, legislation or regulatory actions or proposals may affect the economic value of the federal or state tax exemption or the market value of the Series 1999A Bonds or the Series 1999B Bonds. Prospective purchasers of the Series 1999A Bonds or the Series 1999B Bonds should consult their own tax advisors regarding any pending or proposed federal or State legislation, regulations, rulings or litigation, as to which Bond Counsel expresses no opinion.

#### *Backup Withholding*

Backup withholding of U.S. federal income tax may apply to payments made in respect of the Series 1999A Bonds and the Series 1999B Bonds to beneficial owners who are not “exempt recipients” and who fail to provide certain identifying information (such as the beneficial owner’s taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Series 1999A Bonds and Series 1999B Bonds must be reported to the Internal Revenue Service (the “IRS”), unless the registered owner is an exempt recipient or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or credit against such beneficial owner’s U.S. federal income tax, provided the required information is furnished to the IRS.

### **PART 10 - STATE NOT LIABLE ON THE SERIES 1999 BONDS**

The Act provides that notes and bonds of the Authority are not a debt of the State, that the State is not liable on them and that such notes and bonds are not payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 1999 Bonds are not a debt of the State and that the State is not liable on the Series 1999 Bonds.

### **PART 11 - 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 12 - LEGAL MATTERS**

Certain legal matters incidental to the authorization and issuance of the Series 1999 Bonds by the Authority were subject to the approval of Brown & Wood LLP, New York, New York, Bond Counsel, which delivered the approving opinion in connection with the initial issuance of the Series 1999A Bonds and the approving opinion in connection with the initial issuance of the Series 1999B Bonds on April 29, 1999. As a condition to the substitution of the Facilities for the Series 1999 Bonds, Sidley Austin LLP will deliver its opinion to the effect that such substitutions will not cause interest on either the Series 1999A Bonds or the Series 1999B Bonds to be included in gross income of the owners of such Series 1999A Bonds or Series 1999B Bonds, respectively, for purposes of federal income taxation. A copy of each approving opinion delivered in connection with the original issuance of the Series 1999A Bonds and the Series 1999B Bonds and the proposed form of the opinion to be delivered on the Substitution Date is set forth in Appendix F hereto.

Certain legal matters will be passed upon for the Library by its special counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. Certain legal matters will be passed upon for the Remarketing Agent by its counsel, Nixon Peabody LLP, New York, New York. Certain legal matters will be passed upon for the Bank by its counsel, Harris Beach PLLC, Albany, New York.

There is not now pending any litigation restraining or enjoining the reoffering of the Series 1999 Bonds or questioning or affecting the validity of the Series 1999 Bonds or the proceedings and authority under which they were issued or are to be converted or reoffered.

## **PART 13 - CONTINUING DISCLOSURE**

So long as the Series 1999 Bonds bear interest at the Daily Interest Rate or the Weekly Rate, the Series 1999 Bonds are exempt from Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, and the Authority and the Library will not be required to provide any continuing disclosure in accordance with the Rule.

## **PART 14 - REMARKETING**

Morgan Stanley & Co. Incorporated as Remarketing Agent for the Series 1999A Bonds has agreed, pursuant to the terms and conditions of a Firm Remarketing Agreement dated November 26, 2008, to purchase the Series 1999A Bonds from the Authority at an aggregate purchase price of par plus accrued interest and to make a public offering of the Series 1999A Bonds. Morgan Stanley & Co. Incorporated will be obligated to purchase all such Series 1999A Bonds tendered on the Substitution Date. In connection with its services related to this Reoffering Circular, the remarketing of the Series 1999A Bonds and the substitution of the Facilities, Morgan Stanley & Co. Incorporated will be paid \$102,793.52.

Morgan Stanley & Co. Incorporated as Remarketing Agent for the Series 1999B Bonds has agreed, pursuant to the terms and conditions of a Firm Remarketing Agreement dated November 26, 2008, to purchase the Series 1999B Bonds from the Authority at an aggregate purchase price of par plus accrued interest and to make a public offering of the Series 1999B Bonds. Morgan Stanley & Co. Incorporated will be obligated to purchase all such Series 1999B Bonds tendered on the Substitution Date. In connection with its services related to this Reoffering Circular, the remarketing of the Series 1999B Bonds and the substitution of the Facilities, Morgan Stanley & Co. Incorporated will be paid \$47,790.30.

The Series 1999 Bonds may be offered and sold to certain dealers (including the Remarketing Agent) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Remarketing Agent.

## **PART 15 — RATINGS**

It is expected that Standard & Poor's Rating Services ("S&P") will assign a long-term rating of "AAA" to the Series 1999A and Series 1999B Bonds on the basis of the availability of the Letters of Credit, as applicable, and of its evaluation of the financial condition and affairs of the Library. The Series 1999A and Series 1999B Bonds are expected to be assigned the short-term rating of "A-1+" by S&P based solely on the Letters of Credit, as applicable. Moody's Investors Service, Inc. ("Moody's") will assign a long-term rating of "Aaa" to the Series 1999A and Series 1999B Bonds on the basis of the availability of the Letters of Credit, as applicable, and of its evaluation of the

financial condition and affairs of the Library. The Series 1999A and Series 1999B Bonds are expected to be assigned the short-term rating of “VMIG 1” by Moody’s, based solely on the Letters of Credit, as applicable.

S&P has assigned an underlying long-term rating of “A+” to the Series 1999A and Series 1999B Bonds, reflecting the long-term financial condition of the Library. Moody’s has assigned an underlying long-term rating of “A2” to the Series 1999A and Series 1999B Bonds, reflecting the long-term financial condition of the Library.

Such ratings reflects only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Moody’s, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; and Standard & Poor’s, 55 Water Street, New York, New York 10041. 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 either or both of such rating agencies if, in the judgment of either or both of them, 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 1999 Bonds.

#### **PART 16 - MISCELLANEOUS**

References in this Reoffering Circular to the Act, the Resolution, the Series Resolutions, the Bond Series Certificates and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series Resolutions, the Bond Series Certificates and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series Resolutions, the Bond Series Certificates and the Loan Agreement are on file with the Authority and the Trustee.

The agreements of the Authority with Holders of the Series 1999 Bonds are fully set forth in the Resolution. Neither any advertisement of the Series 1999 Bonds nor this Reoffering Circular is to be construed as a contract with purchasers of the Series 1999 Bonds.

Any statements in this Reoffering Circular 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 Library and Principal and Interest Requirements was supplied by the Library. The Authority believes that this information is reliable, but the Authority makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

The information regarding the Bank, the Letters of Credit and the Reimbursement Agreement, and regarding the Bank in “PART 4 – THE BANK” and in “Appendix E – Summary of Certain Provisions of the Reimbursement Agreement” have been furnished by the Bank. No representation is made herein by the Authority, the Library 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. None of the Authority, the Library, or the Remarketing Agent has made any independent investigation of the Bank or the Letters of Credit.

“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 - Approving Opinions of Bond Counsel” have been prepared by Sidley Austin LLP, New York, New York, Bond Counsel.

The Library has reviewed the parts of this Reoffering Circular describing the Library and Principal and Interest Requirements. It is a condition to the delivery of the Series 1999 Bonds that the Library certify to the Remarketing Agent and the Authority that, as of the date of this Reoffering Circular and the date of delivery of the Series 1999 Bonds, 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 Library has agreed to indemnify the Authority 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 Reoffering Circular by an Authorized Officer have been duly authorized by the Authority.

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

By: /s/ Paul T. Williams, Jr.  
Authorized Officer

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**DEFINITIONS**

*Appendix A*

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## DEFINITIONS

*In addition to the terms defined in this Official Statement, the following definitions of certain terms are for the use of this Official Statement including the summaries of certain provisions of the Resolution and Loan Agreement. Capitalized terms used herein without other definition have the meaning set forth in the Resolution.*

*Act* means the Dormitory Authority Act being and constituting Title 4 of Article 8 of the Public Authorities Law of the State, as amended;

*Annual Administrative Fee* means the fee payable during each Bond Year for the general administrative and supervisory expenses of the Authority in an amount more particularly described in an Applicable Loan Agreement Supplement;

*Annual Rate* means the interest rate on the Series 1999B Bonds established from time to time pursuant to the Series 1999B Resolution;

*Annual Rate Period* means any period from the first Business Day of a month to the day prior to the first Business Day of the twelfth next succeeding month during which the Series 1999B Bonds bear interest at the Annual Rate;

*Applicable* means (i) with respect to any Construction Fund, Arbitrage Rebate Fund, Debt Service Fund, or Debt Service Reserve Fund, the fund so designated and established by an Applicable Series Resolution or Bond Series Certificate relating to an Applicable Series of Bonds relating to a particular Project or Projects, (ii) with respect to any Debt Service Reserve Fund Requirement, the said Requirement established in connection with a Series of Bonds by the Applicable Series Resolution or Bond Series Certificate, (iii) with respect to any Series Resolution, the Series Resolution relating to a particular Series of Bonds, (iv) with respect to any Series of Bonds, the Series of Bonds issued under a Series Resolution for a particular Project or Projects, (v) with respect to any Loan Agreement Supplement or Mortgage, the Loan Agreement Supplement or Mortgage, as applicable, relating to a particular Project or Projects, (vi) with respect to a Bonds Series Certificate, such certificate authorized pursuant to an Applicable Series Resolution, (vii) with respect to any Credit Facility or Facility Provider, the Credit Facility or Facility Provider relating to particular Series of Bonds, (viii) with respect to any Bondholders, the Bondholders relating to particular Series of Bonds and (ix) with respect to Revenues or Pledged Collateral, the Revenues or Pledged Collateral relating to particular Series of Bonds;

*Authority* means the Dormitory Authority of the State of New York;

*Authority Fee* means the fee payable to the Authority as more particularly described in the Applicable Loan Agreement Supplement;

*Authorized Denominations* means (a) during any Daily Rate Period, any Flex Rate Period, any Weekly Rate Period, any Semi-Annual Rate Period and any Annual Rate Period, \$100,000 or any integral multiple thereof, and (b) during a Fixed Rate Period, \$5,000 or any integral multiple thereof;

*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 Chairman, the Vice-Chairman, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, a Deputy Executive Director, the General Counsel, the Deputy Counsel, an Associate Counsel, the Director, Asset Management, and the Comptroller, 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 Library, when used with reference to any act or document, means the person or persons authorized by a resolution or the by-laws of the Library to perform such act or execute such document; and (iii) in the case of the Trustee, the President, a Vice President, a Corporate Trust Officer, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust

Appendix A

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* means T.D. Bank, N.A.

*Bond or Bonds* means any of the bonds of the Authority authorized and issued pursuant to the Resolution and to a Series Resolution;

*Bond Counsel* means Sidley Austin LLP, or an attorney or other law firm appointed by the Authority, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds;

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

*Bond Series Certificate* means, for purposes of the forepart of this Official Statement, the Bond Series Certificates, dated as of April 29, 1999 and to be supplemented on November 26, 2008 relating to the Series 1999 Bonds;

*Bond Year* means 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, means the registered owner of any Bond;

*Book Entry Bond* means a Bond 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 any day which is not a Saturday, Sunday or a day on which banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York; provided that, with respect to Variable Interest Rate Bonds of a Series, such term means any day which is not a Saturday, Sunday or a day on which the New York Stock Exchange, banking institutions chartered by the State or the United States of America, the Trustee or the Facility Provider of a Credit Facility or Liquidity Facility for such Bonds 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;

*Contract Documents* means any general contract or agreement for the construction of a 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 Library relating to the construction of a 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, including, 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, legal and accounting fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for insurance on Bonds, commitment fees or similar charges relating to a 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 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, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of the Project, (v) costs and expenses for the acquisition and installation of equipment or machinery, (vi) all other costs which the Library shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the Project, including, but not limited to, the acquisition or development of books, film, microfiche, manuscripts and other library materials, (vii) any sums required to reimburse the Library 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 moneys borrowed from parties other than the Library), (viii) interest on the Bonds 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, an Interest Rate Exchange Agreement or a Remarketing Agreement;

*Credit Facility* means (i) an irrevocable direct-pay letter of credit issued and delivered to the Trustee, by one or more of a bank, 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, or 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, or an insurance policy or any other instrument providing credit enhancement issued and delivered to the Trustee with respect to a Series of Bonds on the date of issuance of a Series of Bonds (including any extension thereof), (ii) upon the issuance of a Substitute Credit Facility, such Substitute Credit Facility and (iii) any municipal bond insurance policy satisfactory to the Authority which insures payment of principal, interest and, if agreed to by the Credit Facility Issuer and the Institution, redemption premium on the Bonds of any Series when due and issued and delivered to the Trustee or similar insurance or guarantee if so designated, all in accordance with the Applicable Series Resolution;

*Credit Facility Repayment Fund* means the fund, so designated, created and established pursuant to the Resolution, Series 1999A Resolution, Series 1999B Resolution and the Bond Series Certificates relating to the Series 1999 Bonds and for the benefit of the Credit Facility Provider;

*Credit Facility Provider* means the Facility Provider of a Credit Facility;

*Daily Rate* means the interest rate on the Series 1999B Bonds established from time to time pursuant to the Series 1999B Resolution;

*Daily Rate Period* means any period beginning on a Business Day and ending on, but not including, the succeeding Business Day and during which the Series 1999B Bonds bear interest at the Daily Rate;

*Debt Service Reserve Fund Requirement* means the amount specified in the Applicable Series Resolution;

*Defeasance Security* means (a) a direct obligation of the United States of America, (b) an obligation the principal of and interest on which are guaranteed by the United States of America (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment), (c) an obligation to which the full faith and credit of the United States of America are pledged (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment), (d) 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, obligations described in clause (a), (b) or (c), and (e) an Exempt Obligation (i) which 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 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) which is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or direct obligations of the United States of America 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) which are rated by each Rating Service in the highest rating category for such Exempt Obligation; *provided, however*, that (1) such term shall not mean any interest in a unit investment trust or mutual fund and (2) no obligation described in clause (a), (b) or (c) shall be 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;

*Exempt Obligation* means 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 lowest rating on Outstanding Bonds assigned by each Rating Service;

*Facilities* means collectively the Credit Facilities and Liquidity Facilities;

*Facility Provider* means the issuer of a Credit Facility, a Liquidity Facility or a Reserve Fund Facility delivered to the Trustee pursuant to the Resolution;

*Facility Provider Default* means, with respect to an Applicable Facility Provider, any of the following: (a) there shall occur a failure of the Facility Provider to make payment under its Credit Facility or Liquidity Facility; (b) the Applicable Credit Facility or Applicable Liquidity Facility shall have been declared null and void or unenforceable in a final determination by a court of law; (c) a proceeding shall have been instituted in a court having jurisdiction seeking a decree or order for relief in respect of an Applicable Facility Provider in an involuntary case under the applicable bankruptcy, insolvency or other similar law now or hereafter in effect or for the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of an Applicable Facility Provider or for any substantial part of its property or for the winding-up or liquidation of its affairs and such proceeding shall remain undismissed or unstayed and in effect for a period of 30 consecutive days or such court shall enter a decree or order granting the relief sought in such proceeding; or (d) an Applicable Facility Provider shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Applicable Facility Provider or for any substantial part of its property, or shall make a general assignment for the benefit of creditors;

*Fixed Rate* means a Fixed Rate established in accordance with the Series 1999A Resolution or Series 1999B Resolution;

*Fixed Rate Period* means the period from and including the conversion date to and including the date of payment in full of the Series 1999 Bonds so converted to the Fixed Rate;

*Flex Rate* means the interest rate on the Series 1999B Bonds established from time to time pursuant to the Series 1999B Series Resolution;

*Flex Rate Period* means any period during which the Series 1999B Bonds bear interest at a Flex Rate. The duration of a Flex Rate Period shall be specified by the Authority in a conversion notice and shall be a period of not less than one day nor more than 270 days. The Flex Rate Period shall begin on an effective date or the first day of any such period succeeding the end of a preceding Flex Rate Period and shall end and include the last day of such Flex Rate Period;

*Government Obligation* means a direct obligation of the United States of America, an obligation the principal of and interest on which are guaranteed by the United States of America, an obligation to which the full faith and credit of the United States of America are pledged, an obligation of any federal agency approved by the Authority, and 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, direct obligations of the United States of America; *provided, however,* that such term shall not include any obligation subject to variation in principal repayment;

*Interest Payment Date* means, with respect to the Series 1999 Bonds during any Weekly Rate Period, the first Business Day of each month;

*Interest Rate Exchange Agreement* means an agreement entered into by the Authority or the Library in connection with the issuance of or which relates to Bonds of one or more Series which provides that during the term of such agreement the Authority or the Library 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 or any portion thereof and that such counterparty is to pay to the Library or the Authority on the Library's behalf 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 provides for payment of only net amounts due under such agreement;

*Investment Agreement* means an agreement for the investment of moneys with a Qualified Financial Institution;

*Library* means The New York Public Library, Astor, Lenox and Tilden Foundations;

*Liquidity Facility* means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, line of credit or other agreement or arrangement issued or extended by 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 and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, 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, pursuant to which moneys may be obtained upon the terms and conditions contained therein for the purchase or redemption of Bonds tendered for purchase or redemption in accordance with the terms of the Resolution and of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds;

*Liquidity Facility Bonds* means the Series 1999 Bonds that have been purchased from funds drawn on their respective Letters of Credit;

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*Liquidity Facility Provider* means the Facility Provider of a Liquidity Facility;

*Loan Agreement* means the Loan Agreement, dated as of March 31, 1999, as amended and supplemented between The New York Public Library, Astor, Lenox and Tilden Foundations and the Dormitory Authority of the State of New York;

*Loan Agreement Supplement No. 2* means the Loan Agreement Supplement No. 2, dated as of September 24, 2008, between The New York Public Library, Astor, Lenox and Tilden Foundations and the Dormitory Authority of the State of New York which amends and supplements the Loan Agreement;

*Loan Agreement Supplement* means a supplement to the Loan Agreement entered into pursuant to the terms of the Loan Agreement;

*Mandatory Tender Date* means the date the Series 1999 Bonds are subject to mandatory tender and purchase at the Purchase Price;

*Maximum Annual Debt Service* means on any date, when used with respect to an Applicable Series of Bonds, the greatest amount required in the then current or any future calendar year to pay the sum of the principal and Sinking Fund Installments of and interest on Outstanding Bonds of the Applicable Series payable during such year, and in the case of an Applicable Series of Variable Interest Rate Bonds, interest payable during a calendar year will be calculated at a rate equal to the rate then borne by such Variable Interest Rate Bonds on such date plus one percent (1%) per annum;

*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 granted by the Library to the Authority in connection with the issuance of any one or more Series of Bonds, in form and substance satisfactory to an Authorized Officer of the Authority, on the Mortgaged Property as security for the performance of the Library's obligations under the Loan Agreement with respect to an Applicable Series of Bonds, as such Mortgage may be amended or modified from time to time with the consent of the Authority;

*Mortgaged Property* means the land or interest therein described in each Mortgage, together with the buildings and improvements thereon or hereafter erected thereon and the furnishings and equipment owned by the Library located thereon or therein as may be specifically identified in the Mortgage;

*Outstanding*, when used in reference to Bonds, means, as of a particular date, all Bonds authenticated and delivered under the Resolution and under any applicable Series Resolution except: (i) any Bond cancelled 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 Variable Interest Rate 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 the Bonds of any Series, 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 the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed;

*Permitted Encumbrances* means (i) the Loan Agreement, the Applicable Loan Agreement Supplement, the Resolution, any Mortgage, the Prior Pledges and any instrument recorded pursuant to the Loan Agreement, (ii) security interests, liens or other encumbrances to secure the purchase price of any equipment or furnishings, (iii) any other encumbrances or matters approved in writing by an Authorized Officer of the Authority or which do not have a material adverse effect upon the Library or its operations as determined by an Authorized Officer of the Authority, (iv) liens permitted by the Loan Agreement or an Applicable Loan Agreement Supplement and (v) those matters referred to in any title insurance policy issued to the Authority in connection with an Applicable Mortgage and accepted by the Authority;

*Pledged Collateral* means collateral, if any, to the extent pledged by the Library to any one or more Series of Bonds, including any or all of the following: revenues received by the Library from its operations; proceeds, product, offspring, rents and profits of any Project; and income available to the Library from other sources, proceeds of insurance policies or condemnation awards available to the Library and present and future accounts, contracts and agreements (including particularly, proceeds from the sale of general intangibles, documents, licenses, instruments and inventory and proceeds from any thereof owned, leased or used by the Library in the conduct of all or any part of its business operations) and investment income, gifts, bequests, contributions, grants, and donations;

