



**\$62,330,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**SCHOOL DISTRICTS REVENUE BOND FINANCING PROGRAM REVENUE BONDS,**  
**SERIES 2009A**

**Dated: Date of Delivery**

**Due: As shown on the inside cover**

**Payment and Security:** The Series 2009A Bonds (the "Series 2009A Bonds") will be special obligations of the Dormitory Authority of the State of New York (the "Authority"), payable solely from and secured by a pledge of payments to be made by certain School Districts (collectively, the "School Districts") in the State of New York (the "State") pursuant to the Financing Agreements (collectively the "Agreements"), dated as of February 1, 2009, between the Authority and such School Districts, and all funds and accounts (except the Arbitrage Rebate Fund) authorized under the Authority's Master School Districts Revenue Bond Financing Program Revenue Bond Resolution adopted May 29, 2002 (the "Master Resolution") and established by the Authority's Series Resolution, adopted October 29, 2008, authorizing such Series (the "Series 2009A Resolution"). None of the funds and accounts established under a Series Resolution to secure a Series of Bonds shall secure any other Series of Bonds. There is no debt service reserve fund securing the Series 2009A Bonds and no real property of any School District secures the Series 2009A Bonds.

Each School District is required under its Agreement to deliver its general obligation bonds (the "School District Bonds") to the Authority to evidence its obligation to repay the loan (the "Loan") to be made by the Authority to the School District from proceeds of the Series 2009A Bonds. The principal and redemption price of and interest on the School District Bonds ("Loan Repayments") are scheduled to be sufficient to repay, when due, the principal and redemption price of and interest on the Loan. Each School District is also required under its Agreement to pay such amounts as are required to be paid under the Agreement, including the fees and expenses of the Authority and the Trustee. To secure its payment of all amounts due under its Agreement, each School District under its Agreement has assigned and pledged to the Authority a sufficient portion of public funds apportioned or otherwise made payable by the State to such School District (the "Pledged Revenues"). Each School District has directed and acknowledged that the Pledged Revenues are to be paid directly to the Trustee pursuant to an assignment by the Authority as provided in the Act (as defined herein) and the Memorandum of Understanding among the Authority, the Comptroller of the State and the Commissioner of Education of the State upon the occurrence of certain events of default under its Agreement. The Series 2009A Bonds will be secured by the pledge and assignment to the Trustee of the payments to be made by each School District to the Authority under its Agreement and on the School District Bonds and the Authority's interest in the Pledged Revenues pledged and assigned to the Authority under the Agreements.

Each School District will pledge its full faith and credit to the payment of the principal of and interest on the School District Bonds it delivers to the Authority and has the power and is required under State statutes to levy and collect ad valorem taxes on all taxable property within the School District for such payment.

No School District is obligated to make payments on behalf of any other School District nor are the Pledged Revenues of any School District pledged to secure the obligation of any other School District. A default by any School District could cause a default on the Series 2009A Bonds. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009A BONDS."

**The Series 2009A Bonds will not be a debt of the State of New York nor will the State be liable thereon. The Authority has no taxing power.**

**Bond Insurance:** The scheduled payment of principal of and interest on the Series 2009A Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Series 2009A Bonds by Assured Guaranty Corp. (the "Insurer" or "Assured Guaranty").

**ASSURED  
GUARANTY**

**Description:** The Series 2009A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due each April 1 and October 1, commencing April 1, 2010) on the Series 2009A Bonds will be payable by check or draft mailed to the registered owners of the Series 2009A Bonds at their addresses as shown on the registration books held by the Trustee or, at the option of a registered owner of at least \$1,000,000 in principal amount of the Series 2009A Bonds, by wire transfer to such owner, each as of the close of business on the fifteenth day of the month next preceding an interest payment date. The principal and Redemption Price of the Series 2009A Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, the Trustee and Paying Agent or, with respect to Redemption Price, at the option of a Holder of at least \$1,000,000 in principal amount of the Series 2009A Bonds, by wire transfer to the Holders of such Series 2009A Bonds as more fully described herein.

The Series 2009A Bonds will be issued initially under a Book-Entry Only System, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases of beneficial interests in the Series 2009A Bonds will be made in Book-Entry form without certificates. So long as DTC or its nominee is the registered owner of the Series 2009A Bonds, payments of the principal and interest on such Series 2009A Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "PART 3 – THE SERIES 2009A BONDS – Book-Entry Only System" herein.