*Prior Pledges* means all property described under Pledged Collateral, whether real or personal, tangible or intangible, including moneys, income, rents or revenues of the Library, the right to receive the same and the proceeds thereof which are pledged as Pledged Collateral in connection with the issuance of a Series of Bonds, 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, including moneys, income, rents or revenues of the Library, or the right to receive such property, is pledged as Pledged Collateral for another Series of Bonds or other debt of the Library, which exist prior to the issuance of such Series of Bonds and, with respect to other debt of the Library, which are specifically identified in a list attached to the Applicable Loan Agreement Supplement and any liens, pledges, charges, encumbrances and security interests heretofore or hereafter made and given by the Library in connection with the Dormitory Authority of the State of New York Second Pooled Short-Term Revenue Obligations;

*Project* means a “dormitory” as defined in the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of Bonds, as more particularly described in the Resolution or in any Series Resolution;

*Provider Payments* means the amount, certified by a Facility Provider to the Trustee, payable to such Facility Provider by the Library on account of amounts advanced by it under a Reserve Fund Facility, including interest on amounts advanced and fees and charges with respect thereto;

*Purchase Price* means a price equal to 100% of the principal amount of such Series 1999 Bonds plus accrued and unpaid interest thereon to the date of purchase;

*Qualified Financial Institution* means (i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, (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 any state of the United States of America, (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 or (iv) the Government National Mortgage Association or any successor thereto, Fannie Mae or any successor thereto, or any other federal agency or instrumentality approved by the Authority; *provided, however*, that in the case of any entity described in (ii) or (iii) above, the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, at the time an Investment Agreement is entered into by the Authority, are rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the [third] highest rating category by each Rating Service;

## Appendix A

*Rate Period* means any Daily Rate Period, any Weekly Rate Period, any Flex Rate Period, any Semi-Annual Rate Period, any Annual Rate Period, or the Fixed Rate Period;

*Rating Service* means each of Moody's Investors Service, Inc., Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., Fitch IBCA, Inc., and each other rating service, in each case, which has assigned a rating to Outstanding Bonds at the request of the Authority, or their respective successors and assigns;

*Record Date* means, with respect to all Bonds, unless the Series Resolution authorizing Variable Interest Rate Bonds or the Bond Series Certificate relating thereto provides otherwise with respect to such Variable Rate 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, 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;

*Related Agreements* means each Remarketing Agreement, Interest Rate Exchange Agreement and any agreement entered into in connection with a Reserve Fund Facility, Credit Facility or Liquidity Facility, to which the Library is a party;

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

*Remarketing Agreement* means, with respect to Variable Interest Rate Bonds of a Series, an agreement either between the Authority and the Remarketing Agent, or among the Authority, the Library and the Remarketing Agent, relating to the remarketing of such Bonds;

*Reserve Fund Facility* means a surety bond, insurance policy or letter of credit which constitutes any part of the Debt Service Reserve Fund Requirement authorized to be delivered to the Trustee pursuant to the Resolution;

*Resolution* means the Dormitory Authority of the State of New York The new York Public Library Revenue Bond Resolution adopted March 31, 1999;

*Revenues* means all payments received or receivable by the Authority which pursuant to the Loan Agreement are required to be paid to the Trustee for an Applicable 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 an Arbitrage Rebate Fund) and which may be pledged to one or more Series of Bonds pursuant to the Resolution;

*Securities* means (i) moneys, (ii) Government Obligations, (iii) Exempt Obligations, (iv) interest bearing, time deposits, certificates of deposit or other similar investment arrangements, provided that all money in each such interest-bearing time deposit, certificate of deposit or other similar investment arrangement shall be continuously and fully insured by the Federal Deposit Insurance Corporation or (v) Investment Agreements;

*Semi-Annual Rate* means the interest rate on the Series 1999B Bonds established from time to time pursuant to the Series Resolution;

*Semi-Annual Rate Period* means any period from the first Business Day of a month to the day prior to the first Business Day of the sixth next succeeding month during which the Series 1999B Bonds bear interest at the Semi-Annual Rate;

*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, and any Bonds 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 1999 Credit Facility Provider* means initially TD Bank, N.A., and thereafter any provider of a Substitute Credit Facility and a Substitute Liquidity Facility;

*Series 1999A Resolution* means the Series 1999A Resolution authorizing The New York Public Library Insured Revenue Bonds, Series 1999A In An Amount Not Exceeding \$127,000,000 When Aggregated With The New York Public Library Insured Revenue Bonds, Series 1999B adopted by the Authority on March 31, 1999;

*Series 1999B Resolution* means the Series 1999B Resolution authorizing The New York Public Library Insured Revenue Bonds, Series 1999B In An Amount Not Exceeding \$127,000,000 When Aggregated With The New York Public Library Insured Revenue Bonds, Series 1999A adopted by the Authority on March 31, 1999;

*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 Resolutions* means, for purposes of the forepart of this Official Statement, collectively the Series 1999A Resolution and the Series 1999B Resolution;

*Sinking Fund Installment* means, as of any date of calculation, when used with respect to any Bonds of a Series, other than Variable Interest Rate Bonds, so long as any such Bonds are Outstanding, the amount of money required by the Resolution or 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 when used with respect to 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 Variable Interest Rate Bonds of such Series are deemed to be Bonds entitled to such Sinking Fund Installment;

*Standby Purchase Agreement* means an agreement by and between the Authority and another person or by and among the Authority, the Library and another person, pursuant to which such person is obligated to purchase a Variable Interest Rate Bond tendered for purchase;

*Substitute Credit Facility* means (i) an irrevocable direct-pay letter of credit issued and delivered to the Trustee in accordance with the provisions of a Series Resolution or Bond Series Certificate upon the expiration or earlier termination of a Credit Facility, by one or more of a bank, 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, or 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, (ii) an insurance policy or any other instrument of credit enhancement issued and delivered to the Trustee in accordance with a Series Resolution or Bond Series Certificate upon the expiration or earlier termination of a Credit Facility, to replace the Credit Facility, or (iii) any municipal bond insurance policy satisfactory to the Authority delivered to the Library in accordance with a Series Resolution or Bond Series Certificate upon the expiration or earlier termination of a Credit Facility, which insures payment of principal, interest and, if agreed to by the Credit Facility Provider and the Institution, redemption premium on the Bonds of any Series when due and issued and delivered to the Trustee or

## Appendix A

similar insurance or guarantee if so designated, all in accordance with the Applicable Series Resolution or Applicable Bond Series Certificate;

*Supplemental General Resolution* means the Supplemental Resolution Amending and Supplementing The Dormitory Authority of the State of New York The New York Public Library Revenue Bond Resolution adopted by the Authority on September 24, 2008;

*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;

*Supplemental Series 1999A Resolution* means the Supplemental Series 1999A Resolution Amending and Supplementing The Dormitory Authority of the State of New York The New York Public Library Series 1999A Resolution adopted by the Authority on September 24, 2008;

*Supplemental Series 1999B Resolution* means the Supplemental Series 1999B Resolution Amending and Supplementing The Dormitory Authority of the State of New York The New York Public Library Series 1999B Resolution adopted by the Authority on September 24, 2008;

*Supplemental Series Resolutions* means collectively the Supplemental Series 1999A resolution and the Supplemental Series 1999B resolution;

*Term Bonds* means 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 the Bonds pursuant to the Resolution and having the duties, responsibilities and rights provided for in the Resolution, 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;

*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 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; *provided, however*, that such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate and that there may be an initial rate specified, in each case, as provided in such Series Resolution or Bond Series Certificate 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, further*, that such 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 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;

*Weekly Rate* means the interest rate on the Series 1999 Bonds established from time to time pursuant to, as applicable, the Series 1999A Resolution and the Series 1999B Resolution;

*Weekly Rate Index* means the then current Securities Industry and Financial Markets Association Municipal Swap Index plus 1/4th of 1%;

*Weekly Rate Period* means any one (1) week period during which the Series 1999 Bonds bear interest at the Weekly Rate.



**FINANCIAL STATEMENTS OF THE NEW YORK PUBLIC LIBRARY,  
ASTOR, LENOX AND TILDEN FOUNDATIONS  
WITH REPORT OF INDEPENDENT AUDITORS**

*Appendix B*

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## Report of Independent Auditors

Board of Trustees  
The New York Public Library,  
Astor, Lenox and Tilden Foundations

We have audited the accompanying balance sheet of The New York Public Library, Astor, Lenox and Tilden Foundations (the “Library”) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Library’s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Library’s 2007 financial statements and, in our report dated November 12, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Library’s internal control over financial reporting. Our audit included 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 Library’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, and evaluating the overall financial statement presentation. We believe that our audit provides 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 The New York Public Library, Astor, Lenox and Tilden Foundations at June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

October 21, 2008

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Balance Sheets  
(In Thousands of Dollars)

	June 30	
	2008	2007
<b>Assets</b>		
Cash and cash equivalents (Note 2)	\$ 140,208	\$ 149,065
Receivables, net (Note 3)	146,344	43,601
Other assets	3,730	3,311
Assets restricted as to use (Notes 4 and 9)	3,829	5,958
Investments, at fair value (Note 5)	753,785	802,893
Real estate investment, at cost	15,521	15,521
Fixed assets, net (Note 6)	152,549	150,779
Collections (Note 2)	–	–
Total assets	<b>\$1,215,966</b>	<b>\$ 1,171,128</b>
<b>Liabilities</b>		
Accounts payable, accrued expenses, and other liabilities (Notes 2 and 7)	\$ 50,034	\$ 39,077
Deferred revenue – City of New York and other (Note 2)	101,043	123,020
Long-term debt (Note 9)	99,400	102,710
Interest rate swaps (Note 9)	7,377	2,865
Accrued postretirement benefits (Notes 2 and 8)	126,374	116,021
Total liabilities	<b>384,228</b>	<b>383,693</b>
Commitments and contingencies (Note 14)		
<b>Net assets</b>		
The Branch Libraries:		
Unrestricted	(67,363)	(64,329)
Temporarily restricted (Note 10)	62,439	65,085
Permanently restricted (Note 11)	14,086	14,387
The Research Libraries and Library-wide Programs:		
Unrestricted, primarily trustee-designated and net investment in fixed assets (Note 2)	254,108	185,014
Temporarily restricted, including promises to give and net investment in fixed assets (Note 10)	190,181	231,715
Permanently restricted (Note 11)	378,287	355,563
Total net assets	<b>831,738</b>	<b>787,435</b>
Total liabilities and net assets	<b>\$1,215,966</b>	<b>\$ 1,171,128</b>

See accompanying notes.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Statement of Activities

Year Ended June 30, 2008

with Summarized Financial Information for the Year Ended June 30, 2007

(In Thousands of Dollars)

	The Branch Libraries				The Research Libraries and Library-wide Programs				All Funds			2008 Total	2007 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>Operating support and revenues and reclassifications</b>													
City of New York	\$117,110	\$ 21	\$ -	\$117,131	\$ 25,443	\$ -	\$ -	\$ 25,443	\$142,553	\$ 21	\$ -	\$142,574	\$127,227
State of New York	12,156	-	-	12,156	13,083	-	-	13,083	25,239	-	-	25,239	22,724
Federal government	558	-	-	558	928	-	-	928	1,486	-	-	1,486	2,794
Contributed rent, energy and other services (Note 2)	26,652	-	-	26,652	35,591	-	-	35,591	62,243	-	-	62,243	58,354
Contributions from individuals, corporations and foundations, including promises to give	1,559	3,866	-	5,425	27,298	8,508	-	35,806	28,857	12,374	-	41,231	39,308
Investment income used for operations, net (Note 5)	337	779	-	1,116	26,894	5,001	-	31,895	27,231	5,780	-	33,011	33,696
Fines, royalties, and other revenue	8,063	3	-	8,066	12,149	597	-	12,746	20,212	600	-	20,812	18,863
	166,435	4,669	-	171,104	141,386	14,106	-	155,492	307,821	18,775	-	326,596	302,966
Net assets released from restrictions (Note 12)	3,502	(3,502)	-	-	14,194	(14,194)	-	-	17,696	(17,696)	-	-	-
Total operating support and revenues and reclassifications	169,937	1,167	-	171,104	155,580	(88)	-	155,492	325,517	1,079	-	326,596	302,966
<b>Operating expenses</b>													
Library services:													
Books and other library materials (Note 2)	14,422	-	-	14,422	-	-	-	-	14,422	-	-	14,422	11,858
Salaries and other expenses	146,452	-	-	146,452	114,847	-	-	114,847	261,299	-	-	261,299	244,862
Depreciation and amortization	2,250	-	-	2,250	8,210	-	-	8,210	10,460	-	-	10,460	10,456
Total library services	163,124	-	-	163,124	123,057	-	-	123,057	286,181	-	-	286,181	267,176
Fundraising and membership development	796	-	-	796	7,107	-	-	7,903	7,903	-	-	7,903	6,778
Management and general	10,206	-	-	10,206	14,857	-	-	14,857	25,063	-	-	25,063	23,257
Total operating expenses	174,126	-	-	174,126	145,021	-	-	145,021	319,147	-	-	319,147	297,211
Additions to collections (Note 2)	-	-	-	-	15,325	-	-	15,325	15,325	-	-	15,325	14,225
Total operating expenses and additions to collections	174,126	-	-	174,126	160,346	-	-	160,346	334,472	-	-	334,472	311,436
(Deficiency) excess of operating support and revenues and reclassifications over operating expenses and additions to collections	(4,189)	1,167	-	(3,022)	(4,766)	(88)	-	(4,854)	(8,955)	1,079	-	(7,876)	(8,470)
<b>Non-operating support, revenues, gains and losses</b>													
Gain from sale of donated art properties not capitalized (Note 2)	-	-	-	-	517	-	-	517	517	-	-	517	5,000
Additions to permanently restricted net assets	-	-	23	23	-	-	25,442	25,442	-	-	25,465	25,465	12,710
Unrestricted bequests and funds designated for long-term investment	-	-	-	-	97,587	-	-	97,587	97,587	-	-	97,587	605
Asset retirement obligations (Note 2)	-	-	-	-	-	-	-	-	-	-	-	-	(1,480)
Investment return earned in excess of (less than) amounts used for operations (Note 5)	(667)	(1,654)	-	(2,321)	(28,112)	(35,638)	296	(63,454)	(28,779)	(37,292)	296	(65,775)	108,121
Postretirement benefit-related changes other than net periodic benefit cost	(661)	-	-	(661)	(442)	-	-	(442)	(1,103)	-	-	(1,103)	-
Re-designation of net assets (Note 2)	2,483	(2,159)	(324)	-	8,822	(5,808)	(3,014)	-	11,305	(7,967)	(3,338)	-	-
<b>Change in net assets before change in value of interest rate swaps and effect of adoption of recognition provisions of FASB Statement 158 in 2007</b>	(3,034)	(2,646)	(301)	(5,981)	73,606	(41,534)	22,724	54,796	70,572	(44,180)	22,423	48,815	116,486
Change in value of interest rate swaps	-	-	-	-	(4,512)	-	-	(4,512)	(4,512)	-	-	(4,512)	(701)
Change in net assets before effect of adoption of recognition provisions of FASB Statement 158 in 2007	(3,034)	(2,646)	(301)	(5,981)	69,094	(41,534)	22,724	50,284	66,060	(44,180)	22,423	44,303	115,785
Effect of adoption of recognition provisions of FASB Statement 158 in 2007 (Notes 2 and 8)	-	-	-	-	-	-	-	-	-	-	-	-	(26,656)
Change in net assets	(3,034)	(2,646)	(301)	(5,981)	69,094	(41,534)	22,724	50,284	66,060	(44,180)	22,423	44,303	89,129
Net assets (deficit) at beginning of year	(64,329)	65,085	14,387	15,143	185,014	231,715	355,563	772,292	120,685	296,800	369,950	787,435	698,306
Net assets (deficit) at end of year	\$ (67,363)	\$ 62,439	\$ 14,086	\$ 9,162	\$254,108	\$190,181	\$378,287	\$822,576	\$186,745	\$252,620	\$392,373	\$831,738	\$787,435

See accompanying notes.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Statements of Cash Flows  
(In Thousands of Dollars)

	<b>Year Ended June 30</b>	
	<b>2008</b>	<b>2007</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 44,303	\$ 89,129
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net change in unrealized depreciation (appreciation) of investments	79,160	(83,638)
Net realized gains on sales of investments	(46,993)	(55,052)
Effect of adoption of recognition provisions of FASB Statement 158	-	26,656
Depreciation and amortization	10,460	10,456
Deferred rent expense	2,541	-
Net change in value of interest rate swaps	4,512	701
Gain from sale of donated art properties not capitalized	(517)	(5,000)
Contributions and other revenues restricted to acquisition of long-lived assets	(4,972)	(4,574)
Permanently restricted contributions	(25,465)	(12,710)
Permanently restricted investment income	(296)	(16,162)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables, except for contributions receivable restricted to permanent investment and long-lived assets	(95,990)	14,765
(Increase) decrease in other assets	(490)	177
Increase in accounts payable, accrued expenses, other liabilities and accrued postretirement benefits	18,769	6,409
(Decrease) increase in deferred revenue	(21,977)	24,107
Net cash used in operating activities	(36,955)	(4,736)
<b>Cash flows from investing activities</b>		
Investment in fixed assets	(12,159)	(1,890)
Proceeds from sale of fixed assets	-	420
Proceeds from sale of donated art properties not capitalized	517	5,000
Purchases of investments	(252,638)	(140,749)
Proceeds from sales of investments	271,708	139,022
Net cash provided by investing activities	7,428	1,803
<b>Cash flows from financing activities</b>		
Increase in contributions receivable restricted to permanent investment and acquisition of long-lived assets	(6,753)	(458)
Contributions and other revenues restricted to acquisition of long-lived assets	4,972	4,574
Permanently restricted contributions	25,465	12,710
Permanently restricted investment income	296	16,162
Principal payments on long-term borrowings	(3,310)	(2,800)
Net cash provided by financing activities	20,670	30,188
Net (decrease) increase in cash and cash equivalents	(8,857)	27,255
Cash and cash equivalents at beginning of year	149,065	121,810
Cash and cash equivalents at end of year	\$ 140,208	\$ 149,065
<b>Supplemental disclosures</b>		
Long-term contributions receivable restricted for acquisition of property	\$ 2,486	\$ 968
Income taxes paid	\$ 787	\$ 788

See accompanying notes.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements

June 30, 2008  
*(In Thousands of Dollars)*

**1. The Library**

The New York Public Library, Astor, Lenox and Tilden Foundations (the “Library”) operates research and branch libraries in New York City under a restated charter from the Regents of the State University of New York. The Library is a private, not-for-profit educational corporation that provides certain free services to users of its facilities.

Although the Library is not a governmental institution, it receives significant support through governmental appropriations in addition to the support received from private sources. In accordance with a 1901 agreement with the City of New York (the “City”), funding for the 85 branch libraries operated by the Library in the boroughs of Manhattan, the Bronx and Staten Island is provided primarily by the City and the State of New York (the “State”), and the continuing operations of the branches is dependent upon such support. The Library also operates, at four locations in the borough of Manhattan, research libraries that are partially funded by the City, the State and the Federal government, and principally by private sources and investment income.

The Library is a Section 501(c)(3) organization, exempt from Federal income taxes under Section 501(a) of the U.S. Internal Revenue Code (the “Code”), and has been classified as an organization that is not a private foundation as defined in Section 509(a)(1) of the Code. In addition, the State and City have classified the Library as not-for-profit in character and, as such, it is exempt from payment of income taxes to the State and City. The Library qualifies for the maximum charitable contribution deduction by donors.

**2. Summary of Significant Accounting Policies**

**Fund Accounting and Net Asset Classifications**

To ensure compliance with restrictions placed on the resources available to the Library, the Library’s accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds according to their nature and purpose. In the financial statements, funds that have similar characteristics have been combined into three net asset categories: permanently restricted, temporarily restricted and unrestricted.

- Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Library to expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**2. Summary of Significant Accounting Policies (continued)**

- Temporarily restricted net assets contain donor-imposed restrictions that permit the Library to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Library.
- Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired. As reflected in the accompanying balance sheets, the Library's Board of Trustees has designated a portion of the unrestricted net assets of The Research Libraries and Library-wide Programs for long-term investment purposes (i.e., to function as endowment) and future expenditures, and management may earmark a portion of the net assets for the following year's operations. The portion of unrestricted net assets of the Research Libraries and Library-wide Programs designated for long-term investment includes certain unrestricted bequests in excess of an authorized amount appropriated for operations, proceeds from sale of certain assets (such as proceeds from sale of art properties), and unrestricted appreciation on permanently restricted endowment funds in excess of the amount authorized for spending. At June 30, 2008 and 2007, these amounts totaled \$326,361 and \$247,547, respectively. These amounts exclude the cumulative charge to unrestricted net assets relating to the Library's obligation under FASB Statement 158 (see Note 8).

**Revenue Recognition**

The Library records appropriations, grants and earned revenues (e.g., fines, royalties and other revenues) on an accrual basis; investment income is recognized in accordance with policies enumerated below. In addition, the Library records as revenue the following types of contributions, when they are received unconditionally, at their fair value: cash, promises to give, certain contributed rent, energy and other services, and gifts of long-lived and other assets (exclusive of collection items). Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Substantially all of the Library's grants and appropriations are considered to be contributions, some of which are conditional, for purposes of applying revenue recognition policies. Contributions are recorded net of estimated uncollectible amounts.



The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**2. Summary of Significant Accounting Policies (continued)**

The Library occupies the Humanities and Social Sciences Library Building at Fifth Avenue and 42nd Street and certain branch libraries under rent-free arrangements with the City and the State. The City pays the utility costs (heat, light and power) of properties occupied by the Library. Except for the Library for the Performing Arts, where the Library pays the utility costs directly as part of its general services expense and is subsequently reimbursed by the City (amounting to \$765 for fiscal year 2008), the revenues to fund these expenditures are recorded by the Library as contributed rent, energy and other services, offset by equal charges to the appropriate expense category.

The following amounts have been included in contributed rent, energy and other services and expense for the year ended June 30, 2008:

	<b>Rent</b>	<b>Heat, Light and Power</b>	<b>Total</b>
The Branch Libraries	\$21,058	\$5,594	\$26,652
The Research Libraries and Library-wide Programs	33,194	2,397	35,591
<b>Total</b>	<b>\$54,252</b>	<b>\$7,991</b>	<b>\$62,243</b>

Amounts paid directly by the City from its capital budget appropriations to third-party vendors for certain equipment and for improvements to City-owned properties occupied by the Library are not recorded by the Library. In fiscal 2008, such amounts were approximately \$6,903.

**Temporarily Restricted Contributions**

The Library records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions (see Note 12). It is the Library's policy to record temporarily restricted contributions received and expended in the same accounting period in the unrestricted net asset class.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**2. Summary of Significant Accounting Policies (continued)**

Contributions or other revenues that the donor or grantor requires to be used to acquire long-lived assets (e.g., buildings, building improvements, furniture, fixtures and equipment) are reported as temporarily restricted. Once the long-lived assets have been acquired and placed in service, the Library reflects the expiration of the donor-imposed restriction over the useful life of the long-lived asset as a reclassification included in net assets released from restrictions.

**Investments**

The Library's policy is to invest, directly and indirectly through various investment vehicles, in domestic and international equity and debt securities, other investments that are not readily marketable, and real estate holdings. In connection with its investing activity, the Library participates indirectly in securities lending, short sales of securities, and trading in futures contracts, options and forward foreign currency contracts.

The Library's long-term investments are carried as follows:

- Marketable securities, mutual fund holdings and investments related to split interest agreements are carried at fair value (quoted market value).
- Alternative investments are stated at fair value as estimated in an unquoted market. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Fair value of the alternative investments is determined by management based on information provided by the investment manager. Values may be based on estimates that require varying degrees of judgment for investments where readily available fair values do not exist. Generally, fair value reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expenses. The financial statements of the investees are audited annually by independent auditors.
- Investments in real estate are carried at the lower of cost or appraised fair value.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**2. Summary of Significant Accounting Policies (continued)**

Certain of the Library's long-term investments are pooled to facilitate their management. Investment income is allocated among unrestricted, temporarily restricted and permanently restricted net asset subfunds, based on donor restrictions or the absence thereof, using the market value unit method. During 2008, the Library made certain reclassifications of income earned in prior periods on its long-term investments between the various net asset classes to appropriately reflect the market value of subfunds participating in the investment pool.

The Library manages its long-term investments, except for real estate investments and investments relating to split interest agreements, on a total return basis. To preserve the investments' long-term purchasing power, the Library makes available to be spent each year a percentage of the average market value of the long-term investment portfolio for the three preceding years as authorized by the Library's Board of Trustees, to fund operations of the Library. Any excess is reinvested. The spending rate approved by the Library's Board of Trustees was 5% and 5.75% in 2008 and 2007, respectively.

Investment income, including net realized and unrealized gains that are available for spending from long-term investments, equal to the aggregate authorized spending amount, is recognized as operating revenue. Investment income earned in excess of (or less than) the aggregate authorized spending amount is recognized as non-operating investment return.

**Split Interest Agreements**

The Library has an interest in certain irrevocable charitable gift annuities and pooled income funds administered by a third party valued at approximately \$7,623 and \$8,397 at June 30, 2008 and 2007, respectively, in the accompanying balance sheets.

**Measure of Operations**

The Library includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income, including net realized and unrealized gains and losses, earned in excess of (or less than) the Library's aggregate authorized spending rate, the gain (loss) on interest rate swaps, contributions to permanently restricted net assets, gain from the sale of donated art properties, the provision for asset retirement obligations, and certain unrestricted bequests and funds designated by the Library's Board of Trustees for long-term investment are recognized as non-operating revenues, support, gains and losses.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**2. Summary of Significant Accounting Policies (continued)**

**Operating Expenses**

The costs of providing library services and other activities have been summarized in the accompanying statement of activities. Management and general expenses for The Research Libraries and Library-wide Programs include costs of certain executive functions that benefit both the Research and Branch Libraries, but are not allocated to The Branch Libraries. These costs were approximately \$1,922 and \$1,857 in fiscal 2008 and 2007, respectively.

**Fundraising and Development**

Fundraising activities of the Library include working with program staff to develop statements of need for private fundraising; soliciting contributions for those needs and for the Annual Fund from individuals, corporations and foundations; and conducting special fundraising events (the cost of which was approximately \$1,287 and \$1,084 in fiscal 2008 and 2007, respectively). Revenues raised from special fundraising events were \$6,252 and \$5,589 in fiscal 2008 and 2007, respectively. The portion of the costs of these events that provided a direct benefit to donors was \$196 and \$225 in fiscal 2008 and 2007, respectively. Membership development activities consist of outreach efforts to secure membership contributions and create awareness of the Library and its programs. These efforts were facilitated by direct mail, the cost of which was approximately \$1,285 and \$1,230 in fiscal 2008 and 2007, respectively. Fundraising costs are expensed as incurred.

**Operating Leases**

Rent expense for operating leases is recorded on a straight-line basis over the lease term. The lease term begins when the Library has the right to control the use of the leased property, which may occur before rent payments are due under the terms of the lease. If a lease has a fixed and determinable escalation clause and/or if the lease provides for free rent periods, the difference between the straight line rent expense and rent paid is recorded as deferred rent and is included in the accompanying balance sheets in accounts payable, accrued expenses, and other liabilities. Rent for operating leases where escalation is based on an inflation index and amount of escalation cannot be determined at the beginning of the lease term, is expensed over the lease term as it is paid.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**2. Summary of Significant Accounting Policies (continued)**

**Fixed Assets**

Land, building, significant building and leasehold improvement projects and equipment expenditures in excess of \$25 are capitalized. Depreciation and amortization of building, building improvements and equipment are provided over the estimated useful lives, which range from 5 to 40 years, on the straight-line basis, and are recognized as an operating expense. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the improvement.

Fixed asset activities reflect expenses incurred on certain construction and renovation projects for City-owned properties in which the Library acts as general contractor on behalf of the City. Pursuant to the pertinent contracts, the Library is reimbursed for substantially all of the expenses it incurs. These expenditures and reimbursements, which approximated \$6,212 and \$1,793 in fiscal 2008 and 2007, respectively, are included in the accompanying statement of activities and are not capitalized by the Library.

**Collections**

The Library has extensive collections of library materials, including books, periodicals and other items. These collections are maintained by The Research Libraries under curatorial care and are held for research, education and public exhibition in furtherance of public service. Proceeds from the sales of collections are used to acquire other items for collections. The cost of collections purchased by the Library for The Research Libraries is charged to expense in the year purchased and donated collection items are not recorded. The value of the Library's collections cannot be determined. The Library has also received certain donated art properties that are not considered a part of its collections, and that have not been capitalized. During fiscal years 2008 and 2007, the Library sold certain properties of art. The Library's Board of Trustees has designated such proceeds for long-term investment with earnings thereon to support additions to collections in The Research Libraries. The cost of books and other library materials purchased by The Branch Libraries is not recorded as collections, but is charged as a Library services expense in the year purchased because, largely by reason of their frequent use, such items are exhaustible over a short period of time.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**2. Summary of Significant Accounting Policies (continued)**

**Volunteers**

A number of volunteers, including the members of the Board of Trustees, have made significant contributions of time to the Library's policy-making, program and support functions. The value of this contributed time does not meet criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

**Cash and Cash Equivalents**

The Library considers highly liquid investments purchased with a maturity of three months or less, other than those held in the Library's long-term investment portfolio, to be cash equivalents. The fair value of cash and cash equivalents approximates their carrying value. The majority of cash and cash equivalents are held with one financial institution.

**Deferred Revenue**

During the years ended June 30, 2008 and 2007, the Library received an advance of \$98,913 and \$121,416, respectively, from the City to be used for fiscal 2008 and 2007 operations, respectively. These amounts are reflected as deferred revenue at June 30, 2008 and 2007. In addition, during fiscal 2008, the Library received payments on certain State grants in advance of incurring expenses, which are also included in deferred revenue at June 30, 2008.

**Derivative Instruments**

The Library follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*. SFAS Nos. 133 and 149 require that all derivative financial instruments be recognized in the financial statements and measured at fair value regardless of the purpose or intent for holding them. The Library uses derivative instruments (interest rate swaps) to manage its exposure to long-term debt (see Note 9). The fair value of the interest rate swaps and changes therein are included in the accompanying financial statements and are based upon discounted expected future cash flows based on current economic indicators.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**2. Summary of Significant Accounting Policies (continued)**

**Asset Retirement Obligations**

The Library follows the provisions of Financial Accounting Standards Board (“FASB”) Interpretation 47 (“FIN 47”), *Accounting for Conditional Asset Retirement Obligations – an interpretation of SFAS No. 143*. FIN 47 clarifies that the term conditional asset retirement obligation as used in SFAS No. 143, *Accounting for Asset Retirement Obligations*, refers to a legal obligation to perform an asset retirement activity in which the timing and or method of settlement are conditional on a future event that may or may not be within the control of the entity. An entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated, even if conditional on a future event. Accordingly, the Library is required to recognize a liability for the fair value of legally required asset retirement obligations associated with long-lived assets in the period in which the retirement obligations are incurred, generally upon acquisition, construction, or development, and or through the normal operation of the asset for the fair value of the conditional asset retirement obligations, if the fair value of the liability can be reasonably estimated.

The Library occupies several Library-owned, City-owned and leased buildings for which it is legally required to handle and dispose of certain hazardous materials (e.g., asbestos) in a special manner if the buildings undergo major renovations. Otherwise, the Library is not legally required to remove these materials from the buildings. The Library has recognized a liability of \$1,650 and \$1,563 as of June 30, 2008 and 2007, respectively, for certain hazardous materials costs pertaining to certain Library-owned buildings. For City-owned facilities, the Library believes that the City will reimburse all costs incurred in connection with asset retirement obligations.

**Accounting for Uncertainty of Income Taxes**

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (“FIN 48”), which is effective for fiscal years beginning after December 15, 2006. FIN 48 clarifies the accounting for income taxes recognized in the financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. This interpretation prescribes a comprehensive model for how an entity should recognize, measure, present and disclose in its financial statements uncertain tax positions that the entity has taken or expects to take on a tax return.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**2. Summary of Significant Accounting Policies (continued)**

The impact to the Library of adoption was immaterial.

**Postretirement Benefits Other Than Pensions**

The Library follows the provisions of SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)* ("Statement 158"). Statement 158 requires the plan sponsor of a defined benefit pension and other postretirement benefit plans (collectively, "postretirement benefit plans") to recognize the funded status of their postretirement benefit plans on the balance sheet, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end balance sheet and provide additional disclosures. The funded status of the Library's postretirement benefit plans and changes therein are included in the accompanying financial statements.

**New Accounting Pronouncement**

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("Statement 157"). Statement 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Statement 157 applies to financial statements issued for fiscal years beginning after November 15, 2007. The impact for the Library, if any, of the adoption of Statement 157, is under evaluation.

**Related Party Transactions**

During the normal course of business, the Library occasionally engages in transactions with entities with which members of its Board of Trustees may be affiliated. The Library's Board of Trustees has a policy to require Trustees to disclose such affiliations and to review and authorize such transactions, as appropriate.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.



The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**2. Summary of Significant Accounting Policies (continued)**

**2007 Summarized Financial Information**

The accompanying statement of activities includes certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Library's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

**Reclassifications**

Certain prior year balances have been reclassified to conform to the current year presentation.

**3. Receivables**

At June 30, receivables (net) are due from the following:

	<u>2008</u>	<u>2007</u>
City of New York (construction receivables)	\$ 3,853	\$ 3,330
City of New York – other	1,682	1,545
State of New York	9,230	8,439
Promises to give from individuals, corporations and foundations	126,940	26,258
Other	4,639	4,029
Total receivables, net	<u>\$146,344</u>	<u>\$43,601</u>

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**3. Receivables (continued)**

Receivables, net of estimated uncollectible amounts and, for promises to give, net of discount (at rates ranging from 3.8% to 5.9% as of June 30, 2008 and 2007), to present value of approximately \$22,007 and \$4,111 as of June 30, 2008 and 2007, respectively, are due to be collected as follows at June 30:

	<u>2008</u>	<u>2007</u>
Within one year	\$ 59,117	\$26,634
One to five years	90,262	14,837
Greater than five years	5,965	2,130
Total	<u>\$146,344</u>	<u>\$43,601</u>

Included in promises to give in fiscal 2008 is approximately \$91,976 of donor unrestricted commitments that have been designated by the Board of Trustees as funds functioning as endowment. Also included in promises to give is approximately \$1,583 for exhibitions and programs (\$1,691 in fiscal 2007), approximately \$22,209 and \$16,973 in fiscal 2008 and 2007, respectively, of permanently restricted contributions, and approximately \$8,687 and \$6,626 in 2008 and 2007, respectively, of other restricted amounts. The Library also had promises to give of approximately \$2,485 and \$968 in fiscal 2008 and 2007, respectively, for funds restricted to long-lived assets.

The Library has received conditional promises to give of approximately \$36,555 and \$41,932 in fiscal 2008 and 2007, respectively, in the form of specific bequests and matching grants that have not been reflected in the accompanying financial statements because the conditions on which they depend have not been substantially met. In addition, the Library has certain cost reimbursement contracts totaling approximately \$1,706 and \$905 as of June 30, 2008 and 2007, respectively, which are not reflected in the accompanying financial statements because the conditions on which they depend have not been substantially met.

Construction receivables consist of billed and unbilled amounts to be reimbursed by the City for construction projects in progress, under pertinent agreements. The Library has executed agreements for substantially all such receivables at June 30, 2008.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**4. Assets Restricted As to Use**

Assets restricted as to use primarily consist of amounts restricted for debt service and other debt-related matters, building construction costs, and the costs of certain collection items purchased for the Research Libraries that are reimbursable under the terms of the Series 1999 bond agreement (see Note 9). Such amounts are invested in U.S. Treasury notes and investment grade obligations that are carried at quoted market value, which approximates cost. The carrying value of assets restricted as to use is classified as follows at June 30:

	2008	2007
Construction fund	\$ –	\$ 2,112
Debt service fund	<b>3,829</b>	3,846
Total	<b>\$ 3,829</b>	\$ 5,958

**5. Investments**

The components of the Library's long-term investment portfolio at June 30 were as follows:

	2008		2007	
	Carrying Value	Cost	Carrying Value	Cost
Common stocks	\$ 120,141	\$ 122,865	\$ 145,768	\$ 117,001
Commingled bond funds	98,097	90,087	64,412	63,638
Limited partnerships – public investments	467,892	297,685	471,171	250,646
Limited partnership – private investments	47,492	48,409	39,820	37,635
Mutual funds	7,445	7,008	8,247	7,163
Short-term investments	12,718	13,556	73,475	73,475
Total	<b>\$ 753,785</b>	<b>\$ 579,610</b>	\$ 802,893	\$ 549,558

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**5. Investments (continued)**

Limited partnerships – public investments include interests in limited partnerships and limited liability corporations that invest principally in publicly-traded equities and corporate bonds and many employ both long and short strategies. These interests have varying degrees of liquidity, generally ranging from 30 days to one year.

Limited partnerships – private investments include interests in limited partnerships and limited liability corporations that invest principally in venture capital, private equity, and real estate. These interests generally have very limited liquidity. At June 30, 2008, the Library had outstanding commitments to provide capital to these interests of approximately \$55,211.

Investments include \$7,623 and \$8,397 of assets relating to split interest agreements in 2008 and 2007, respectively.

The following schedule summarizes the Library’s investment return and classification thereof in the accompanying statement of activities for the year ended June 30, 2008:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Interest and dividend income, net of investment expenses of \$7,536	\$ (27)	\$ (570)	\$ –	\$ (597)
Net realized gains	2,220	44,477	296	46,993
Net unrealized losses	(3,741)	(75,419)	–	(79,160)
Total return on investments	(1,548)	(31,512)	296	(32,764)
Investment return designated for current operations	27,231	5,780	–	33,011
(Deficiency) excess of investment return over amounts used for operations	\$ (28,779)	\$ (37,292)	\$ 296	\$(65,775)

Investment return on temporarily restricted net assets that is earned and expended in the same period is reflected in the unrestricted net asset class.

The New York Public Library,  
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Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**6. Fixed Assets**

Fixed asset balances at June 30 were as follows:

	<b>2008</b>	<b>2007</b>
Land	\$ 3,308	\$ 3,308
Buildings	78,169	78,169
Building improvements	219,571	210,243
Leasehold improvements	1,668	–
Equipment	17,661	24,275
	<b>320,377</b>	315,995
Less accumulated depreciation	167,828	165,216
	<b>\$ 152,549</b>	\$ 150,779

Fixed asset activities reflect expenditures for construction, renovations, the purchase of equipment and real estate owned by the Library, costs incurred to renovate or build out leased property, and expenditures incurred to renovate City and/or State-owned facilities that are privately funded. These expenditures are capitalized and reflected as fixed assets in the accompanying balance sheets. During fiscal 2008 and 2007, changes in the cost of fixed assets are summarized as follows:

Fixed assets, at cost, June 30, 2006	\$ 314,525
Add 2007 capital expenditures	1,890
Less 2007 disposals	(420)
Fixed assets, at cost, June 30, 2007	315,995
Add 2008 capital expenditures	12,159
Less 2008 write-offs of fully depreciated fixed assets no longer in use	(7,777)
Fixed assets, at cost, June 30, 2008	\$ 320,377

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

(In Thousands of Dollars)

**6. Fixed Assets (continued)**

The components of capital expenditures during fiscal 2008 and 2007 were as follows:

	<u>2008</u>	<u>2007</u>
Equipment purchases	\$ 1,163	\$ 207
Building improvements	9,328	1,683
Leasehold improvements	1,668	–
Total	<u>\$12,159</u>	<u>\$ 1,890</u>

**7. Pensions and Postemployment Benefits**

Substantially all of the Library's salaried employees are participants in the New York State and Local Employees' Retirement System ("NYSLERS"). NYSLERS is a cost sharing, multiple-employer public employee retirement system that offers plans and benefits related to years of service and final average salary. All benefits generally vest after five years of accredited service. Pension expense for these employees was accrued at approximately \$8,789 and \$10,852 during the years ended June 30, 2008 and 2007, respectively.

Under a 1937 agreement between the Library and the City, the City is responsible for pension liabilities to NYSLERS for employees whose salaries are funded by the City. City funding for such liabilities is included in City appropriations.

For participants enrolled in NYSLERS prior to July 27, 1976, the Library contributes the total amount necessary to pay benefits when due. Participants who enrolled in NYSLERS on or after July 27, 1976 are required to contribute 3% of their gross salary, and the Library contributes the remaining amounts necessary to pay benefits when due. NYSLERS follows Government Accounting Standards Board Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* ("GASB 25"). Under GASB 25, NYSLERS does not calculate a pension benefit obligation. In addition, NYSLERS does not provide the Library with certain other information required to be disclosed under SFAS No. 132, *Employers' Disclosures about Pensions and Other Postretirement Benefits*.

The New York Public Library,  
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Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**7. Pensions and Postemployment Benefits (continued)**

For additional information on NYSLERS, refer to the State of New York Comprehensive Annual Financial Report of the Comptroller for the fiscal year ended March 31, 2008.

The Library has recorded a liability of \$8,195 and \$7,963 at June 30, 2008 and 2007, respectively, related to its Service Credit Program (formerly, Terminal Leave Benefit) where it provides certain benefits to all employees based on certain age and service requirements. The liability is funded on a pay-as-you-go basis. The Library believes that, through future appropriations, the City will fund a significant portion of such benefits as they are paid to employees.

**8. Postretirement Benefits Other Than Pensions**

In addition to providing pension benefits, the Library provides certain postretirement health and supplemental benefits for retired employees. Substantially all of the Library's salaried employees may become eligible for those benefits if they reach normal retirement age while working for the Library.