**Redemption:** *The Series 2009A Bonds are subject to redemption prior to maturity as more fully described herein.*

**Tax Exemption:** In the opinion of Winston & Strawn LLP, Bond Counsel to the Authority, based on existing statutes, regulations, rulings and court decisions, interest on the Series 2009A Bonds is not includable in gross income for federal income tax purposes, assuming continuing compliance with certain covenants and the accuracy of certain representations. In the further opinion of Bond Counsel, interest on the Series 2009A Bonds is not an "item of tax preference" for purposes of the federal alternative minimum tax on individuals and corporations; and such interest will not be includable in adjusted current earnings used to calculate the federal alternative minimum tax on corporations. Bond Counsel is also of the opinion that interest on the Series 2009A Bonds is under existing statutes exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2009A Bonds. See "PART 10-TAX MATTERS" herein.

*The Series 2009A Bonds are offered when, as and if issued and received by the Underwriters. The offer of the Series 2009A Bonds may be subject to prior sale or may be withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Winston & Strawn LLP, New York, New York, Bond Counsel to the Authority, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York and for each School District by its bond counsel as listed in Appendix B hereto. The Authority expects to deliver the Series 2009A Bonds in New York, New York, on or about April 1, 2009.*

**Roosevelt & Cross, Incorporated**

**Ramirez & Co., Inc.**

**Wachovia Bank, NA**

**\$62,330,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**SCHOOL DISTRICTS REVENUE BOND FINANCING PROGRAM REVENUE BONDS, SERIES 2009A**

<u>Due</u> <u>October 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>	<u>Due</u> <u>October 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>
2010	\$2,000,000	2.000%	1.370%	649905AA4	2016	\$2,165,000	5.000%	3.950%	649905AJ5
2011	2,735,000	2.000	2.050	649905AB2	2017	1,000,000	4.000	4.140	649905AK2
2012	2,785,000	2.250	2.450	649905AC0	2017	2,310,000	5.000	4.140	649905AL0
2013	2,845,000	3.000	2.950	649905AD8	2018	1,000,000	4.125	4.300	649905AM8
2014	1,440,000	3.250	3.440	649905AE6	2018	2,470,000	5.000	4.300	649905AN6
2014	1,500,000	3.750	3.440	649905AF3	2019	2,640,000	4.250	4.520	649905AP1
2015	3,045,000	4.000	3.700	649905AG1	2019	1,000,000	4.500	4.520	649905AQ9
2016	1,000,000	4.000	3.950	649905AH9					

**\$20,335,000 5.000% Term Bonds due October 1, 2024, Yield: 5.180% CUSIP<sup>(1)</sup> 649905AR7**

**\$12,060,000 5.625% Term Bonds due October 1, 2029, Yield: 5.600% \* CUSIP<sup>(1)</sup> 649905AS5**

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\* Priced to the October 1, 2019 par call.

<sup>(1)</sup> CUSIP numbers have been assigned by an organization not affiliated with the Authority or the School Districts and are included solely for the convenience of the holders of the Series 2009A Bonds. Neither the Authority nor the School Districts are responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2009A Bonds or as indicated above.

No dealer, broker, salesperson or other person has been authorized by the Authority, the School Districts, or the Underwriters to give any information or to make any representations with respect to the Series 2009A Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2009A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information in this Official Statement has been supplied or authorized by the School Districts, DTC and other sources that the Authority believes are reliable. The Authority does not guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority. See "PART 17 – SOURCES OF INFORMATION AND CERTIFICATIONS" of the Official Statement for a description of the various sources of information.

ASSURED GUARANTY MAKES NO REPRESENTATION REGARDING THE SERIES 2009A BONDS OR THE ADVISABILITY OF INVESTING IN THE SERIES 2009A BONDS. IN ADDITION, ASSURED GUARANTY HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING ASSURED GUARANTY SUPPLIED BY ASSURED GUARANTY AND PRESENTED UNDER THE HEADING "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009A BONDS - BOND INSURANCE" AND "APPENDIX G - SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY."

References in this Official Statement to the Act, the Master Resolution, the Series 2009A Resolution, the Agreements and the School District Bonds do not purport to be complete. Refer to the Act, the Master Resolution, the Series 2009A Resolution, the Agreements and the School District Bonds for full and complete details of their provisions. Copies of the Master Resolution, the Series 2009A Resolution, the Agreements and the School District Bonds are on file with the Authority and/or the Trustee.