The Library funds its postretirement benefits costs on a pay-as-you-go basis; however, for financial reporting purposes, the Library records these benefits as employees earn them by rendering service. The actuary for the postretirement benefits performed the computations required for financial statement disclosure as of June 30, 2008 and 2007. Employee data as of July 1, 2007 and 2006 were projected forward to the June 30, 2008 and 2007 measurement dates, respectively.

On June 30, 2007, the Library adopted the recognition and disclosure provisions of Statement 158. Statement 158 required the Library to recognize any gains or losses, prior service costs or credits, and transition assets or obligations that have not yet been included in net periodic pension cost as of June 30, 2007 in the ending balance of unrestricted net assets. The adjustment to net assets at adoption represents the net unrecognized actuarial losses and unrecognized prior service credit remaining from the initial adoption of Statement 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions* ("Statement 106"), all of which were previously amortized in the Library's balance sheet pursuant to the provisions of Statement 106. These amounts are subsequently recognized as net periodic pension cost pursuant to the Library's historical accounting policy for amortizing such amounts. Under Statement 158,

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**8. Postretirement Benefits Other Than Pensions (continued)**

actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same periods will be recognized as a component of the change in net assets. Those amounts will be subsequently recognized as a component of net periodic pension cost on the same basis as the amounts recognized in the change in net assets at adoption of Statement 158.

The incremental effects of adopting the provisions of Statement 158 on the Library's balance sheet at June 30, 2007 are presented in the following table:

	<b>At June 30, 2007</b>		
	<b>Prior to Adopting Statement 158</b>	<b>Effect of Adopting Statement 158</b>	<b>As Reported at June 30, 2007</b>
Accrued postretirement benefits	\$89,365	\$26,656	\$116,021

The following table sets forth the changes in the postretirement benefit obligation and the impact of the adoption of Statement 158 in 2007:

	<b>2008</b>	<b>2007</b>
Accumulated postretirement obligation at beginning of year	\$ 116,021	\$ 96,726
Service cost	3,742	3,444
Interest cost	7,866	6,982
Participant contributions	294	230
Actuarial net loss	2,478	12,377
Benefits paid	(4,159)	(3,911)
Less: Federal subsidy on benefits paid	132	173
Accumulated postretirement obligation at end of year	\$ 126,374	\$ 116,021
Accrued postretirement benefits as reflected in the balance sheets	\$ 126,374	\$ 116,021



The New York Public Library,  
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Notes to Financial Statements (continued)

(In Thousands of Dollars)

**8. Postretirement Benefits Other Than Pensions (continued)**

Amounts recognized in changes in unrestricted net assets:

	<u>2008</u>	<u>2007</u>
Net losses	\$ 27,772	\$ 26,734
Prior service credit	(13)	(78)
Total	<u>\$ 27,759</u>	<u>\$ 26,656</u>

The expected amortization to be included in net periodic postretirement benefit cost for fiscal 2009 is as follows:

Net actuarial losses	\$ 959
Prior service credit	(13)
	<u>\$ 946</u>

Net periodic postretirement benefit cost for fiscal 2008 and 2007 includes the following components:

	<u>2008</u>	<u>2007</u>
Service cost	\$ 3,742	\$ 3,444
Interest cost	7,866	6,982
Net amortization and deferral	1,375	1,074
Net periodic postretirement benefit cost	<u>\$ 12,983</u>	<u>\$ 11,500</u>

Weighted-average assumptions used to determine benefit obligations as of June 30:

Discount rate	<u>6.50%</u>	6.25%
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Weighted-average assumptions used to determine net periodic benefit cost for the year ended June 30:

Discount rate	<u>6.50%</u>	6.25%
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The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**8. Postretirement Benefits Other Than Pensions (continued)**

The weighted average annual assumed rate of increase in the per capita cost of health care benefits (i.e., health care cost trend rate) begins at an initial rate of 9% and decreases gradually to 5% by 2016 and remains at that level thereafter. All other benefits are assumed to increase at an annual rate of 4%.

Assumed health care cost trend rates have a significant effect on the amounts reported for the plan. A 1% change in assumed health care cost trend rates would have the following effects as of June 30, 2008:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on total of service and interest cost components	\$ 2,109	\$ (1,775)
Effect on the postretirement benefit obligation	18,053	(15,797)

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act"), was signed into law. The Act introduced a prescription drug benefit under Medicare. The employee obligations and postretirement costs in the financial statements reflect the effects of the Act.

Benefits expected to be paid, net of Medicare Part D subsidy, are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Gross Benefit</u> <u>Payments</u>	<u>Gross Subsidy</u> <u>Receipts</u>	<u>Net Benefit</u> <u>Payment</u>
2009	\$ 5,019	\$ (145)	\$ 4,874
2010	5,593	(160)	5,433
2011	6,234	(175)	6,059
2012	6,820	(193)	6,627
2013	7,410	(211)	7,199
2014-2018	45,382	(1,307)	44,075

The New York Public Library,  
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Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**8. Postretirement Benefits Other Than Pensions (continued)**

A significant portion of the accrued postretirement benefit cost liability relates to Library employees whose positions are funded by appropriations from the City. The Library believes that, through future appropriations, the City will fund such postretirement benefits as they become due.

The Library also contributes to a Taft-Hartley trust that provides certain welfare benefits to active and eligible retired employees of the Library covered by a collective bargaining agreement in City-reimbursed positions. The Library records related expense as contributions are made. Total expense recognized under this plan was \$3,143 and \$3,473 in 2008 and 2007, respectively.

**9. Long-Term Debt**

In April 1999, the Dormitory Authority of the State of New York (the "Dormitory Authority") issued \$117,635 in insured, tax-exempt adjustable rate bonds, the proceeds of which were loaned to the Library. A portion of the proceeds was used to advance refund and redeem outstanding debt and for various construction projects.

The Series 1999 Bonds are scheduled to mature on July 1, 2028 and consist of two tax-exempt components: the Series 1999A adjustable rate bonds (the "Series 1999A Bonds") in the amount of \$82,075 and the Series 1999B adjustable rate bonds (the "Series 1999B Bonds") in the amount of \$35,560. The Series 1999 Bonds were issued at an initial rate of 4% for the six-day initial rate period, after which they bear interest at a weekly rate based on the prevailing market conditions for bonds of the same general nature, unless and until they are converted to a fixed rate. The adjustable rate on the Series 1999 Bonds were 6.5% and 3.69% at June 30, 2008 and 2007, respectively.

In connection with the Series 1999A Bonds, the Library has a swap agreement, whereby the Library pays the swap counterparty a fixed rate of 3.852% on a notional amount equal to the principal amount outstanding on the Series 1999A Bonds at any time, in return for payments from the swap counterparty calculated at a rate equal to 54.5% of the 1-month British Bankers' Association LIBOR (United States Dollar), plus 0.31%. The Dormitory Authority is not a party to the agreement, and has no right to receive payments from, and no liability to make payments to, the counterparty. The fair value of the interest rate swap was a liability of approximately \$5,136 and \$2,412 at June 30, 2008 and 2007, respectively, and is reflected in interest rate swaps in the accompanying financial statements.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

(In Thousands of Dollars)

**9. Long-Term Debt (continued)**

In connection with the Series 1999B Bonds, in August 2004, the Library entered into an interest rate swap agreement whereby the Library pays the swap counterparty a fixed rate of 2.00% on a notional amount equal to the principal amount outstanding at any time on the Series 1999B Bonds commencing on September 1, 2004 and ending on June 1, 2007, and 4.009% on the notional amount from July 1, 2007 through July 1, 2028. These payments are made in return for payments from the swap counterparty calculated at a rate equal to the lower of LIBOR or 1-month LIBOR, where LIBOR is equal to the greater of (a) 1-month LIBOR x 68.00% or (b) (1-month LIBOR x 56.00%) plus 0.44%. The Dormitory Authority is not a party to the agreement, and has no right to receive payments from, and no liability to make payments to, the counterparty. The fair value of the interest rate swap was a liability of approximately \$2,241 and \$453 at June 30, 2008 and 2007, respectively, and is reflected in interest rate swaps in the accompanying financial statements.

The gain or loss on swap obligations is recorded annually and is reported as a change in value of interest rate swaps in the accompanying statement of activities.

The carrying value of the Library's debt at June 30, 2008 and 2007 approximates its fair value.

The Library's debt is secured by a mortgage on the Library's condominium unit in the Science, Industry and Business Library building, certain gifts and grants received by the Library for its Annual Fund, and certain equipment and furnishings.

Outstanding long-term debt at June 30, all of which was borrowed through the Dormitory Authority, consisted of the following:

	<u>2008</u>	<u>2007</u>
Long-term debt consisting of loans of proceeds from the issuance by the Dormitory Authority of:		
Insured adjustable rate bonds, maturing July 1, 2028, subject to serial redemption (Series 1999A)	\$ 68,105	\$ 70,610
Insured adjustable rate bonds, maturing July 1, 2028, subject to serial redemption (Series 1999B)	<u>31,295</u>	<u>32,100</u>
	<u>\$ 99,400</u>	<u>\$ 102,710</u>

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**9. Long-Term Debt (continued)**

Aggregate maturities of long-term debt, including sinking fund requirements, are as follows at June 30, 2008:

2009	\$ 3,470
2010	3,635
2011	3,805
2012	3,980
2013	4,150
Thereafter	<u>80,360</u>
Total	<u>\$ 99,400</u>

For the years ended June 30, 2008 and 2007, interest expense and interest paid was approximately \$4,524 and \$3,647, respectively. Due to current economic conditions associated with insured variable rate demand bonds and the impact on interest cost, the Library is currently undergoing a restructuring of its bond obligations (see note 16).

**10. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at June 30, 2008 and 2007:

	<u>2008</u>		
	<u>The Branch Libraries</u>	<u>The Research Libraries and Library-wide Programs</u>	<u>Total</u>
Program activities:			
The Branch Libraries Programs	\$ 10,989	\$ –	\$ 10,989
The Research Libraries and Library-wide Programs:			
The Center for the Humanities and Social Sciences Library	–	59,746	59,746
Library for the Performing Arts	–	40,192	40,192
Science, Industry and Business Library	–	3,927	3,927
Schomburg Center for Research in Black Culture	–	3,476	3,476
Conservation and cataloging	–	17,379	17,379
Exhibitions and public education programs	–	11,020	11,020
Other – principally for the general operations of The Research Libraries	–	37,255	37,255
Funds restricted to long-lived assets (expended and unexpended)	<u>51,450</u>	<u>17,186</u>	<u>68,636</u>
Total	<u>\$ 62,439</u>	<u>\$ 190,181</u>	<u>\$ 252,620</u>

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

(In Thousands of Dollars)

**10. Temporarily Restricted Net Assets (continued)**

	<b>2007</b>		
	<b>The Branch Libraries</b>	<b>The Research Libraries and Library-wide Programs</b>	<b>Total</b>
Program activities:			
The Branch Libraries Programs	\$ 15,007	\$ –	\$ 15,007
The Research Libraries and Library-wide Programs:			
The Center for the Humanities and Social Sciences Library	–	79,357	79,357
Library for the Performing Arts	–	46,129	46,129
Science, Industry and Business Library	–	5,442	5,442
Schomburg Center for Research in Black Culture	–	4,264	4,264
Conservation and cataloging	–	20,742	20,742
Exhibitions and public education programs	–	13,115	13,115
Other – principally for the general operations of The Research Libraries	–	41,305	41,305
Funds restricted to long-lived assets (expended and unexpended)	50,078	21,361	71,439
<b>Total</b>	<b>\$ 65,085</b>	<b>\$ 231,715</b>	<b>\$ 296,800</b>

**11. Permanently Restricted Net Assets**

Permanently restricted net assets are restricted to investment in perpetuity. The income is expendable to support the following at June 30, 2008 and 2007:

	<b>2008</b>		
	<b>The Branch Libraries</b>	<b>The Research Libraries and Library-wide Programs</b>	<b>Total</b>
Program activities:			
The Branch Libraries Programs	\$ 14,086	\$ –	\$ 14,086
The Research Libraries and Library-wide Programs:			
The Center for the Humanities and Social Sciences Library	–	163,645	163,645
Library for the Performing Arts	–	35,775	35,775
Science, Industry and Business Library	–	21,008	21,008
Schomburg Center for Research in Black Culture	–	8,299	8,299
Conservation and cataloging	–	16,486	16,486
Exhibitions and public education programs	–	14,316	14,316
Other – principally for the general operations of The Research Libraries	–	118,758	118,758
<b>Total</b>	<b>\$ 14,086</b>	<b>\$ 378,287</b>	<b>\$ 392,373</b>

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

(In Thousands of Dollars)

**11. Permanently Restricted Net Assets (continued)**

	2007		
	The Branch Libraries	The Research Libraries and Library-wide Programs	Total
Program activities:			
The Branch Libraries Programs	\$ 14,387	\$ –	\$ 14,387
The Research Libraries and Library-wide Programs:			
The Center for the Humanities and Social Sciences Library	–	165,025	165,025
Library for the Performing Arts	–	35,636	35,636
Science, Industry and Business Library	–	21,887	21,887
Schomburg Center for Research in Black Culture	–	6,323	6,323
Conservation and cataloging	–	16,553	16,553
Exhibitions and public education programs	–	12,583	12,583
Other – principally for the general operations of The Research Libraries	–	97,556	97,556
Total	<u>\$ 14,387</u>	<u>\$ 355,563</u>	<u>\$ 369,950</u>

**12. Reclassification of Net Assets**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors as follows for the year ended June 30, 2008:

	The Branch Libraries	The Research Libraries and Library-wide Programs	Total
Program activities:			
The Branch Libraries Programs	\$ 1,681	\$ –	\$ 1,681
The Research Libraries and Library-wide Programs:			
The Center for the Humanities and Social Sciences Library	–	3,414	3,414
Library for the Performing Arts	–	1,478	1,478
Science, Industry and Business Library	–	58	58
Schomburg Center for Research in Black Culture	–	416	416
Conservation and cataloging	–	1,041	1,041
Exhibitions and public education programs	–	602	602
Other – principally for the general operations of The Research Libraries	–	2,855	2,855
Depreciation of long-lived assets	1,821	4,330	6,151
Total	<u>\$ 3,502</u>	<u>\$ 14,194</u>	<u>\$ 17,696</u>

The New York Public Library,  
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Notes to Financial Statements (continued)

(In Thousands of Dollars)

13. Functionalization of Expenses (with Summarized Financial Information for the Year Ended June 30, 2007)

	Program Services			Supporting Services							Total All Funds	
	Library Services			Fundraising and Membership Development			Management and General					
	The Branch Libraries	The Research Libraries and Librarywide Programs	Total Program Services	The Branch Libraries	The Research Libraries and Librarywide Programs	Total Fundraising and Membership Development	The Branch Libraries	The Research Libraries and Librarywide Programs	Total Management and General	Total Supporting Services	2008	2007
Salaries	\$ 66,605	\$ 37,866	\$104,471	\$432	\$2,750	\$3,182	\$ 4,634	\$ 6,173	\$10,807	\$13,989	\$118,460	\$114,000
Fringe benefits	27,316	16,523	43,839	125	942	1,067	2,111	2,520	4,631	5,698	49,537	50,629
Books and library materials	14,422	–	14,422	–	–	–	–	–	–	–	14,422	11,858
Binding and conservation expenditures	724	928	1,652	–	–	–	–	21	21	21	1,673	1,651
Office-related expenditures	1,157	823	1,980	64	330	394	170	227	397	791	2,771	2,342
Equipment rental and maintenance	4,075	1,833	5,908	–	42	42	430	836	1,266	1,308	7,216	5,012
Telecommunications	986	444	1,430	–	4	4	55	67	122	126	1,556	1,876
Building renovations and related expenditures	14,231	8,910	23,141	–	72	72	267	272	539	611	23,752	16,399
Contributed services	26,652	35,591	62,243	–	–	–	–	–	–	–	62,243	58,354
Professional services	3,398	5,956	9,354	121	1,390	1,511	888	2,747	3,635	5,146	14,500	13,923
Promotional and special event expenses	329	702	1,031	54	1,518	1,572	259	366	625	2,197	3,228	2,812
Interest and accretion expense	722	3,503	4,225	–	–	–	59	328	387	387	4,612	3,730
Insurance expense	–	203	203	–	–	–	1,195	780	1,975	1,975	2,178	2,097
Other expenses	257	1,565	1,822	–	59	59	138	520	658	717	2,539	2,072
Total functional expenses before depreciation and amortization	160,874	114,847	275,721	796	7,107	7,903	10,206	14,857	25,063	32,966	308,687	286,755
Depreciation and amortization	2,250	8,210	10,460	–	–	–	–	–	–	–	10,460	10,456
Total expenses reported by function in the statement of activities	\$163,124	\$123,057	\$286,181	\$796	\$7,107	\$7,903	\$10,206	\$14,857	\$25,063	\$32,966	\$319,147	\$297,211



The New York Public Library,  
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Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**14. Commitments and Contingencies**

**Litigation and Claims**

The Library is currently involved in certain litigation and claims arising in the normal course of its activities. Management believes that the amount of losses that may be sustained beyond existing insurance liability coverages, if any, would not have a material effect on the accompanying financial statements.

**Insurance**

The Library carries insurance for fire and extended coverage on Library property and comprehensive general liability insurance in amounts that it considers to be adequate. The Library generally carries insurance of \$10,000 for objects of art (including borrowed works of art), and items of rarity or historic merit. The Library is self-insured for fire, theft and other losses for all other collection items. No provision has been made in the accompanying financial statements for any self-insurance reserve for these activities. In addition, the Library has a paid-loss program for its workers' compensation insurance program whereby it pays up to \$250 per loss per year, not to exceed an annual aggregate limit of \$1,500. A provision has been made in the accompanying financial statements for unpaid workers' compensation claims up to \$250 per loss per year.

**Collective Bargaining Agreement**

At June 30, 2008, approximately 62% of the Library's employees are unionized and are employed under a collective bargaining agreement that expired on March 2, 2008. The City of New York and union officials are currently negotiating a new agreement. Once completed, negotiations will commence with the Library's respective unions.

**Line of Credit**

The Library has available an unsecured line of credit from a bank, in the amount of \$15,000. The line of credit is available until cancelled by either party and carries an interest rate to be negotiated between the bank and the Library at the time of an advance. There were no amounts outstanding on the line at June 30, 2008 and 2007.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**14. Commitments and Contingencies (continued)**

**Leases**

The Library's future minimum lease payments under noncancellable operating leases, in total and for each of the next five years, are as follows at June 30, 2008:

2009	\$ 5,263
2010	5,572
2011	5,831
2012	5,945
2013	5,774
Thereafter	<u>83,617</u>
Total	<u>\$112,002</u>

Various leases provide for increases in annual base rentals based on various expenses and other increases. Rent expense for fiscal years 2008 and 2007, excluding the value of rent for contributed space, was approximately \$5,803 and \$3,093, respectively.

**Construction-Related Purchase Commitments**

The Library has entered into construction-related purchase commitments of approximately \$42,440 and \$2,441 at June 30, 2008 and 2007, respectively.

**15. Sale of Building**

On November 5, 2007, the Library entered into an agreement to sell one of its buildings, which was fully depreciated at June 30, 2008. The Library expects to receive approximately \$59,000 in cash, in addition to a condominium unit interest whose value has not been determined yet. The Library will own the condominium unit and intends to use it as a new Branch Library. The proceeds from the sale, beyond what will be needed for the new library, will be used to support the needs of other Branch Libraries and library-wide activities. Due to adverse conditions in the credit markets, the sale will not close on October 30, 2008, as scheduled. The Library does not presently know when the sale may close.

The New York Public Library,  
Astor, Lenox and Tilden Foundations

Notes to Financial Statements (continued)

*(In Thousands of Dollars)*

**16. Subsequent Events**

In connection with its Series 1999 A and B insured adjustable rate bonds, due to the adverse economic conditions in the credit markets, and in particular, the impact of these conditions on the insurer of the Library's bonds, the Library is currently engaged in a process of terminating the insurance on the bonds and substituting a bank letter of credit, which will require a re-offering of the bonds. The existing interest rate swap agreements will remain in place. The transaction is expected to close by early December 2008.

Also due to the current economic conditions, the value of the Library's investments declined in value by approximately 12% between June 30, 2008 and September 30, 2008, primarily in domestic and global equities.

*Appendix B*

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

*Appendix C*

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## SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

*Set forth below are summaries of certain sections of the Loan Agreement. These summaries do not purport to be complete and reference should be made to the Loan Agreement, copies of which are on file with the Authority and the Trustee, for a complete statement of the rights, duties and obligations of the Authority, the Trustee and the Bondholders under the Loan Agreement. The headings below are not part of the Loan Agreement but have been added for ease of reference only.*

### **Construction of Projects**

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

If, on the date a Series of Bonds is issued, the Project in connection with which such Series of Bonds is issued shall have been deemed to be complete as provided in the Loan Agreement or otherwise, the provisions of the Loan Agreement relating to the construction of Projects shall be inapplicable to such Project, unless such Project is amended to increase the scope thereof pursuant to the Loan Agreement, in which case the provisions of the Loan Agreement relating to the construction of Projects shall apply to such Project.

*(Section 5)*

### **Amendment of a Project; Cost Increases; Additional Bonds**

A Project may be amended by the Library with the prior written consent of an Authorized Officer of the Authority, which consent shall not be unreasonably withheld, 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, improving, or otherwise providing, furnishing and equipping of a Project which the Authority is authorized to undertake.

The Library shall provide such moneys as in the reasonable judgment of an Authorized Officer of the Authority may be required for the cost of completing an Applicable Project or a portion thereof in excess of the moneys in the Applicable Construction Fund established for such Project, whether such moneys are required as a result of an increase in the scope of the Applicable Project or otherwise. Moneys required to be paid by the Library pursuant to this paragraph shall be paid to the Trustee for deposit in the applicable Construction Fund within thirty (30) days after receipt by the Library of written notice from the Authority that such moneys are required.

The Authority, upon the request of the Library, may, but shall not be required to, issue Bonds to refund Outstanding Bonds or Bonds to provide moneys required for the cost of completing a Project in excess of the moneys in the Applicable Construction Fund. Nothing contained in the Loan Agreement or in the Resolution shall be construed as creating any obligation upon the Authority to issue Bonds for such purpose, it being the intent of the Loan Agreement to reserve to the Authority full and complete discretion to decline to issue Bonds for such purpose. The proceeds of any additional Bonds shall be deposited and applied as specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Series of Bonds.

*(Section 6)*

## Financial Obligations

(a) Except to the extent that moneys are available therefor under the Resolution or under the Loan Agreement, including moneys in the Applicable Debt Service Funds (other than moneys required to pay the Redemption Price or purchase price of Outstanding Bonds of an Applicable Series theretofore called for redemption or contracted to be purchased, plus interest accrued to the date of redemption or purchase), but excluding moneys from the Applicable Debt Service Reserve Fund and excluding interest accrued but unpaid on investments held in the Applicable Debt Service Fund, the Library conditionally agrees to pay, so long as Applicable Series of 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 of a Series, the Authority Fee agreed to by the Authority and the Library in connection with issuance of the Bonds of such Series;

(ii) On or before the date of delivery of the Bonds of a Series, 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 of such Series, and other costs in connection with the issuance of the Bonds of such Series;

(iii) Three Business Days prior to an interest payment date on 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 each June 10 and December 10 of a Bond Year, the interest coming due on the Outstanding Bonds, other than Variable Interest Rate Bonds, on the immediately succeeding interest payment date;

(v) On June 10, 1999, and on each June 10 thereafter, the principal and Sinking Fund Installments, if any, on the Outstanding Bonds coming due during the immediately succeeding Bond Year;

(vi) At least fifteen (15) 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 a Variable Interest Rate Bond to be purchased or redeemed pursuant to an optional or mandatory tender thereof, is to be paid, the amount required to pay the Redemption Price or purchase price of such Bonds;

(vii) On December 10 of each Bond Year one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with each Series of 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 a Series of 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 Series of 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);

(viii) 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 (i) for the Authority Fee then unpaid, (ii) to reimburse the Authority for payments made by it pursuant to the Loan Agreement and any expenses or liabilities incurred by the Authority set forth in paragraph (e) under this heading, (iii) to reimburse the Authority for any reasonable external costs or expenses incurred by it attributable to the issuance of a Series of Bonds or the financing or construction of a Project, including but not limited to any fees or other amounts payable by the Authority under a Remarketing Agreement, a Credit Facility or a Liquidity Facility, (iv) for the costs and expenses



incurred by the Authority to compel full and punctual performance by the Library of all the provisions of the Loan Agreement or of any Mortgage or the Resolution in accordance with the terms thereof and (v) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution;

(ix) Promptly upon demand by an Authorized Officer of the Authority (a copy of which shall be furnished to the Trustee), all amounts required to be paid by the Library as a result of an acceleration pursuant to the terms of the Loan Agreement set forth under the heading “Defaults and Remedies”;

(x) Promptly upon demand by an Authorized Officer of the Authority, the difference between the amount on deposit in an Applicable Arbitrage Rebate Fund available to be rebated in connection with the Bonds of a Series 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 of such Series;

(xi) By 2:30 P.M. New York City time on the Business Day notice thereof is given to the Library by the Authority, a Remarketing Agent or the Trustee, the amount in immediately available funds, required to pay the purchase price of Variable Interest Rate Bonds tendered for purchase and not remarketed or remarketed at less than the principal amount thereof and which has not been paid pursuant to a Liquidity Facility, *provided, however*, that if such notice is given to the Library after 10:00 A.M. New York City time, on such Business Day, then such amount shall be paid, in immediately available funds, by 2:30 P.M. New York City time, on the next succeeding Business Day; and

(xii) Promptly upon demand by an Authorized Officer of 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.

(b) Notwithstanding any provisions in the Loan Agreement or in the Resolution to the contrary (except as otherwise specifically provided for under this heading), all moneys paid by the Library to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee shall be applied in reduction of the Library’s indebtedness to the Authority under the Loan Agreement with the Applicable Series of Bonds, 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 of the Applicable Series, 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 of the Applicable Series and as a result thereof Bonds of the Applicable Series have been paid or deemed to have been paid in accordance with the Resolution. 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 of the Applicable Series, regardless of the actual due date or applicable payment date of any payment to the Holders of such Bonds.

(c) The obligations of the Library 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 that the Library 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 Library to complete a Project or the completion thereof with defects, failure of the Library to occupy or use a Project, any declaration or finding that the Bonds are or any Series of Bonds 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 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 Library 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

## Appendix C

to reimburse the Library for, or to pay, the Costs of a Project beyond the extent of moneys in the Applicable Construction Fund established for such Project available therefor.

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

(d) The Authority shall have the right in its sole discretion to make on behalf of the Library any payment required pursuant to this Section which has not been made by the Library when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority set forth under the heading "Defaults and Remedies" arising out of the Library'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 Library to make such payment.

(e) The Library, if there is not then an Event of 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 Applicable 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 Library, 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 Series of 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 with respect to the Applicable Series of Bonds, including the purchase or redemption of all such Bonds Outstanding, or to pay or provide for the payment of all Bonds Outstanding of the Applicable Series in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the Library, to direct the Trustee to purchase or redeem all Bonds Outstanding of the Applicable Series, or to cause all Bonds Outstanding of the Applicable Series to be paid in accordance with their terms or to be deemed paid in accordance with the Resolution.

*(Section 9)*

### **Reserve Funds**

(a) The Library agrees to deliver to the Trustee for deposit in the Applicable Debt Service Reserve Fund moneys or obligations described in the Applicable Series Resolution the value (determined in accordance with the Resolution) of which, upon delivery of such Series of Bonds, together with the proceeds of such Bonds, if any, to be deposited in the Applicable Debt Service Reserve Fund, is at least equal to the Applicable Debt Service Reserve Fund Requirement. The Library agrees that it will maintain on deposit in each Applicable Debt Service Reserve Fund moneys or obligations described in the Resolution, the value of which is not less than the Applicable Debt Service Reserve Fund Requirement; *provided, however*, that the Library shall be required to deliver additional moneys or obligations described in the Resolution to the Trustee for deposit in such account only upon receipt of the notice required by the Resolution.

Notwithstanding the foregoing, the Library may deliver to the Trustee a letter of credit, a surety bond, or an insurance policy for all or any part of the Applicable Debt Service Reserve Fund Requirement in accordance with and to the extent permitted by the Resolution.

Deposits, withdrawals and substitutions of Securities in any Debt Service Reserve Fund shall be made in accordance with the Loan Agreement and with the Resolution.

*(Section 10)*

### **Security Interest in Pledged Collateral**

As security for the payment of all liabilities and the performance of all obligations of the Library pursuant to a Loan Agreement Supplement, the Library may, pursuant to the Loan Agreement and pursuant to one or more Loan Agreement Supplements, pledge, grant a security interest in, and assign to the Authority any or all of the Pledged Collateral. Such pledge, grant of a security interest in and assignment of the Applicable Pledged Collateral may be on

a parity with or subordinate to the Prior Pledges and such other pledges, grants of security interests or assignments of Pledged Collateral as so provided in the Loan Agreement and in any Loan Agreement Supplement.

The Library represents, warrants and agrees that, except for any Lien that may be given on the Applicable Pledged Collateral to the Applicable Facility Provider in connection with the Applicable Credit Facility, Liquidity Facility or Reserve Fund Facility relating to the Applicable Series of Bonds, to which the Authority consents, no part of the Pledged Collateral or any right to receive or collect the same nor the proceeds thereof is or will be subject to any lien, pledge, security interest or assignment, other than the Prior Pledges and the lien and pledge created by the Loan Agreement or by any Loan Agreement Supplement, and that the Pledged Collateral assigned pursuant to the Loan Agreement is legally available to provide security for the Library's performance under the Loan Agreement. The Library agrees that it shall not hereafter create or permit the creation of, except for Permitted Encumbrances, any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Collateral which is prior to the pledge made under the provisions set forth under this heading.

Prior to any assignment of Pledged Collateral to the Trustee, with the prior consent of the Authority but without the consent of the Trustee or the Holders of Bonds, such Pledged Collateral and the security interest therein may be amended, modified, terminated or satisfied and the property or other interests identified as such Pledged Collateral and such security interest therein may be released from the lien thereof or other property or interests may be substituted for all or part of the property or other interests identified as such Pledged Collateral or such security interest therein, upon such terms and conditions as the Authority may require.

*(Section 11)*

### **Collection of Pledged Collateral**

(a) Subject to the provisions of paragraph (b) set forth under this heading and unless otherwise provided in an Applicable Loan Agreement Supplement, commencing on the date on which Applicable Series of Bonds are first issued (as used under this heading, "Applicable Series of Bonds" shall be a Series of Bonds which pursuant to an Applicable Loan Agreement Supplement, the Library has pledged to the Authority all or any portion of Pledged Collateral) and delivered and continuing until no Applicable Series of Bonds are Outstanding, the Library shall deliver to the Trustee or a bailee for the Trustee, for deposit to accounts established at the Trustee or another bank or trust company for such purposes, all Applicable Pledged Collateral within ten (10) days after receipt thereof unless and until there is on deposit in the Applicable Debt Service Fund an amount at least equal to the principal and Sinking Fund Installments of Outstanding Bonds of the Applicable Series payable on and prior to the next succeeding July 1 and interest on Outstanding Bonds of the Applicable Series payable on and prior to the next July 1 or January 1, whichever is earlier, together with the Redemption Price or purchase price of Outstanding Bonds of the Applicable Series theretofore called for redemption or contracted to be purchased and accrued interest thereon to the date of redemption or purchase. Nothing in the Loan Agreement shall be construed to prevent the account to be established as set forth under this heading from also being for the benefit of the Authority and any other person to whom the Library has granted or grants a security interest in the Applicable Pledged Collateral pursuant to the Resolution and this Loan Agreement in which event (i) the Trustee or other bank or trust company at which said account has been established shall be the bailee for each secured person, (ii) the amount in said account shall be held for the benefit of each such secured person giving due regard to the relative priority of the security interest in the Pledged Collateral of each such secured person and (iii) the Trustee, each other secured person and the bank or trust company serving as bailee for the secured persons shall enter into an agreement to further specify the rights and duties of each such person in the amount held in such account from time to time and to provide for the rights of the Library to the amounts therein, provided that the provisions of such agreement are not inconsistent with the provisions of the Loan Agreement.

The amount of Applicable Pledged Collateral to be on deposit at any time in an account established pursuant to this Section shall not be greater than the Applicable Maximum Annual Debt Service and amounts in excess thereof shall, subject to the rights of the Authority and any other secured person for whose benefit the account is held, be paid to the Library free and clear of any trust, pledge, lien, encumbrance or security interest created by the Loan Agreement.

In the event that, pursuant to the provisions of the Loan Agreement set forth in paragraph (b)(vi) under the heading "Defaults and Remedies", the Authority notifies the Library 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

## *Appendix C*

notwithstanding anything contained in this subdivision, but the Library shall continue to deliver to the Trustee for deposit in the Applicable Debt Service Fund any payments received by the Library with respect to the Applicable Pledged Collateral, if any (other than such amounts subject to the Prior Pledges, if any).

(b) Notwithstanding anything to the contrary in subdivision (a) of this Section, in the event that, on or prior to the first (1<sup>st</sup>) day of any month, the Library makes a payment to or upon the order of the Trustee, from its general funds or from any other money legally available to it for such purpose, in the amount which the Library is required to pay to the Trustee on the first (1<sup>st</sup>) day of such month pursuant to the Loan Agreement, the Library shall not be required solely by virtue of subdivision (a) of this heading, to deliver the Applicable Pledged Collateral to the Trustee in such amount as is due to be paid on the first (1<sup>st</sup>) day of such month.

Any Pledged Collateral collected by the Library that is not required to be paid to the Trustee pursuant to the Loan Agreement as set forth under this heading and in paragraph (b)(vi) under the heading “Defaults and Remedies” shall be free and clear of the security interest granted by the Loan Agreement and may be disposed of by the Library 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)*

### **Consent to Pledge and Assignment**

The Library consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of the Authority’s rights to receive the payments required to be made pursuant to the Loan Agreement, any or all security interests granted by the Library under the Loan Agreement, including without limitation the security interest in the Applicable Pledged Collateral, any Applicable Mortgage, any security interest in the fixtures, furnishings and equipment located on any Applicable Mortgaged Property, and all funds and accounts established by the Resolution and pledged thereby in each case to secure any payment or the performance of any obligation of the Library under the Loan Agreement or arising out of the transactions contemplated by the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The Library further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority’s rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized under this heading, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the Library’s obligation to make payments on the Applicable Series of Bonds specified by the Loan Agreement and by any Applicable Loan Agreement Supplement and to performing all other obligations required to be performed by the Library under the Loan Agreement or under the Applicable Loan Agreement Supplement for the Applicable Series of Bonds. Any realization upon any Mortgaged Property or any pledge made or security interest granted by the Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the Library under the Loan Agreement or under the Applicable Loan Agreement Supplement for the Applicable Series of Bonds.

*(Section 15)*

### **Tax-Exempt Status of Library**

The Library 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.

*(Section 18)*

### **Arbitrage; Tax Exemption**

Each of the Library 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 Bonds, which would cause the Bonds or any Series of 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 Library (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 Library by the Authority.

*(Section 36)*

### **Restrictions on Religious Use**

The Library agrees that with respect to any 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 hereafter, in the opinion of Bond Counsel, the then applicable law would permit a Project or portion thereof 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 an Authorized Officer of the Authority deems necessary to determine whether any Project or any portion or real property thereof financed by Bonds is being used for any purpose proscribed by the Loan Agreement. The Library further agrees that prior to any disposition of any portion of a 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 a Project, or 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 this Section an involuntary transfer or disposition of a Project or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

*(Section 23)*

### **Damage or Condemnation**

In the event of a taking of a Project or any Mortgaged Property or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of such Project or any Mortgaged Property, then and in such event the entire proceeds of any insurance, condemnation or eminent domain award shall be paid upon receipt thereof by the Library or the Authority to the Trustee for deposit in the Applicable Construction Fund established in connection with such Project, and

(a) if within 120 days from the receipt by the Authority of actual notice or knowledge of the occurrence, the Library and the Authority agree in writing that a Project, any Mortgaged Property or the affected portion thereof shall be repaired, replaced or restored, the Library shall proceed to repair, replace or restore the Project, any Mortgaged Property 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 Library and approved in writing by an Authorized Officer of 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 Library; or

(b) if no agreement for the restoration or replacement of a Project, any Mortgaged Property or the affected portion thereof shall be reached by the Authority and the Library within such 120 day period, all respective proceeds shall be transferred from the Applicable Construction Fund in which such proceeds were deposited to the Applicable Debt Service Fund and applied to the purchase or redemption of Outstanding Bonds of the Applicable Series.

(Section 26)

### Defaults and Remedies

(a) As used in the Loan Agreement the term “Event of Default” shall mean:

(i) the Library shall (A) default in the timely payment of any amount payable as set forth under the heading “Financial Obligations” (other than payments described under paragraphs (a)(iii) and (a)(xi) under such heading or of any amount payable pursuant to a Loan Agreement Supplement or in the delivery of Exempt Obligations or Government Obligations or the payment of any other amounts required to be delivered or paid by or on behalf of the Library in accordance with the Loan Agreement or with the Resolution, and such default continues for a period in excess of seven (7) days or (B) default in the timely payment of any amount payable pursuant to the Loan Agreement and such default continues for a period in excess of one (1) day or (C) default in the timely payment of any payment pursuant to the Loan Agreement as set forth under paragraph (a)(xi) under the heading “Financial Obligations”; or

(ii) the Library defaults in the due and punctual performance of any other covenant 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 Library by the Authority or the Trustee; *provided, however,* that, if such default cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the Library within such period and is diligently pursued until the default is corrected;

(iii) as a result of any default in payment or performance required of the Library or any 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, a Facility Provider or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(iv) the Library shall be in default under any Mortgage and such default continues beyond any applicable grace period;

(v) the Library shall be in default under any agreement entered into with the issuer of or in connection with a Credit Facility Provider (which default has not been waived or cured) if the Library’s obligations thereunder are secured by a lien upon or pledge of the Applicable Pledged Collateral which is equal or prior to the lien created thereon or the pledge thereof made by the Loan Agreement and, upon such default, (A) the principal of any indebtedness thereunder may be declared to be due and payable or (B) the lien upon or pledge of the Applicable Pledged Collateral may be foreclosed or realized upon;

(vi) the Library 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;

(vii) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Library, 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 Library, or any petition for any such relief shall be filed, against the Library and such order or petition shall not be dismissed within ninety (90) days;

(viii) the charter of the Library shall be suspended or revoked;

(ix) a petition or other appropriate document shall be filed by the Library with the legislature of the State of New York or other governmental authority having jurisdiction over the Library to dissolve the Library;

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

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

(xii) an order of a court having jurisdiction shall be made directing the sale, disposition or distribution of all or substantially all of the property belonging to the Library, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days;

(xiii) a final judgment for the payment of money which in the reasonable judgment of the Authority will materially adversely affect the rights of the Holders of the Bonds shall be rendered against the Library and at any time after thirty (30) days from the entry thereof, (A) such judgment shall not have been discharged or (B) the Library 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 thirty (30) 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

(xiv) giving of notice by any Credit Facility Provider to the Authority and the Trustee of the occurrence of an event of default under the applicable Reimbursement Agreement, to the extent permitted under the terms of such Reimbursement Agreement.