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2009A BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF SUCH 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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## **OFFICIAL STATEMENT RELATING TO**

**\$62,330,000**

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**SCHOOL DISTRICTS REVENUE BOND FINANCING PROGRAM REVENUE BONDS, SERIES 2009A**

### **PART 1 - INTRODUCTION**

#### **Purpose of the Official Statement**

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Authority and the School Districts in connection with the offering by the Authority of \$62,330,000 aggregate principal amount of the School Districts Revenue Bond Financing Program Revenue Bonds, Series 2009A (the “Series 2009A Bonds”).

The following is a brief description of certain information concerning the Series 2009A Bonds, the Authority and the participating School Districts. A more complete description of such information and additional information that may affect decisions to invest in the Series 2009A Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in Appendix A hereto. Certain information pertaining to the participating School Districts is contained in Appendix B and Appendix C hereto.

#### **Purpose of the Series**

The Series 2009A Bonds are being issued and the proceeds will be used: (i) (a) to finance all or a portion of the costs of school district capital facilities and school district capital equipment for the School Districts identified in Appendix B and/or (b) to refinance certain bond anticipation notes of the School Districts identified in Appendix B issued to finance all or a portion of the costs of school district capital facilities and school district capital equipment (as described in each School District’s Agreement in respect of the Series 2009A Bonds), and (ii) to pay the Costs of Issuance of the Series 2009A Bonds. See “PART 5 – ESTIMATED SOURCES AND USES OF FUNDS.”

#### **Authorization of Issuance**

The Act, as amended by Chapter 383 of the Laws of 2001 of the State of New York (“Chapter 383”), empowers the Authority, among other things, to issue its bonds for the purpose of financing or refinancing all or a part of “school district capital facilities” and “school district capital equipment” (collectively, “school projects”) for certain school districts. The Act requires the Authority to enter into a lease, sublease or other agreement with a school district before the Authority can undertake a financing and/or refinancing for such school district. Each School District obtaining a loan to be funded from the proceeds of the Series 2009A Bonds (a “Loan”) will enter into a Financing Agreement (each an “Agreement”) with the Authority and, pursuant to the Agreement, will deliver its School District Bonds to the Authority.

The Series 2009A Bonds will be issued pursuant to the Master Resolution, the Series 2009A Resolution and the Act. Each of the School Districts will enter into a separate Agreement with the Authority for the purpose of refinancing or financing its respective school projects from the proceeds of the Series 2009A Bonds. See “Appendix B – List of the School Districts and Principal Amount of Each School District’s Loan.”

The Master Resolution authorizes the issuance of multiple Series of Bonds. Each Series of Bonds is to be separately secured by (i) the funds and accounts established pursuant to a Series Resolution, (ii) certain payments to be made under the Agreement by each School District receiving a Loan to be funded from the proceeds of such Series, and (iii) the pledge and assignment by each such School District in its Agreement of the portion of certain public funds apportioned or otherwise made payable by the State to such School District (the “Pledged Revenues”). None of the funds and accounts established under any Series Resolution or the pledge of the Pledged Revenues to secure a Series of Bonds shall secure any other Series of Bonds. However, if more than one Series of Bonds has been or will be issued to finance or refinance projects for a particular School District, the Pledged Revenues assigned by such School District will be pledged to secure all such Series of Bonds on a parity basis. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009A BONDS – Issuance of Additional Bonds.”

### **The Authority**

The Authority is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, governmental and not-for-profit institutions. See “PART 7 – THE AUTHORITY.”

### **The School Districts**

The School Districts are located in different areas of the State, are of varying geographic and demographic size and have varying economic, financial and indebtedness characteristics. See “PART 4 – THE SCHOOL DISTRICTS,” “Appendix B – List of the School Districts and Principal Amount of Each School District’s Loan” and “Appendix C – Certain Economic and Financial Information on the School Districts.” The financial statements as of June 30, 2008 of all of the School Districts and additional information regarding certain of the School Districts have been filed by the School Districts with nationally recognized municipal securities information repositories. Such financial statements are incorporated herein by reference and copies are on file at the principal office of the Authority.

### **The Series 2009A Bonds**

The Series 2009A Bonds will be dated their date of delivery and will bear interest from such date of delivery at the rates and will mature on the dates set forth on the inside cover page of this Official Statement. Interest on the Series 2009A Bonds is payable each April 1 and October 1, commencing April 1, 2010. See “PART 3 – THE SERIES 2009A BONDS – Description of the Series 2009A Bonds.”