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

(i) declare any or all sums payable by the Library under the Loan Agreement or under a Loan Agreement Supplement immediately due and payable;

(ii) direct the Trustee to withhold any or all payments, advances and reimbursements from the proceeds of Bonds or the Applicable Construction Fund or otherwise to which the Library 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 Library under the Loan Agreement to recover any sums payable by the Library or to require its compliance with the terms of the Loan Agreement or of any Mortgage;

(v) permit, direct or request the Trustee to liquidate all or any portion of the assets of the Applicable Debt Service Reserve Funds by selling the same at public or private sale in any commercially reasonable manner and apply the proceeds thereof and any dividends or interest received on investments thereof to the payment of the principal or Redemption Price of and interest on the Applicable Bonds, or any other obligation or liability of the Library or the Authority arising from the Loan Agreement or from the Resolution;

(vi) realize upon any security interest which the Authority may then have in the pledge and assignment of the Applicable Pledged Collateral and the rights to receive the same, all to the extent provided in the Loan Agreement as set forth under the heading "Security Interest in Pledged Collateral" and "Collection of Pledged Collateral" and in a manner consistent with the rights of the holders of indebtedness secured by the Applicable Prior Pledges, by any one or more of the following actions: (A) during normal business hours enter the Library and examine and make copies of the financial books and records of the Library relating to the Pledged Collateral and, to the extent of the assigned Pledged Collateral, take possession of all checks or other orders for payment of money and moneys in the possession of the Library representing Applicable Pledged Collateral or proceeds thereof; (B) notify any account debtors obligated on any Applicable Pledged Collateral 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 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 of the Applicable Series on the next interest payment date therefor, subject to the Applicable Prior Pledges, and may continue to do so commencing on each such interest payment date, to the extent of amounts due on Outstanding Bonds of the Applicable Series on the next interest payment date, with respect to the Applicable Pledged Collateral, until such amounts are fully collected; *provided, further*, that written notice of such notification shall be mailed to the Library five (5) days prior to mailing or otherwise making such notification to account debtors; *provided, further*, that until the Library shall receive such notice it shall have full authority and responsibility to enforce and collect Pledged Collateral owing from its account debtors; (C) following the above-mentioned notification to account debtors, collect, or, in good faith compromise, settle, compound or extend amounts payable as Applicable Pledged Collateral which are in the form of accounts receivable or contract rights from the Library's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Library whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (D) require the Library to deposit all moneys, checks or other orders for the payment of money which represent Applicable Pledged Collateral in an amount equal to the Applicable Pledged Collateral 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 the moneys in such fund or account shall be applied by the Authority to the payment of any of the obligations of the Library under the Loan Agreement including the fees and expenses of the Authority; *provided, further*, that the Authority in its sole discretion may authorize the Library to make withdrawals from such fund or account for its corporate purposes; *provided, further*, that the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the Library when all Events of Default under the Loan Agreement by the Library have been cured; (E) forbid the Library to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Pledged Collateral, 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 Library any checks or other orders for the payment of money representing any unpaid assigned Pledged Collateral or the proceeds thereof;

(vii) to the extent permitted by law, (A) enter upon a Project and complete the construction of any Project in accordance with the plans and specifications with such changes therein



as the Authority may deem appropriate and employ watchmen to protect the Projects, all at the risk, cost and expense of the Library, consent to such entry being given by the Library, (B) at any time discontinue any work commenced in respect of the construction of any Project or change any course of action undertaken by the Library 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 Library in any way relating to the construction of any Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the Library, whether or not previously incorporated into the construction of such Project, and (D) in connection with the construction of any Project undertaken by the Authority pursuant to the provisions of this subparagraph (vii), (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 a Project or against any moneys of the Authority applicable to the construction of a Project, or which have been or may be incurred in any manner in connection with completing the construction of a Project or for the discharge of liens, encumbrances or defects in the title to a Project or against any moneys of the Authority applicable to the construction of a Project, and (3) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The Library shall be liable to the Authority for all sums paid or incurred for construction of any Project whether the same shall be paid or incurred pursuant to the provisions of this subparagraph (vii) 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 Library to the Authority upon demand. For the purpose of exercising the rights granted by this subparagraph (vii) during the term of the Loan Agreement, the Library 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 Library;

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

(ix) realize upon any security interest in the fixtures, furnishings and equipment on or used in connection with an Applicable Project or any Applicable Mortgaged Property including any one or more of the following actions: (i) enter the Applicable Projects or any Applicable Mortgaged Property and take possession of any fixtures, furnishings and equipment; (ii) sell, lease or otherwise dispose of fixtures, furnishings and equipment either together with a sale, lease or other disposition of an Applicable Project or any Applicable Mortgaged Property pursuant to the Loan Agreement or to the Applicable Mortgage, or separately, whether or not possession has been secured; *provided, however,* that if sold, leased or otherwise disposed of separately, such sale, lease or other disposition shall be in a commercially reasonable manner and upon five days' prior written notice to the Library of the time and place of such sale.

(c) 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 made or action taken pursuant to paragraph (b) under this heading and its consequences if such Events of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto.

(Section 31)

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**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**

*Appendix D*

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## SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

*Set forth below are summaries of certain sections of the Resolution. These summaries do not purport to be complete and reference should be made to the Resolution, copies of which are on file with the Authority and the Trustee, for a complete statement of the rights, duties and obligations of the Authority, the Trustee and Bondholders under the Resolution. The headings below are not part of the Resolution but have been added for ease of reference only.*

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

With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution by those who shall hold or own the same from time to time, the 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, 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 Applicable Bondholders of any and all of an Applicable Series of Bonds, 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 such Bonds of a Series over any other Bonds of the same Series except as expressly provided in the Resolution or permitted by the Resolution.

*(Section 1.03)*

### **Assignment of Certain Rights and Remedies to the Trustee**

(a) As security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of, and interest on, the Outstanding Bonds of a Series and for the performance of each other obligation of the Authority under the Resolution, the Authority may 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, Applicable Loan Agreement Supplement or the Applicable Mortgage(s), together with all rights, powers, security interests, privileges, options and other benefits of the Authority under the Loan Agreement, Loan Agreement Supplement or the Applicable Mortgage(s), including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance with the Resolution or with the Applicable Series Resolution) all Applicable Revenues, Applicable Pledged Collateral, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under the Loan Agreement, Applicable Loan Agreement Supplement or the Applicable Mortgage(s), 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 Applicable Bondholders, and to perform all other necessary and appropriate acts under the Loan Agreement, Applicable Loan Agreement Supplement or the Applicable Mortgage(s), subject to the following conditions: (i) that the Holders of the Applicable Bonds, 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; (ii) that, unless and until the Trustee shall, in its discretion when an "Event of Default" (as defined in the Loan Agreement or Applicable Loan Agreement Supplement) under the Loan Agreement or Applicable Loan Agreement Supplement shall have occurred and shall be continuing, so elect, by instrument in writing delivered to the Authority and the Library (and then only to the extent that the Trustee shall so elect), 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, Applicable Loan Agreement Supplement or the Applicable Mortgage(s) 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, the Loan Agreement Supplements and the Mortgages, provided to be observed and performed by it; and (iii) that the Mortgages may not be assigned by any party thereto without the written consent of the other parties thereto except to the Trustee as permitted by the Resolution; *provided, however*, that any grant, pledge and assignment of moneys, revenues, accounts, rights or other property of the Library made with respect to the Loan Agreement or an Applicable Loan Agreement Supplement pursuant to this paragraph shall secure, in the case of the Loan Agreement, Applicable Loan Supplement and the Applicable Mortgage(s), only the payment of the amounts payable under the Loan Agreement, Applicable Loan Agreement Supplement or the Applicable Mortgage(s) unless otherwise provided therein.

## Appendix D

(b) In the event the Authority grants, pledges and assigns to the Trustee any of its rights as provided in the Resolution, 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.

(Section 1.04)

### **Pledge of Revenues**

The proceeds from the sale of the Applicable Series of Bonds, the Revenues Applicable to a Series of Bonds, and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution and by the Applicable Series Resolution for a Series of Bonds, other than the Arbitrage Rebate Fund (and for the Series 1999 Bonds the Credit Facility Repayment Fund), are by the Resolution pledged and assigned to the Trustee as security for the payment of the principal and Redemption Price of and interest on the Applicable Series of Bonds and as security for the performance of any other obligation of the Authority under the Resolution and under the Applicable Series Resolution, all in accordance with the provisions of the Resolution and thereof. The pledge of the Applicable Revenues shall also be for the benefit of each Applicable Facility Provider as security for the payment of any amounts payable to such Facility Provider under the Resolution or under the Applicable Series Resolution; *provided, however*, that such pledge and assignment shall, in all respects, be subject and subordinate to the rights and interest therein of the holders of the Applicable 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 the Applicable Series of Bonds, the Applicable Revenues and all funds and accounts established by the Resolution and by the Applicable 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. Each Series of Bonds 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 and the funds and accounts applicable to such Series of Bonds established by the Resolution and by the Applicable Series Resolution and which are pledged by the Resolution as provided in the Resolution, which pledge shall constitute a first lien thereon, subject only to any Prior Pledges. Nothing provided in this Section shall prevent the Authority, pursuant to an Applicable Series Resolution, to pledge collateral to one or more Series of Bonds.

(Section 5.01)

### **Establishment of Funds and Accounts**

Unless otherwise provided by the Applicable Series Resolution, the following funds and separate accounts within funds are authorized to be established held and maintained by each Series Resolution for the benefit of the Applicable Series of Bonds and shall be held and maintained by the Trustee separate from any other funds established and maintained pursuant to any other Series Resolution unless otherwise provided in such Series Resolution:

Construction Fund;  
Debt Service Fund;  
Debt Service Reserve Fund; and  
Arbitrage Rebate Fund.

Accounts and subaccounts within each of the foregoing funds may from time to time be established in accordance with an Applicable Series Resolution, an Applicable Bond Series Certificate or upon the direction of the Authority. All references in the Resolution to any such fund or account shall mean the fund or account established under such Applicable Series Resolution and not to any fund or account (even with the same designation) created under a separate Applicable Series Resolution. All moneys at any time deposited in any fund authorized to be created by the Resolution, other than the Applicable Arbitrage Rebate Fund, shall be held in trust for the benefit of the Holders of the Applicable Series of Bonds, but shall nevertheless be disbursed, allocated and applied solely in connection with the Applicable Series of Bonds 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 Variable Interest Rate Bonds tendered or deemed to have been tendered for purchase or redemption 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 Credit Facility or 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 or Redemption Price of Variable Interest Rate 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 Variable Interest Rate Bonds and are pledged by the Resolution for the payment of the purchase price or Redemption Price of such Variable Interest Rate Bonds.

*(Section 5.02)*

#### **Application of Bond Proceeds and Allocation Thereof**

Upon the receipt of proceeds from the sale of a Series of Bonds, the Authority shall apply such proceeds as specified in the Resolution and in the Series Resolution authorizing such Series or in the Bond Series Certificate relating to such Series.

Accrued interest, if any, received upon the delivery of a Series of Bonds shall be deposited in the Debt Service Fund applicable to such Series of Bonds unless all or any portion of such amount is to be otherwise applied as specified in the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series.

*(Section 5.03)*

#### **Application of Moneys in the Construction Fund**

(a) For purposes of internal accounting, an account in an Applicable Construction Fund may contain one or more subaccounts, as the Authority or the Trustee may deem necessary or desirable. As soon as practicable after the delivery of an Applicable Series of Bonds, the Trustee shall deposit in the appropriate account in the Applicable Construction Fund the amount required to be deposited therein pursuant to the Applicable Series Resolution, the Loan Agreement, the Applicable Loan Agreement Supplement or the Applicable Bond Series Certificate. In addition, the Authority shall remit to the Trustee and the Trustee shall deposit in the appropriate account in the Applicable Construction Fund any moneys paid or instruments payable to the Authority derived from insurance proceeds or condemnation awards from the Applicable Project.

(b) Except as otherwise provided in the Resolution and in the Applicable Series Resolution or Applicable Bond Series Certificate, moneys deposited in the Applicable Construction Fund shall be used only to pay the Costs of Issuance of the Bonds issued in connection with such Series Resolution or Bond Series Certificate and the Costs of the Project in connection with which such Bonds were issued.

(c) Payments for Costs of an Applicable Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates 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. Such certificate or certificates shall be substantiated by a certificate filed with the Authority signed by an Authorized Officer of the Library, describing in reasonable detail the purpose for which moneys were 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 the Applicable Series of Bonds 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 Applicable Construction Fund to the Applicable Debt Service Fund.

(d) Any proceeds of insurance, condemnation or eminent domain awards received by the Trustee, the Authority or the Library with respect to an Applicable Project shall be deposited in the appropriate account in the Applicable Construction Fund and, if necessary, such fund may be reestablished for such purpose and if not used to repair, restore or replace such Project, transferred to the Applicable Debt Service Fund for the redemption of the Applicable Series of Bonds in accordance with Loan Agreement.

*Appendix D*

(e) An Applicable Project shall be deemed to be complete (i) upon delivery to the Authority and the Trustee of a certificate signed by an Authorized Officer of the Library which certificate shall be delivered as soon as practicable after the date of completion of such Project or (ii) upon delivery to the Library and the Trustee of a certificate 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, and, in the case of a certificate of an Authorized Officer of the Library, shall specify the date of completion.

Upon receipt by the Trustee of the certificate required pursuant to this subdivision, the moneys, if any, then remaining in the Applicable Construction Fund, after making provision in accordance with the direction of the Authority for the payment of any Costs of Issuance of such Applicable Series of Bonds and Costs of the Applicable Project then unpaid, shall be paid by the Trustee as follows and in the following order of priority:

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

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

Third: To the Applicable Debt Service Fund for the redemption or purchase of the Applicable Series of Bonds in accordance with the Resolution and the Applicable Series Resolution, any balance remaining.

*(Section 5.04)*

**Enforcement of Obligations, Deposit of Revenues and Allocation Thereof**

(a) The Applicable Revenues, including all payments received under the Loan Agreement, Applicable Loan Agreement Supplement, Applicable Mortgage, Applicable Pledged Collateral or under the Resolution, shall be deposited upon receipt by the Trustee to the appropriate account of the Applicable Debt Service Fund in the amounts, at the times and for the purposes specified in the Applicable Series Resolution or the Loan Agreement. To the extent not required to pay the interest, principal, Sinking Fund Installments and moneys which are required or have been set aside for the redemption of Bonds of the Applicable Series, moneys in the Applicable Debt Service Fund shall be paid by the Trustee on or before the Business Day preceding each interest payment date as follows and in the following order of priority:

First: If so provided in the Applicable Series Resolution, to reimburse, pro rata, the Applicable Facility Provider for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to the Applicable Facility Provider;

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

Third: To the Applicable Debt Service Reserve Fund, such amount, if any, necessary to make the amount on deposit in such fund equal to the Applicable Debt Service Reserve Fund Requirement, if any; and

Fourth: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required by the Resolution, (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of the Applicable Project, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement or Applicable Mortgage in accordance with the terms thereof, and (iii) any fees of the Authority; but only upon receipt by the Trustee of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph Fourth.



(b) After making the payments required by subdivision (a) under this heading, the balance, if any, of the Applicable Revenues then remaining shall, upon the direction of an Authorized Officer of the Authority, be paid by the Trustee to the Applicable Construction Fund or the Applicable Debt Service Fund, or paid to the Library, in the respective amounts set forth in such direction, free and clear of any pledge, lien, encumbrance or security interest created by the Resolution. The Trustee shall notify the Authority and the Library promptly after making the payments required by subdivision (a) of this Section, of any balance of Applicable Revenues then remaining.

(c) Notwithstanding the foregoing, the Authority may enter into an intercreditor agreement by and among the Authority, Applicable Trustee and Applicable Credit Facility Providers, which intercreditor agreement may provide for the sharing or prioritizing of common collateral and application of the proceeds thereof pledged by the Authority pursuant to Series Resolutions to one or more Applicable Series of Bonds.

(Section 5.05)

### **Debt Service Fund**

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

- (i) the interest due on all Outstanding Bonds of the Applicable Series on such interest payment date;
- (ii) the principal amount due on all Outstanding Bonds of the Applicable Series on such interest payment date;
- (iii) the Sinking Fund Installments, if any, due on all Outstanding Bonds of the Applicable Series on such interest payment date; and
- (iv) moneys required for the redemption of Bonds of the Applicable Series in accordance with the Resolution.

The amounts paid out as described under this heading shall be irrevocably pledged to and applied to such payments.

(b) In the event that on the Business Day preceding any interest payment date the amount in the Applicable Debt Service Fund shall be less than the amounts, respectively, required for payment of interest on the Outstanding Applicable Bonds of a Series, for the payment of principal of such Outstanding Bonds, for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date or for the payment of the purchase price or Redemption Price of such Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, the Trustee shall withdraw from the Applicable Debt Service Reserve Fund and deposit to the Applicable Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make such payments. The Trustee shall notify the Authority, the Applicable Facility Providers, and the Library of a withdrawal from the Applicable Debt Service Reserve Fund.

(c) Notwithstanding the provisions of subdivision (a) of this Section, the Authority may, at any time subsequent to the first principal payment date 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, direct the Trustee to purchase, with moneys on deposit in the Applicable Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Applicable Term Bonds to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond purchased by the Library and delivered to the Trustee in accordance with the Loan Agreement 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 that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

(d) Moneys in the Applicable Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Applicable Bonds of a Series payable on or prior to the next succeeding principal payment date, the interest on Outstanding Applicable Bonds of a Series payable on the next succeeding interest payment date, assuming that an Applicable 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 Bond then bears interest, plus one percent (1%) per annum and the purchase price or Redemption Price of Outstanding Applicable 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: (i) in accordance with the direction of an Authorized Officer of the Authority to the purchase of Outstanding Applicable 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 or (ii) as may otherwise be directed by the Authority for the payment of any fees due under the Resolution or to be held in the Debt Service Fund for application as described in the Resolution. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Applicable Debt Service Fund, such moneys 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 Resolution, at the Redemption Prices specified in the Applicable Series Resolution or Applicable Bond Series Certificate.

(Section 5.06)

#### **Debt Service Reserve Fund**

(a) (1) The Trustee shall deposit to the credit of the Applicable Debt Service Reserve Fund such proceeds of the sale of Bonds, if any, as shall be prescribed in the Applicable Series Resolution or the Applicable Bond Series Certificate, and any Revenues, moneys, Government Obligations and Exempt Obligations as, by the provisions of the Loan Agreement or Loan Agreement Supplement, are delivered to the Trustee by the Library for the purposes of the Applicable Debt Service Reserve Fund.

(2) In lieu of or in substitution for moneys, Government Obligations or Exempt Obligations, the Authority may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of the Holders of the Bonds for all or any part of the Applicable Debt Service Reserve Requirement; provided (i) that any such surety bond or insurance policy shall be issued by an insurance company or association duly authorized to do business in the State and either (A) the claims paying ability of such insurance company or association is rated in the highest rating category accorded by a nationally recognized insurance rating agency or (B) obligations insured by a surety bond or an insurance policy issued by such company or association are rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in the highest rating category at the time such surety bond or insurance policy is issued by Moody's and S&P or, if Outstanding Bonds of a Series are not rated by both Moody's and S&P, by whichever of said rating services that then rates such Outstanding Bonds and (ii) that any letter of credit shall be issued by 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 provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, or 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, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in at least the second highest rating category by Moody's and S&P or, if such Outstanding Bonds are not rated by Moody's and S&P, by whichever of said rating services that then rates such Outstanding Bonds.

In addition to the conditions and requirements set forth above, no Reserve Fund Facility shall be deposited in full or partial satisfaction of a Debt Service Reserve Fund Requirement unless the Trustee shall have received prior to such deposit (i) an opinion of counsel acceptable to an Applicable Facility Provider to the effect that such

Reserve Fund Facility has been duly authorized, executed and delivered by the Facility Provider thereof and is valid, binding and enforceable in accordance with its terms, (ii) in the event such Facility Provider is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Authority and (iii) in the event such Reserve Fund Facility is a letter of credit, an opinion of counsel acceptable to the Trustee substantially to the effect that payments under such letter of credit will not constitute avoidable preferences under Section 547 of the United States Bankruptcy Code in a case commenced by or against the Authority or the Library thereunder or under any applicable provisions of the Debtor and Creditor Law of the State.

Notwithstanding the foregoing, if at any time after a Reserve Fund Facility has been deposited with the Trustee the unsecured or uncollateralized long term debt of the Facility Provider or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of a Facility Provider is reduced below the ratings required by the second preceding paragraph, the Authority shall, either (i) replace or cause to be replaced said Reserve Fund Facility with another Reserve Fund Facility which satisfies the requirements of the second preceding paragraph or (ii) deposit or cause to be deposited in the Applicable Debt Service Reserve Fund an amount of moneys, Government Obligations or Exempt Obligations which meet the requirements set forth in paragraph (a) under the heading "Investment of Funds and Accounts" which is equal to the value of the Reserve Fund Facility of such Facility Provider, such deposits to be, as nearly as practicable, in ten equal semi-annual installments commencing on the earlier of the January 1 or July 1 next succeeding the reduction in said ratings.

Each such surety bond, insurance policy or letter of credit shall be payable (upon the giving of such notice as may be required by the Resolution) on any date on which moneys are required to be withdrawn from the Debt Service Reserve Fund and such withdrawal cannot be made without obtaining payment under such Reserve Fund Facility.

For the purposes described under this heading and certain other provisions of the Resolution described under the heading "Computation of Assets of Certain Funds", in computing the amount on deposit in the Applicable Debt Service Reserve Fund, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation; provided that, if the unsecured or uncollateralized long term debt of such Facility Provider, or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of said Facility Provider has been reduced below the ratings required by the first paragraph of this paragraph (2), said Reserve Fund Facility shall be valued at the lesser of (i) the amount available to be paid thereunder on the date of calculation and (ii) the difference between the amount available to be paid thereunder on the date of issue thereof and an amount equal to a fraction of such available amount the numerator of which is the aggregate number of interest payment dates which have elapsed since the date such ratings were reduced and the denominator of which is ten.

(b) Moneys held for the credit of the Applicable Debt Service Reserve Fund shall be withdrawn by the Trustee and deposited to the credit of the Applicable Debt Service Fund at the times and in the amounts required to comply with the provisions of the Resolution set forth under the heading "Application of Moneys in Certain Funds for Retirement of Bonds"; provided that no payment under an Applicable Reserve Fund Facility shall be sought unless and until moneys are not available in the Applicable Debt Service Reserve Fund and the amount required to be withdrawn from the Applicable Debt Service Reserve Fund pursuant to this paragraph cannot be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; provided further, that, if more than one Reserve Fund Facility is held for the credit of the Debt Service Reserve Fund at the time moneys are to be withdrawn therefrom, the Trustee shall obtain payment under each such Reserve Fund Facility, pro rata, based upon the respective amounts then available to be paid thereunder. The Trustee shall provide notification as set forth under paragraph (b) under the heading "Debt Service Fund" of any withdrawal of moneys from the Debt Service Reserve Fund or payment of a Reserve Fund Facility immediately upon such withdrawal or payment.