### **Payment of the Series 2009A Bonds**

The Series 2009A Bonds are special obligations of the Authority payable solely from the payments to be made by the applicable School District under its respective Agreement and the Pledged Revenues. Payments due under each Agreement (“Loan Repayments”) are scheduled to be sufficient to pay the principal and redemption price of and interest on the Series 2009A Bonds from the proceeds of which each School District will receive a Loan. Each Agreement also requires the School District to pay fees and expenses of the Authority and the Trustee. Pursuant to the Master Resolution, the Loan Repayments and the Authority’s right to receive the same under all the Agreements in respect of the Series 2009A Bonds and the Pledged Revenues in respect of such Series 2009A Bonds have been pledged to the Trustee to secure solely such Series 2009A Bonds and no other Series of Bonds.

No School District will be responsible for the payment obligations of any other School District nor will the Pledged Revenues pledged and assigned by a School District be available to satisfy the obligation of any other School District. A failure to pay an amount when due by a single School District under its Agreement in respect of

the Series 2009A Bonds would result in an intercept of the Pledged Revenues of such School District in an amount required to pay such deficiency. If a School District fails to pay amounts due under its Agreement, the Authority's sole recourse will be against the defaulting School District and no other School District. Further, upon the occurrence of an event of default, neither the Authority, the Trustee nor the holders of the Series 2009A Bonds of such Series will have the right to accelerate the obligation of the defaulting School District under its Agreement.

See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009A BONDS – Payment of the Series 2009A Bonds."

### **Security for the Series 2009A Bonds**

The Series 2009A Bonds will be secured by the pledge and assignment to the Trustee of payments due under the Agreement with the School District in respect of such Series 2009A Bonds, including Loan Repayments and all funds and accounts authorized by the Master Resolution and established by the Series 2009A Resolution (with the exception of the Arbitrage Rebate Fund). Each School District will deliver its School District Bonds to the Authority to evidence its obligation to repay its Loan, will pledge its full faith and credit to the payment of the principal of and interest on its School District Bonds and has the power and is required under State statutes to levy and collect ad valorem taxes on all taxable property within the School District for such payment. The Authority, as the holder of such School District Bonds, will have the rights and remedies provided for by the State Constitution and applicable statutes to holders of school district general obligation bonds.

To secure payment of all amounts due under its Agreement in respect of the Series 2009A Bonds, each School District has assigned and pledged to the Authority its Pledged Revenues. Each School District under its Agreement has directed and acknowledged that its Pledged Revenues are to be paid directly to the Trustee as provided in the Act and the Memorandum of Understanding among the Authority, the Comptroller of the State and the Commissioner of Education of the State (the "MOU") upon the occurrence of an event of default resulting from the failure to pay the amounts due under its Agreement. The Act authorizes an intercept mechanism under which the State Comptroller shall pay the public funds assigned by a School District to the Authority directly to the Trustee pursuant to an assignment from the Authority.

The determination of the amount of State aid and the apportionment of such State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to the School Districts. Such amendments could result in the increase, decrease or elimination of the amount of the Pledged Revenues available for the payment of debt service on the Series 2009A Bonds. The financial condition of the State may affect the amount of State aid appropriated by the State Legislature.

See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009A BONDS – Security for the Series 2009A Bonds" and "PART 4 – THE SCHOOL DISTRICTS – Special Provisions Affecting Remedies on Default" and "Financial Factors – *State Aid*."

### **Bond Insurance**

The scheduled payment of principal of and interest on the Series 2009A Bonds when due will be guaranteed under a financial guaranty insurance policy (the "Policy") to be issued concurrently with the delivery of the Series 2009A Bonds by Assured Guaranty Corp. (the "Insurer" or "Assured Guaranty"). See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009A BONDS – Bond Insurance."