With respect to any demand for payment under any Reserve Fund Facility, the Trustee shall make such demand for payment in accordance with the terms of such Reserve Fund Facility at the earliest time provided therein to assure the availability of moneys on the interest payment date for which such moneys are required.

(c) (1) Moneys and investments held for the credit of an Applicable Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement, upon direction of an Authorized Officer of the Authority, shall be withdrawn by the Trustee and (i) deposited in the Applicable Arbitrage Rebate Fund, Debt Service Fund or

Construction Fund, (ii) paid to the Library or (iii) applied by the Authority to pay the principal or Redemption Price of and interest on bonds of the Authority issued in connection with the Library pursuant to resolutions other than the Resolution, in accordance with such direction; *provided, however*, with respect to Bonds the interest on which is intended to be excluded from gross income for federal income tax purposes, that no such amount shall be withdrawn and deposited, paid or applied unless in the opinion of Bond Counsel such deposit, payment or application will not adversely affect the exclusion of interest on any such Bonds from gross income for federal income tax purposes.

(2) Notwithstanding other provisions of the Resolution, if, upon a Bond having been deemed to have been paid in accordance with the Resolution as set forth under the heading “Defeasance” or redeemed prior to maturity from the proceeds of Bonds, bonds, notes or other obligations issued for such purpose, the moneys and investments held for the credit of the Applicable Debt Service Reserve Fund will exceed the Applicable Debt Service Reserve Fund Requirement, then the Trustee shall, simultaneously with such redemption or a deposit made in accordance with the provisions of the Resolution set forth under the heading “Defeasance”, withdraw all or any portion of such excess from the Applicable Debt Service Reserve Fund upon the direction of an Authorized Officer of the Authority and either (i) apply such amount to the payment of the principal or Redemption Price of and interest on such Bond in accordance with the irrevocable instructions of the Authority, (ii) fund any reserve for the payment of the principal and sinking fund installments of or interest on the bonds, notes or other obligations, if any, issued to provide for payment of such Bond if, in the opinion of Bond Counsel, application of such moneys to the use authorized in this clause (ii) will not adversely affect the exclusion of interest on any Applicable Bonds from gross income for federal income tax purposes, (iii) pay such amount to the Authority for deposit to the Applicable Construction Fund if, in the opinion of Bond Counsel, application of such moneys to the payment of Costs of the Project will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes, or (vi) apply such amount to such other purpose as may be approved in writing by the Authority if, in the opinion of Bond Counsel, application of such amount to such purpose will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes; provided that after such withdrawal the amount remaining in the Applicable Debt Service Reserve Fund shall not be less than the Applicable Debt Service Reserve Fund Requirement.

(d) If upon a valuation, the moneys, investments and Reserve Fund Facilities held for the credit of a Debt Service Reserve Fund are less than the Applicable Debt Service Reserve Fund Requirement, the Trustee shall immediately notify the Authority and the Library of such deficiency and the Library shall, as soon as practicable, but in no event later than five (5) Business Days after receipt of such notice, deliver to the Trustee moneys, Government Obligations, Exempt Obligations or Reserve Fund Facilities the value of which is sufficient to increase the amount in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. If the Library has not made timely payment, the Trustee shall immediately notify the Authority of such non-payment.

(Section 5.07)

#### **Application of Moneys in Certain Funds for Retirement of Bonds**

Notwithstanding any other provisions of the Resolution, if, upon the computation of assets of an Applicable Debt Service Fund and an Applicable Debt Service Reserve Fund pursuant to the Resolution, the amounts held in the appropriate accounts in such Applicable Debt Service Fund and such Applicable Debt Service Reserve Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of the Applicable Series and the interest accrued and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, the Trustee shall so notify the Authority and the Library. Upon receipt of such notice, the Authority may request the Trustee to redeem all such Outstanding Bonds. The Trustee shall, upon receipt of such request in writing by the Authority, 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 the Applicable Series Resolution as provided in the Resolution.

(Section 5.09)

## Arbitrage Rebate Fund

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

Moneys on deposit in the Applicable Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction 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. Moneys which the Authority determines to be in excess of the amount required to be so rebated shall be deposited to any Applicable Fund in accordance with the directions of the Authority.

If and to the extent required by the Code, the Authority shall periodically, at such times as may be required to comply with the Code, determine the amount of Excess Earnings (as defined in the Code and the regulations adopted pursuant thereto) with respect to each Applicable Series of Bonds and direct the Trustee to (i) transfer from any other of the Applicable funds held by the Trustee under the Resolution and deposit to the Applicable Arbitrage Rebate Fund, all or a portion of the Excess Earnings with respect to such Series of Bonds and (ii) pay out of the Applicable 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 5.08)

## Investment of Funds and Accounts

(a) Moneys 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 or Exempt Obligations; *provided, however*, that each such investment shall permit the moneys so deposited or invested to be available for use at the times at which the Authority reasonably believes such purposes will be required for the purposes of the Resolution.

(b) In lieu of the investments of moneys in obligations authorized in paragraph (a) under this heading, 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 moneys in (i) interest-bearing time deposits, certificates of deposit or other similar investment arrangements including, but not limited to, written repurchase agreements relating to Government Obligations, with banks, trust companies, savings banks, savings and loan associations, or securities dealers approved by the Authority the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, (ii) Exempt Obligations or (iii) Investment Agreements; *provided, however*, that (w) each such investment shall permit the moneys so deposited or invested to be available for use at the times at, and in the amounts in, which the Authority reasonably believes such moneys will be required for the purposes of the Resolution, (x) all moneys in each such interest-bearing time deposit, certificate of deposit or other similar investment arrangement shall be continuously and fully secured by ownership of or a security interest in Government Obligations of a market value determined by the Trustee or its agent on a daily valuation equal to the amount deposited or invested including interest accrued thereon, (y) the obligations securing such interest-bearing time deposit or certificate of deposit or which are the subject of such other similar investment arrangement 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 Government Obligations securing such time deposit or certificate of deposit or which are the subject of such other similar investment arrangement shall be free and clear of claims of any other person.

(c) Obligations purchased or other investments made as an investment of moneys 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, obligations purchased as an investment of moneys therein or held therein shall be valued at par or the market value thereof, plus accrued interest, whichever is lower, except that investments held in the Debt Service Reserve Fund shall be valued at the market value thereof, plus accrued interest.

(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 under this heading. 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 moneys 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 Library 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 paragraphs (a), (b) and (c) under this heading. 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 any 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 to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

*(Section 6.02)*

#### **Computation of Assets of Certain Funds.**

The Trustee, as promptly as practicable (i) after the end of each calendar month, (ii) upon the request of the Authority, (iii) upon the request of the Library, but not more frequently than once a calendar month, and (iv) at such other times as may be necessary in connection with a withdrawal and deposit made pursuant to the Resolution, shall compute the value of the assets in the Applicable Debt Service Reserve Fund, in the case of the requirement under (i) above, on the last day of each such month, in the case of a request pursuant to (ii) or (iii) above, at the date of such request, or, in the case of a withdrawal and deposit, at the date of such withdrawal and deposit, and notify the Authority and the Library as to the results of such computation and the amount by which the value of the assets (i) in the Applicable Debt Service Reserve Fund exceeds or is less than the Applicable Reserve Fund Requirement.

*(Section 5.11)*

#### **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 in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of this Section and of 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 other provisions of the Resolution):

(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 Resolution to the Holders of the Bonds being refunded;

(c) Either (i) moneys in an amount sufficient to effect payment at 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 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 provisions of the Resolution set forth under the heading “Defeasance”, which Defeasance Securities and moneys shall be held in trust and used only as provided in 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 of this Section.

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.

(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.

(Section 2.05)

### **Creation of Liens**

Except as permitted by the 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 on the proceeds from the sale of the Bonds, the Revenues, the rights of the Authority to receive payments to be made under the Loan Agreement that are to be deposited with the Trustee, or the funds and accounts established by the Resolution or by any Series Resolution which are pledged by the Resolution; *provided, however*, that nothing contained in the Resolution shall prevent the Authority from issuing bonds, notes or other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution.

(Section 7.06)

### **Events of Default**

An event of default shall exist under the Resolution and under the Applicable Series Resolution (in the Resolution called “event of default”) if:

(a) With respect to the Applicable Series of Bonds, payment of the principal, Sinking Fund Installments or Redemption Price of any such Bond shall not be made by or on behalf of 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 the Applicable Series of Bonds, payment of an installment of interest on any such Bond shall not be made by the Authority when the same shall become due and payable; or

(c) With respect to the Applicable Series of Bonds, the Authority shall default in the due and punctual performance 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

*Appendix D*

Series of 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 excluded from gross income under Section 103 of the Code; or

(d) With respect to the Applicable Series of Bonds, the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Resolution or in the 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 the Applicable 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 diligently prosecute the cure thereof; or

(e) The Authority shall have notified the Trustee that an “Event of Default”, as defined in the Loan Agreement, arising out of or resulting from the failure of the Library to comply with the requirements of the Loan Agreement shall have occurred and be continuing and all sums payable by the Library under the Loan Agreement shall have been declared to be immediately due and payable relating to one or more Series of Bonds which declaration shall not have been annulled and the Authority shall have notified the Trustee of such “event of default”.

*(Section 11.02)*

**Acceleration of Maturity**

Upon the happening and continuance of any event of default specified above, other than an event of default specified in paragraph (c) or (d) under the heading “Events of Default”, then and in every such case the Trustee may, and, upon the written request of the Applicable Credit Facility Providers, if any, or the Holders of not less than twenty-five per centum (25%) in principal amount of all Outstanding Bonds with the written consent of the Applicable Credit Facility Providers, shall, by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds to be immediately due and payable. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in any Series Resolution or in the Series of Bonds to the contrary notwithstanding. At any time after the principal of the 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 request of the Applicable Credit Facility Providers or with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds not then due by their terms and then Outstanding and with the written consent of the Applicable Credit Facility Providers, by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Funds sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution and under each Series Resolution (other than principal amounts payable only because of a declaration and acceleration under this Section) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in the Series Resolution or in the Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

*(Section 11.03)*



### **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 Resolutions or Supplemental Resolutions 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, 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 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 or under any Series Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, of the Revenues, or any pledge of any other moneys, 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; or

(g) To modify or amend a 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 in any material respect.

*(Section 9.01)*

### **Supplemental Resolutions Effective With Consent of Bondholders**

The provisions of the Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Bondholders of an 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 Library upon its becoming effective.

*(Section 9.02)*

## **Powers of Amendment**

Any modification or amendment of the Resolution or of any Series Resolution that modifies or amends the rights and obligations of the Authority and that shall be deemed to affect an Applicable Series of Bonds and the Holders of such Series of Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding of the Applicable Series 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; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond 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 this Section, a Series shall be deemed to be affected by a modification or amendment of the Resolution 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 rights of Holders of Bonds of any particular Series or maturity would be adversely affected or diminished in any material respect 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. 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 Library 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 as set forth under the heading "Consent of Bondholders" to take effect when and as provided under this heading. 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 Applicable Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to the Applicable 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 set forth under this heading). 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 Applicable Outstanding Bonds specified in the Resolution as set forth under the heading "Powers of Amendment" 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 under this heading. 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 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 described in the certificate or certificates of the Trustee. Any consent given by 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 issued in exchange therefor (whether or not such subsequent 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 by the Resolution as set forth under this heading 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 Applicable Bonds 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 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 the Applicable Series of Bonds and will be effective as provided in this Section, shall be given to the Applicable Bondholders by the Authority by mailing such notice to the Applicable 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 shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee in the Resolution provided for is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided under this heading). 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 this Section 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 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 Resolution, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Authority, may consent to a modification or amendment permitted by the Resolution as set forth under the heading “Powers of Amendment” and “Modifications by Unanimous Consent” 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 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.

*(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 Applicable Series of Bonds 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 Applicable Series of Bonds 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)*

### **Remarketing Agent Deemed Holder of Bonds**

Unless otherwise provided in an Applicable Series Resolution, for so long as a Series of Bonds are Variable Rate Bonds, for purposes of giving consents required under the Resolution or exercising any voting rights given to Holders under the Resolution, the Remarketing Agent for the Applicable Series of Bonds shall be deemed to be the sole Holder of the Applicable Bonds Outstanding upon tender of such Bonds and prior to remarketing of such

Bonds. The exercise of such consents or voting rights by the Remarketing Agent shall be subject to the written consent of the Applicable Facility Providers.

(Section 10.05)

### **Consent of Facility Provider**

Whenever by the terms of the Resolution the consent of any of the Holders of the Bonds to a modification or amendment of the Resolution 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 Facility Provider has been obtained, so long as no Facility Provider Default by the Applicable Facility Provider has occurred and is continuing; *provided, however*, that the consent of a Facility Provider which has provided a Credit Facility or a Liquidity Facility shall not be required unless the modification or amendment requires the consent of the Holders of any percentage in principal amount of Outstanding Bonds or of the Holders of any percentage in principal amount of the Bonds of the Series in connection with which such Credit Facility or Liquidity Facility was provided. 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 Facility Provider by mail at the times and in the manner provided in the Resolution with respect to notices thereof required to be given to the Applicable Bondholders. 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 10.06)

### **Defeasance**

(a) If the Authority shall pay or cause to be paid to the Holders of Bonds of a Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the applicable Series Resolution and Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged to such Bonds and all other rights granted by the Resolution to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Authority, and all moneys or other Securities held by it pursuant to the Resolution and to the applicable Series Resolution which are not required for the payment or redemption of Bonds of such Series shall be paid or delivered by the Trustee as follows: first, to the Applicable Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Applicable Facility Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Applicable Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Library. Such Securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(b) Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) under this heading. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) under this heading if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received the written consent of each Applicable Facility Provider which has given written notice to the Trustee

and the Authority that amounts advanced under a Credit Facility, Liquidity Facility or Reserve Fund Facility issued by it or the interest thereon have not been repaid to such Applicable Facility Provider, and (iv) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, and, if directed by the Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds. The Authority shall give written notice to the Trustee of its selection of the Series and maturity the payment of which is to be made in accordance with this Section. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with the terms set forth under this heading in the manner provided in the Resolution. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the terms set forth under this heading nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; *provided, however*, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date of the Resolution, as the case may be. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required in the Resolution to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Applicable Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Applicable Facility Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Applicable Facility Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Library, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(c) For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with clause (ii) of the second sentence of paragraph (b) under this heading, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; *provided, however*, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy clause (ii) of the second sentence of paragraph (b) under this heading, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Library free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(d) Variable Interest Rate Bonds shall be deemed to have been paid in accordance with clause (ii) of the second sentence of paragraph (b) under this heading only if, in addition to satisfying the requirements of clauses (i) and (iii) of such sentence, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; *provided, however*, that if, at the time a deposit is made with the Trustee pursuant to paragraph (b) under this heading, the options originally exercisable by the Holder of a Variable Interest Rate Bond are no longer exercisable, such Bond shall not be considered a Variable Interest Rate Bond for purposes of this paragraph (d). If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and

*Appendix D*

interest on Variable Interest Rate Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Library free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(e) Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee or a Paying Agent in trust for the payment and discharge of any of the Bonds of a Series which remain unclaimed for one (1) year after the date when all of the Bonds of such Series have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or Paying Agent at such date, or for one (1) year after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after said date when all of the Bonds of such Series become due and payable, shall, at the written request of the Authority, be repaid by the Trustee or Paying Agent to the Library as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds shall look only to the Authority for the payment of such Bonds; *provided, however,* that, before being required to make any such payment to the Library, the Trustee or Paying Agent may, at the expense of the Authority, cause to be published in an Authorized Newspaper a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after the date of publication of such notice, the balance of such moneys then unclaimed shall be returned to the Library.

*(Section 12.01)*

**SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT**

*Appendix E*

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**SUMMARY OF CERTAIN PROVISIONS OF THE  
REIMBURSEMENT AGREEMENT**

*The following summarizes certain provisions of the Reimbursement Agreement, to which document, in its entirety, reference is made for the complete provisions thereof.*

The Library has entered into a Reimbursement Agreement, dated as of November 1, 2008, with the Bank, pursuant to which the Bank has agreed to issue the Letter of Credit. Under the terms of the Reimbursement Agreement, the Library has agreed to reimburse the Bank for draws under the Letter of Credit.

Capitalized terms used below which are not otherwise defined in this Appendix E shall have the meanings as defined in the Reimbursement Agreement.

The Reimbursement Agreement contains covenants of the Library regarding payments to the Bank; compliance with the terms of the Reimbursement Agreement, the Series 1999 Bonds and the Resolution; financial and business information about the Library; notice of certain events; maintenance of books and records; access to books and records; and amendments to the Reimbursement Agreement. The Bank may enforce or grant waivers of such covenants in its discretion, without the consent of the holders of the Series 1999 Bonds.

The Bank may, by notice to the Trustee, declare that an “Event of Default” has occurred under the Reimbursement Agreement and deliver a notice to the Trustee thereby causing a mandatory tender of the Series 1999 Bonds and the Letter of Credit to be drawn upon and to expire as provided therein. Furthermore, the Bank will have any rights and remedies available to it under the Reimbursement Agreement, the Letter of Credit, the Series 1999 Bonds, the Resolution, the Loan Agreement, the Remarketing Agreement and all other agreements or instruments relating to the issuance and sale of and security for the Series 1999 Bonds and such other rights as may be available to it pursuant to law or equity.

The following events constitute an “Events of Default” under the Reimbursement Agreement:

(a) The Library shall fail to pay when due any amount payable hereunder pursuant to Section 2.2 or Section 2.6 of the Reimbursement Agreement; or

(b) The Library shall fail to observe or perform any covenant contained in Sections 5.1(a), 5.1(b) or 5.2(a) of the Reimbursement Agreement; or

(c) The Library shall fail to observe or perform any covenant or term contained in the Reimbursement Agreement and such default shall not be waived or cured within thirty (30) days after receipt of written notice of such default from the Bank or otherwise; provided however such failure shall not constitute an Event of Default under the Reimbursement Agreement if such failure is subject to cure but cannot be reasonably remedied within said thirty (30) day period and the Library shall have commenced to cure such failure within said thirty (30) day period and shall have thereafter diligently proceeded with such cure and such failure is remedied within one hundred twenty (120) days of such notice; and provided further that any waiver may be granted or withheld by the Bank in its sole discretion; or

(d) The Library shall fail to pay any amounts owed under the Reimbursement Agreement, except for amounts specified in subparagraph (a) above, and such default continues for a period of ten (10) Business Days after the Bank provides written notice to the Library; or

(e) Any representation, warranty or certification made by the Library in the Reimbursement Agreement or the Financing Documents shall prove to have been incorrect in any material respect when made; or

(f) Any default by the Library shall exist and remain unwaived or uncured prior to the expiration of any applicable grace period with respect to the payment of any interest on or any principal of any other Indebtedness of the Library for borrowed money or the advance of credit in a principal amount in excess of \$5,000,000; or any such other Indebtedness for borrowed money shall not have been paid when due by the Library, and, in each case,

## *Appendix E*

such default or such non-payment permits the holder or holders thereof to accelerate the maturity of such Indebtedness, or shall have been declared to be due and payable prior to its stated maturity, or any event or circumstance shall occur (unless promptly waived) which permits the acceleration of the maturity of any such other Indebtedness by the holder or holders thereof; or

(g) The Library shall be dissolved; or the Library shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or for any substantial part of its property, or any of the foregoing shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall fail generally to pay its debts as they become due, or shall make a general assignment for the benefit of creditors, or shall take any action to authorize any of the foregoing; or

(h) An involuntary case or other proceeding shall be commenced against the Library seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or for any substantial part of its property and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of ninety (90) days; or

(i) Any writ, attachment, execution or similar process shall be issued or levied against the Library or any of its property for an amount in excess of \$5,000,000, and any such writ, attachment, execution or similar process shall not be paid, released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(j) Except as described in Section 4.1(k) of the Reimbursement Agreement, the Library or any of its Subsidiaries, if any, shall fail to meet its minimum funding requirements under ERISA with respect to any employee benefit plan in an amount in excess of \$5,000,000 (or other class of benefit which the PBGC has elected to insure) or any such plan shall be the subject of termination proceedings (whether voluntary or involuntary) and there shall result from such termination proceedings a liability of the Library to the PBGC in an amount in excess of \$5,000,000; or

(k) If the Reimbursement Agreement or any of the other Financing Documents or any material provision therein shall cease to be legal, valid or enforceable in any material respect; or

(l) There shall be entered against the Library any final uninsured judgment which, singly or with any other final uninsured judgment or judgments against the Library then remaining unpaid exceeds \$5,000,000 unless the Library contests in good faith and by proper proceedings such judgment and sets aside and maintains reserves adequate to cover any such judgment or establishes bond before execution on any asset of the Library; or

(m) Any "Event of Default" (as defined in the Resolution or the Loan Agreement) shall have occurred or any failure or default by the Library shall have occurred under any of the other Financing Documents and shall have continued beyond the expiration of any applicable notice and/or grace period.