## **PART 2 - SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009A BONDS**

*Set forth below is a narrative description of certain contractual and statutory provisions relating to the sources of payment and security for the Bonds, including the Series 2009A Bonds, issued under the Master Resolution. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Master Resolution, the Series 2009A Resolution, the Agreements and the School District Bonds for a more complete description of such provisions. Copies of the Act, the Master Resolution, the Series 2009A Resolution, each Agreement and the School District Bonds are on file with the Authority and/or the*

*Trustee. See also "Appendix D - Summary of Certain Provisions of the Financing Agreements" and "Appendix E - Summary of Certain Provisions of the Master Resolution" for a more complete statement of the rights, duties and obligations of the parties thereto.*

### **Payment of the Series 2009A Bonds**

The Series 2009A Bonds will be special obligations of the Authority. The principal and Redemption Price of and interest on the Series 2009A Bonds are payable solely from the Revenues pledged to such Series 2009A Bonds. The Revenues consist of the payments paid by the applicable School District under its Agreement in respect of such Series 2009A Bonds, including Loan Repayments and the Pledged Revenues. The Revenues and the right to receive them in respect of the Series 2009A Bonds have been pledged to the Trustee for the payment of such Series 2009A Bonds.

Loan Repayments in respect of the Series 2009A Bonds are to be paid by each School District on the dates and in the amounts specified in each Agreement and the School District Bonds, which dates are at least 45 days prior to the dates on which principal and interest are next due on such Series 2009A Bonds and which amounts are scheduled to be sufficient to pay principal and interest on such Series 2009A Bonds.

No School District will be responsible for the payment obligations of any other School District nor will the Pledged Revenues pledged and assigned by a School District be available to satisfy the obligation of any other School District. A failure to pay an amount when due by a single School District under its Agreement in respect of the Series 2009A Bonds will result in an intercept of the Pledged Revenues of such School District in an amount required to pay such deficiency. If such Pledged Revenues are insufficient to pay the full amount of the deficiency, then the only source of payment for such Series 2009A Bonds will be the payment made by the Insurer under the Policy. If a School District fails to pay amounts due under its Agreement, the Authority's sole recourse will be against the defaulting School District and no other School District. Further, upon the occurrence of an event of default, none of the Authority, the holders of the Series 2009A Bonds or the Insurer will have the right to accelerate the obligation of the defaulting School District under its Agreement. See in this PART 2 - "Bond Insurance."

The Resolutions and the MOU also provide that, to the extent that (i) the Authority issues more than one Series of Bonds to finance Loans to a particular School District, (ii) the Authority does not receive sufficient payments from the School District to meet the School District's payment obligations with respect to all such Series of Bonds, and (iii) the State aid payable to the School District is insufficient to fully make up such deficiency, then the Comptroller will pay a proportionate amount of the available State aid to the trustee for each such Series of Bonds until such deficiency is made up.

### **Security for the Series 2009A Bonds**

The Series 2009A Bonds will be secured by the pledge and assignment to the Trustee of all payments payable by all School Districts under their Agreements in respect of such Series 2009A Bonds, all funds and accounts authorized by the Master Resolution and established by the Series 2009A Resolution (with the exception of the Arbitrage Rebate Fund), and the Authority's security interest in the Pledged Revenues in respect of such Series 2009A Bonds; provided however, that certain earnings on amounts held in the Debt Service Fund will be released to the applicable School District and prior to such release will secure only the proportionate amount of the Series 2009A Bonds relating to the Loan of such School District. There is no debt service reserve fund securing the Series 2009A Bonds. Pursuant to the terms of the Master Resolution, the funds and accounts established by a Series Resolution secure only the Bonds of such Series and do not secure any other Series of Bonds issued under the Master Resolution. See in this PART 2 - "Issuance of Additional Bonds."

*Payments Under the Agreement and School District Bonds.* Each School District will, pursuant to its Agreement, deliver its School District Bonds to the Authority to evidence its obligation to repay the Loan made by the Authority to such School District. The Series 2009A Bonds are not secured by any interest in any real property (including the school district capital facilities and school district capital equipment financed or refinanced by a Series of Bonds) of any School District. The School District Bonds are general obligations of the applicable School District. Each School District will pledge its full faith and credit to the payment of the principal of and interest on the School District Bonds and has the power and is required under State statutes to levy and collect ad valorem taxes



on all taxable property within the School District for such payment. Each School District's obligation to pay the amounts due under its Agreement is absolute and unconditional without any right of set-off, recoupment or counterclaim against the Authority.

The Authority has covenanted for the benefit of the Holders of the Series 2009A Bonds that it will not create or cause to be created any lien or charge upon the Revenues or its interest in the Pledged Revenues specifically pledged to secure such Series 2009A Bonds, the proceeds of such Series 2009A Bonds or the funds or accounts established under the Series 2009A Resolution which is prior or equal to the pledge made by the Master Resolution for such Series 2009A Bonds, except for the Pledged Revenues pledged and assigned by any School District for which the Authority may in the future issue more than one Series of Bonds to finance Loans to such School District, which will secure all such Series of Bonds on a parity basis.

*Pledged Revenues.* As additional security for the payment of the amounts due under its Agreement to the Authority, each School District under its Agreement in respect of the Series 2009A Bonds has assigned and pledged to the Authority a sufficient portion of any and all Pledged Revenues. Each School District under its Agreement has directed and acknowledged that the Pledged Revenues are to be paid directly to the Trustee as provided in the Act and the MOU upon the occurrence of certain events of default under its Agreement. Each School District has further agreed under its Agreement that all State and local officials concerned are authorized to apportion and pay to or upon the order of the Authority all such Pledged Revenues. The pledge and assignment will be irrevocable (in accordance with the Act) and will continue until the date on which the liabilities of the School District incurred, as a result of the issuance of the Series 2009A Bonds, have been paid or otherwise discharged. The Pledged Revenues pledged and assigned by one School District will not be available to satisfy the obligation of any other School District.

The Act authorizes an intercept mechanism under which the State Comptroller shall pay the State aid assigned by the School District to the Authority directly to the Authority. Pursuant to this intercept mechanism, the Authority is required to certify annually to the Commissioner of Education a statement of all amounts due from the School District to the Authority. The Commissioner of Education, in turn, is required to include in the certificate filed with the State Comptroller, a statement showing the amount owed to the Authority by the School District. Pursuant to the MOU, the Authority has agreed to notify the State Comptroller and the Commissioner of Education within five business days after payment is due of any failure by the School District to pay (a "Delinquency Notice"). Upon receipt of such Delinquency Notice, the State Comptroller agrees to pay to the Trustee the amount set forth in the Delinquency Notice from any funds of the State that become due and payable to the defaulting School District. Until the amount set forth in the Delinquency Notice has been fully paid to the Trustee, the State Comptroller shall not pay any State funds to the defaulting School District.

Section 99-b of the State Finance Law and various State financing programs also provide a mechanism for the intercept of certain State aid or assistance for the payment of the principal of and interest on bonds and notes of a school district in default on such payment. Such intercept could also affect the extent to which State aid would be available to cure a default by a School District under its Agreement or School District Bonds, pursuant to the State aid intercept authorized under the Act. See "PART 4 – THE SCHOOL DISTRICTS – Special Provisions Affecting Remedies on Default."

While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the School Districts can be paid only if the State has such monies available for such payment. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget in future years. See "PART 4 – THE SCHOOL DISTRICTS – Financial Factors – *State Aid.*"

There can be no assurance that the amount of the Pledged Revenues pledged and assigned by any School District will be sufficient to pay the amount of any deficiency in Loan Repayments payable by such School District.

## **Issuance of Additional Bonds**

In addition to the Series 2009A Bonds, the Master Resolution authorizes the issuance of other Series of Bonds for other school districts and for specified purposes, including to refund Outstanding Bonds issued under the Master Resolution. Each Series of Bonds issued under the Master Resolution will be separately secured by the pledge and assignment of the Applicable Revenues, the Authority's interest in the Applicable Pledged Revenues, the proceeds from the sale of such Series of Bonds and all funds and accounts (with the exception of the Arbitrage Rebate Fund) authorized by the Applicable Series Resolution.

The Resolutions and the MOU also provide that, to the extent that (i) the Authority issues more than one Series of Bonds to finance Loans to a particular School District, (ii) the Authority does not receive sufficient payments from the School District to meet such School District's payment obligations with respect to all such Series of Bonds, and (iii) the State aid payable to such School District is insufficient to fully make up such deficiency, then the Comptroller will pay a proportionate amount of the available State aid to the trustee for each such Series of Bonds until such deficiency is made up.

## **General**

The Series 2009A Bonds will not be a debt of the State of New York nor will the State be 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 7 – THE AUTHORITY."