**APPROVING OPINIONS  
OF BOND COUNSEL**

*Appendix F*

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**B R O W N & W O O D L L P**

**ONE WORLD TRADE CENTER  
NEW YORK, N.Y. 10048-0557**

**TELEPHONE: 212-839-5300  
FACSIMILE: 212-839-5599**

April 29, 1999

Dormitory Authority of the  
State of New York  
515 Broadway  
Albany, New York 12207

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$82,075,000 aggregate principal amount of The New York Public Library Insured Revenue Bonds, Series 1999A (the "Series 1999A Bonds") by 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 to the date hereof (the "Act").

The Series 1999A Bonds are issued under and pursuant to the Act, The New York Public Library Revenue Bond Resolution of the Authority duly adopted on March 31, 1999 (the "Resolution"), and the Series 1999A Resolution Authorizing The New York Public Library Insured Revenue Bonds, Series 1999A In An Amount Not Exceeding \$127,000,000 When Aggregated With The New York Public Library Insured Revenue Bonds, Series 1999B, duly adopted by the Authority on March 31, 1999 (the "Series 1999A Resolution"). The Resolution and the Series 1999A Resolution are herein collectively referred to as the "Resolutions". The Series 1999A Bonds are being issued for the purposes set forth in the Resolutions, including providing moneys to finance the costs of the Project (as defined in the Series 1999A Resolution).

The Series 1999A Bonds will be issued as a term bond with a stated maturity date of July 1, 2028 in the aggregate principal amount of \$82,075,000 and dated their date of delivery and will bear interest at rates set for weekly rate periods or at a fixed rate in accordance with the terms of the Series 1999A Resolution.

The Series 1999A Bonds are issuable in the form of fully registered Series 1999A Bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000. The Series 1999A Bonds are lettered and numbered R- followed by the number of the Series 1999A Bonds. The Series 1999A Bonds are numbered consecutively from one upward in order of issuance.

The Series 1999A Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Resolutions.

The Series 1999A Bonds are secured by, among other things, the funds and accounts held under the Resolutions (with the exception of the Arbitrage Rebate Fund) and a pledge of revenues received by the Authority under the Loan Agreement, dated March 31, 1999, by and between the Authority and The New York Public Library, Astor, Lenox, and Tilden Foundations (the "Library") and relating to the Series 1999A Bonds (the "Loan Agreement").

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 1999A Bonds.

2. The Resolution has been duly and lawfully adopted by the Authority. The Series 1999A Resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions are in full force and effect, and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

3. The Series 1999A 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 1999A Bonds are legal, valid and binding special obligations of the Authority payable as provided in the 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 Resolutions validly pledge and assign the revenues received by the Authority under the Loan Agreement and the monies, securities and funds held or set aside under the Resolutions, subject to the application thereof to the purposes and on the conditions permitted by the Resolutions.

5. Except as provided in the following sentence, interest on the Series 1999A Bonds is not includable in the gross income of the owners of the Series 1999A Bonds for purposes of federal income taxation under existing law. Interest on the Series 1999A Bonds will be includable in the gross income of the owners thereof for purposes of federal income taxation retroactive to the date of issue of the Series 1999A Bonds (a) in the event of a failure by the Library or the Authority to comply subsequent to the issuance of said Series 1999A Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and covenants regarding use, expenditure and investment of the Series 1999A Bond proceeds and the timely payment of certain investment earnings to the United States Treasury, or (b) in the event that the \$150,000,000 limitation imposed by Section 145(b) of the Code on outstanding tax-exempt nonhospital bonds is exceeded; and we render no opinion as to the exclusion from gross income of the interest on the Series 1999A Bonds for purposes of federal income taxation (i) in the event any of the Resolutions or the Loan Agreement shall have been modified or amended in any manner that affects the exclusion of interest on the Series 1999A Bonds for federal income

tax purposes without the approval of this firm, or (ii) on or after the date any change contemplated by the documents executed and delivered in connection with authorization, sale or issuance of all or any portion of the Series 1999A Bonds, including the Interest Rate Swap Agreement entered into in connection with the Series 1999A Bonds, is made or action is taken upon the approval of counsel other than this firm. The Library covenanted in the Loan Agreement with regard to the Series 1999A Bonds, among other things, not to take any action that would cause interest on the Series 1999A Bonds to be includable in the gross income of the owners thereof. In rendering this opinion, we have relied upon the representations made by the Library with respect to certain material facts within the knowledge of the Library and upon the accompanying opinion of its counsel and we have made no independent investigation thereof. Interest on the Series 1999A Bonds will not be treated as a preference item for purposes of computing the federal alternative minimum taxable income of individuals; however, interest on the Series 1999A Bonds will be includable in the calculation of the federal alternative minimum tax imposed on corporations. Other than as described herein, we have not addressed and we are not opining on the tax consequences to an investor of the investment in, or receipt of interest on, the Series 1999A Bonds.

6. Interest on the Series 1999A Bonds is exempt from personal income taxes of the State of New York and its political subdivisions.

We have examined a fully executed Series 1999A Bond, and, in our opinion, the form of said bond and its execution are regular and proper.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Loan Agreement and the Series 1999A Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy. Except as stated in paragraphs 5 and 6 above, we express no opinion as to the federal or state tax consequences of the ownership or disposition of or receipt of interest on the Series 1999A Bonds.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the Institution. We have assumed the due authorization, execution and delivery of the Loan Agreement by the Institution.

Very truly yours,

*Brown & Wood LLP*

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April 29, 1999

Dormitory Authority of the  
State of New York  
515 Broadway  
Albany, New York 12207

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$35,560,000 aggregate principal amount of The New York Public Library Insured Revenue Bonds, Series 1999B (the "Series 1999B Bonds") by 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 to the date hereof (the "Act").

The Series 1999B Bonds are issued under and pursuant to the Act, The New York Public Library Revenue Bond Resolution of the Authority duly adopted on March 31, 1999 (the "Resolution"), and the Series 1999B Resolution Authorizing The New York Public Library Insured Revenue Bonds, Series 1999B In An Amount Not Exceeding \$127,000,000 When Aggregated With The New York Public Library Insured Revenue Bonds, Series 1999A, duly adopted by the Authority on March 31, 1999 (the "Series 1999B Resolution"). The Resolution and the Series 1999B Resolution are herein collectively referred to as the "Resolutions". The Series 1999B Bonds are being issued for the purposes set forth in the Resolutions, including providing moneys to finance the costs of the Project (as defined in the Series 1999B Resolution).

The Series 1999B Bonds will be issued as a term bond with a stated maturity of July 1, 2028 in the aggregate principal amount of \$37,425,000 and dated their date of delivery and will bear interest at variable rates for different rate periods to be set from time to time or at a fixed rate in accordance with the terms of the Series 1999B Resolution.

The Series 1999B Bonds are issuable in the form of fully registered Series 1999B Bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000. The Series 1999B Bonds are lettered and numbered R- followed by the number of the Series 1999B Bonds. The Series 1999B Bonds are numbered consecutively from one upward in order of issuance.



The Series 1999B Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Resolutions.

The Series 1999B Bonds are secured by, among other things, the funds and accounts held under the Resolutions (with the exception of the Arbitrage Rebate Fund) and a pledge of revenues received by the Authority under the Loan Agreement, dated March 31, 1999, by and between the Authority and The New York Public Library, Astor, Lenox, and Tilden Foundations (the "Library") and relating to the Series 1999B Bonds (the "Loan Agreement").

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 1999B Bonds.

2. The Resolution has been duly and lawfully adopted by the Authority. The Series 1999B Resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions are in full force and effect, and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

3. The Series 1999B 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 1999B Bonds are legal, valid and binding special obligations of the Authority payable as provided in the 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 Resolutions validly pledge and assign the revenues received by the Authority under the Loan Agreement and the monies, securities and funds held or set aside under the Resolutions, subject to the application thereof to the purposes and on the conditions permitted by the Resolutions.

5. Except as provided in the following sentence, interest on the Series 1999B Bonds is not includable in the gross income of the owners of the Series 1999B Bonds for purposes of federal income taxation under existing law. Interest on the Series 1999B Bonds will be includable in the gross income of the owners thereof for purposes of federal income taxation retroactive to the date of issue of the Series 1999B Bonds (a) in the event of a failure by the Library or the Authority to comply subsequent to the issuance of said Series 1999B Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and covenants regarding use, expenditure and investment of the Series 1999B Bond proceeds and the timely payment of certain investment earnings to the United States Treasury, or (b) in the event that the \$150,000,000 limitation imposed by Section 145(b) of the Code on outstanding tax-exempt nonhospital bonds is exceeded; and we render no opinion as to the exclusion from gross income of the interest on the Series 1999B Bonds for purposes of federal income taxation (i) in the event any of the Resolutions or the Loan Agreement shall have been modified or amended in any manner that affects the exclusion of interest on the Series 1999B Bonds for federal income

tax purposes without the approval of this firm, or (ii) on or after the date any change contemplated by the documents executed and delivered in connection with authorization, sale or issuance of all or any portion of the Series 1999B Bonds. The Library has covenanted in the Loan Agreement with regard to the Series 1999B Bonds, among other things, not to take any action that would cause interest on the Series 1999B Bonds to be includable in the gross income of the owners thereof. In rendering this opinion, we have relied upon the representations made by the Library with respect to certain material facts within the knowledge of the Library and upon the accompanying opinion of its counsel and we have made no independent investigation thereof. Interest on the Series 1999B Bonds will not be treated as a preference item for purposes of computing the federal alternative minimum taxable income of individuals; however, interest on the Series 1999B Bonds will be includable in the calculation of the federal alternative minimum tax imposed on corporations. Other than as described herein, we have not addressed and we are not opining on the tax consequences to an investor of the investment in, or receipt of interest on, the Series 1999B Bonds.

6. Interest on the Series 1999B Bonds is exempt from personal income taxes of the State of New York and its political subdivisions.

We have examined a fully executed Series 1999B Bond, and, in our opinion, the form of said bond and its execution are regular and proper.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Loan Agreement and the Series 1999B Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy. Except as stated in paragraphs 5 and 6 above, we express no opinion as to the federal or state tax consequences of the ownership or disposition of or receipt of interest on the Series 1999B Bonds.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the Institution. We have assumed the due authorization, execution and delivery of the Loan Agreement by the Institution.

Very truly yours,

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FOUNDED 1866

November \_\_, 2008

Dormitory Authority of the  
 State of New York  
 515 Broadway, 8<sup>th</sup> Floor  
 Albany, New York 12207

Dormitory Authority of the State of New York  
 The New York Public Library  
 Revenue Bonds,  
 Series 1999A and Series 1999B

Ladies and Gentlemen:

We represent the Dormitory Authority of the State of New York (the “Authority”) in connection with (a) the substitution of the Series 1999A Credit Facility, as such term is defined in the Original Series 1999A Resolution defined below, through (i) the termination of the bond insurance policy issued by MBIA Insurance Corporation and the standby bond purchase agreement with First Union National Bank (now Wachovia Bank, National Association) with respect to the Authority’s The New York Public Library Insured Revenue Bonds, Series 1999A, that was issued in the original aggregate principal amount of \$82,075,000 (the “Series 1999A Bonds”), (ii) the substitution therefor of a direct pay letter of credit issued by TD Bank, N.A. with respect to the Series 1999A Bonds and (iii) the mandatory tender of the Series 1999A Bonds on the date hereof to effect such substitution (together, the “Series 1999A Credit Facility Substitution”), and (b) the substitution of the Series 1999B Credit Facility, as such term is defined in the Original Series 1999B Resolution defined below, through (i) the termination of the bond insurance policy issued by MBIA Insurance Corporation and the standby bond purchase agreement with First Union National Bank (now Wachovia Bank, National Association) with respect to the Authority’s The New York Public Library Insured Revenue Bonds, Series 1999B, that was issued in the original aggregate principal amount of \$35,560,000 (the “Series 1999B Bonds”), (ii) the substitution therefor of a direct pay letter of credit issued by TD Bank, N.A. with respect to the Series 1999B Bonds and (iii) the mandatory tender of the Series 1999B Bonds on the date hereof to effect such substitution (together, the “Series 1999B Credit Facility Substitution”).

The Series 1999A Bonds were issued on April 29, 1999 under and pursuant to the Authority’s The New York Public Library Revenue Bond Resolution, adopted March 31, 1999 (the “Original Bond Resolution”), the Authority’s Series 1999A Resolution Authorizing The

New York Public Library Insured Revenue Bonds, Series 1999A In An Amount Not Exceeding \$127,000,000 When Aggregated With The Series 1999B Bonds, adopted March 31, 1999 (the “Original Series 1999A Resolution”), and the Bond Series Certificate of the Authority relating to \$82,075,000 The New York Public Library Insured Revenue Bonds, Series 1999A (the “Original Series 1999A Bond Series Certificate”).

The Series 1999B Bonds were issued on April 29, 1999 under and pursuant to the Original Bond Resolution, the Authority’s Series 1999B Resolution Authorizing The New York Public Library Insured Revenue Bonds In An Amount Not Exceeding \$127,000,000 When Aggregated With The Series 1999A Bonds, adopted March 31, 1999 (the “Original Series 1999B Resolution”) and the Bond Series Certificate of the Authority relating to \$35,560,000 The New York Public Library Insured Revenue Bonds, Series 1999B (the “Original Series 1999B Bond Series Certificate”). The net proceeds of the Series 1999A Bonds and the Series 1999B Bonds were loaned by the Authority to The New York Public Library, Astor, Lenox and Tilden Foundations (the “Institution”) pursuant to a Loan Agreement, dated as of March 31, 1999, as supplemented by Loan Agreement Supplement No. 1, dated as of March 31, 1999, each between the Authority and the Institution (the “Loan Agreement”).

In order to effectuate the Series 1999A Credit Facility Substitution, the Authority adopted (a) the Dormitory Authority of the State of New York Supplemental Resolution A Resolution Amending and Supplementing The Dormitory Authority of the State of New York The New York Public Library Revenue Bond Resolution, adopted September 24, 2008 (the “Supplemental Resolution” and together with the Original Bond Resolution, the “Bond Resolution”), and (b) the Dormitory Authority of the State of New York Supplemental Series 1999A Resolution A Resolution Amending and Supplementing The Dormitory Authority of the State of New York The New York Public Library Series 1999A Resolution, adopted September 24, 2008 (the “Supplemental Series 1999A Resolution” and together with the Original Series 1999A Resolution, the “Series 1999A Resolution”) and an authorized officer of the Authority executed and delivered the Dormitory Authority of the State of New York Supplemental Bond Series Certificate Relating to \$65,485,000 The New York Public Library Revenue Bonds, Series 1999A, dated as of November 26, 2008 (the “Series 1999A Supplemental Bond Series Certificate” and, together with the Original Series 1999A Bonds Series Certificate, the “Series 1999A Bond Series Certificate”).

In order to effectuate the Series 1999B Credit Facility Substitution, the Authority adopted (a) the Supplemental Resolution, and (b) the Dormitory Authority of the State of New York Supplemental Series 1999B Resolution A Resolution Amending and Supplementing The Dormitory Authority of the State of New York The New York Public Library Series 1999B Resolution, adopted September 24, 2008 (the “Supplemental Series 1999B Resolution” and together with the Original Series 1999B Resolution, the “Series 1999B Resolution”) and an authorized officer of the Authority executed and delivered the Dormitory Authority of the State of New York Supplemental Bond Series Certificate Relating to \$30,445,000 The New York Public Library Revenue Bonds, Series 1999B, dated as of November 26, 2008 (the “Series 1999B Supplemental Bond Series Certificate” and, together with the Original Series 1999B Bonds Series Certificate, the “Series 1999B Bond Series Certificate”).

On November 10, 2008, pursuant to section 4.01 of each of the Original Series 1999A Resolution and the Original Series 1999B Resolution, The Bank of New York Mellon, as trustee with respect to the Series 1999A Bonds and Series 1999B Bonds, respectively, gave notice to the Bondholders of the Series 1999A Bonds and the Series 1999B Bonds of the mandatory tender of such Bonds as a result of the termination and substitution of the Liquidity Facilities for the Series 1999A Bonds and Series 1999B Bonds, respectively.

In our capacity as counsel to the Authority, we have examined such documents, records and other instruments as we have deemed necessary to enable us to render the opinions set forth below, including but not limited to (a) the Original Bond Resolution; (b) the Supplemental Resolution, (c) the Original Series 1999A Resolution, (d) the Supplemental Series 1999A Resolution, (e) the Original Series 1999A Bond Series Certificate, (f) the Series 1999A Supplemental Bond Series Certificate, (g) the Original Series 1999B Resolution, (h) the Supplemental Series 1999B Resolution, (i) the Original Series 1999B Bond Series Certificate, (j) the Series 1999B Supplemental Bond Series Certificate, (k) the Loan Agreement, and (l) the Loan Agreement Supplement No. 2 dated as of September 24, 2008 supplementing the 1999 Loan Agreement (the "Loan Agreement Supplement No. 2").

We have further reviewed a certificate, dated as of the date hereof, of Morgan Stanley & Co., Incorporated, in its capacity as remarketing agent of the Series 1999A Bonds and the Series 1999B Bonds and by virtue thereof, the deemed holder of the Series 1999A Bonds and Series 1999B Bonds pursuant to Section 10.05 of the Resolution for purposes of giving certain consents relating to the Series 1999A Bonds and the Series 1999B Bonds, consenting to the adoption by the Authority of the Supplemental Resolution, the Supplemental Series 1999A Resolution and the Supplemental Series 1999B Resolution, and the execution and delivery by the Authority of the Series 1999A Supplemental Bond Series Certificate and the Series 1999B Supplemental Bond Series Certificate, and acknowledging and agreeing to the Series 1999A Credit Facility Substitution and the Series 1999B Credit Facility Substitution.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and officials of the Institution furnished to us without undertaking to verify the same by independent investigation. In such examination we have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to above.

Based upon the foregoing, under existing law, we are of the opinion that

1. The Supplemental Resolution, the Supplemental Series 1999A Resolution and the Supplemental Series 1999B Resolution have been duly and lawfully adopted by the Authority, and the Supplemental Resolution, the Supplemental Series 1999A Resolution and the Supplemental Series 1999B Resolution are authorized and permitted and have been adopted in accordance with the provisions of the Original Bond Resolution. The Supplemental Resolution,

the Supplemental Series 1999A Resolution and the Supplemental Series 1999B Resolution are valid and binding upon the Authority and enforceable in accordance with their respective terms.

2. The Series 1999A Supplemental Bond Series Certificate and the Series 1999B Supplemental Bond Series Certificate are authorized and permitted and have been duly executed and delivered in accordance with the provisions of the Bond Resolution and the Series 1999A Resolution and the Series 1999B Resolution, respectively. The Series 1999A Supplemental Bond Series Certificate and the Series 1999B Supplemental Bond Series Certificate are valid and binding upon the Authority and enforceable in accordance with their respective terms.

3. The Loan Agreement Supplement No. 2 has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the Institution, constitutes the legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

4. The Series 1999A Credit Facility Substitution is authorized or permitted by the Bond Resolution, the Series 1999A Resolution, the Series 1999A Bond Series Certificate, the Act (as defined in the Bond Resolution) and the laws of the State of New York.

5. The Series 1999B Credit Facility Substitution is authorized or permitted by the Bond Resolution, the Series 1999B Resolution, the Series 1999B Bond Series Certificate, the Act and the laws of the State of New York.

6. The adoption by the Authority of the Supplemental Resolution and the Supplemental Series 1999A Resolution and the execution and delivery by the Authority of the Series 1999A Supplemental Bond Series Certificate, Loan Agreement Supplement No. 2, and the Series 1999A Credit Facility Substitution will not, in and of themselves, adversely affect the exclusion of interest on the Series 1999A Bonds from gross income for purposes of federal income taxation.

7. The adoption by the Authority of the Supplemental Resolution and the Supplemental Series 1999B Resolution and execution and delivery by the Authority of the Series 1999B Supplemental Bond Series Certificate, Loan Agreement Supplement No. 2, and the Series 1999B Credit Facility Substitution will not, in and of themselves, adversely affect the exclusion of interest on the Series 1999B Bonds from gross income for purposes of federal income taxation.

In rendering this opinion, we express no opinion as to the exclusion from gross income of the interest on either the Series 1999A Bonds or the Series 1999B Bonds for federal income tax purposes. Further, we have not been engaged to make, and have not made, any inquiry or investigation with respect to any circumstances that may have occurred since the date of issuance of either the Series 1999A Bonds or the Series 1999B Bonds that would adversely affect the exclusion from gross income of interest on either the Series 1999A Bonds or the Series 1999B Bonds, respectively, for purposes of federal income taxation, nor have we been engaged to, nor have we made, any inquiry or investigation with respect to the status of the Institution as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

The opinions expressed herein are for the benefit of the addressees only and may not be quoted, circulated, assigned or delivered to any other person or for any other purpose without our prior written consent. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur, and we have no obligation to update this opinion in light of any such actions or events.

Respectfully submitted,

*Appendix F*

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