## **Defaults and Remedies under the Agreement**

Among the events which would constitute an "event of default" under an Agreement are the failure by the School District to pay the amounts due under the Agreement as evidenced by its School District Bonds or any other amounts due under the Agreement or to observe or perform any of the covenants, conditions or agreements contained in the Agreement which continues for the applicable grace period after notice of such failure has been given to such School District. In the event any such event of default happens as a result of a failure to pay the amounts due under the Agreement, the Authority may direct payment to the Trustee pursuant to the State aid intercept mechanism authorized by the Act and implemented by the MOU of certain State aid payable by the State to such School District. See in this PART 2 – "Security for the Series 2009A Bonds." In the event any other event of default happens and continues, the Authority may exercise a number of remedies, including such remedies as are available to the holder of the School District Bonds, and any other remedies available at law or in equity. *In no event may any "event of default" under an Agreement cause an acceleration of the amounts due under such Agreement.*

## **Default and Remedies under the Master Resolution**

"Events of Default" under the Master Resolution in respect of a Series of Bonds include: (i) the failure to pay principal, Sinking Fund Installments or Redemption Price of, and interest on the Bonds of such Series when due; (ii) the failure to comply with the provisions of the Code applicable to such Series necessary to maintain the exclusion of interest thereon from gross income under Section 103 of the Code, with the result that interest on the Bonds of such Series is no longer excludable from the gross income of the Holders thereof; and (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 Master Resolution or the Applicable Series Resolution or in the Bonds of such Series on the part of the Authority to be performed and such default continues for 30 days after written notice specifying such default and requiring same to be remedied is given to the Authority by the Trustee, which may give such notice in its discretion and must give such notice at the written request of the Holders of not less than 25% in principal amount of the Outstanding Bonds of such Series, unless, if such default is not capable of being cured within 30 days, the Authority has commenced to cure such default within said 30 days and diligently prosecutes the cure thereof.

The Resolutions provide that if an "event of default" occurs and continues, the Trustee may proceed, and upon the written request of an Applicable Facility Provider of a Series or of the Holders of not less than 25% in principal amount of the Outstanding Bonds of such Series will proceed (in either case, with the consent of an

Applicable Facility Provider of such Series ) or, in the case of a happening and continuance of an “event of default” specified in clause (ii) above, upon the written request of an Applicable Facility Provider of a Series or of the Holders of not less than 25% in principal amount of the Outstanding Bonds of such Series with the consent of the Applicable Facility Provider of such Series, will proceed (subject to the provisions of the Master Resolution), to protect and enforce its rights and the rights of the Bondholders or of such Applicable Facility Provider under the Resolutions or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolutions or in aid or execution of any power therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee deems most effectual to protect and enforce such rights. *In no event may an “event of default” cause an acceleration of any Series of Bonds under the Resolutions.*

In the enforcement of any remedy under the Resolutions, the Trustee may sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Authority for principal or interest or otherwise under any of the provisions of the Resolutions or of the Bonds of the applicable Series, with interest on overdue payments of the principal of or interest on the Bonds of such Series at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Resolutions and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Bonds, and to recover and enforce a judgment or decree against the Authority but solely as provided in the Resolutions and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

#### **Bond Insurance**

The following information is not complete and reference is made to Appendix G for a specimen of the financial guaranty insurance policy of Assured Guaranty.

##### *The Insurance Policy*

Assured Guaranty has made a commitment to issue the Policy relating to the Series 2009A Bonds, effective as of the date of issuance of such Series 2009A Bonds. Under the terms of the Policy, Assured Guaranty will unconditionally and irrevocably guarantee to pay that portion of principal of and interest on the Series 2009A Bonds that becomes Due for Payment but shall be unpaid by reason of Nonpayment (the “Insured Payments”). Insured Payments shall not include any additional amounts owing by the Authority solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. The Policy is non-cancelable for any reason, including without limitation the non-payment of premium.

“Due for Payment” means, when referring to the principal of the Series 2009A Bonds, the stated maturity date thereof, or the date on which such Series 2009A Bonds shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and, when referring to interest on such Bonds, means the stated dates for payment of interest.

“Nonpayment” means the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on the Series 2009A Bonds. It is further understood that the term Nonpayment in respect of a Series 2009A Bond also includes any amount previously distributed to the Holder (as such term is defined in the Policy) of such Bond in respect of any Insured Payment by or on behalf of the Authority, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. Nonpayment does not include

nonpayment of principal or interest caused by the failure of the Trustee or the Paying Agent to pay such amount when due and payable.

Assured Guaranty will pay each portion of an Insured Payment that is Due for Payment and unpaid by reason of Nonpayment, on the later to occur of (i) the date such principal or interest becomes Due for Payment, or (ii) the business day next following the day on which Assured Guaranty shall have received a completed notice of Nonpayment therefor in accordance with the terms of the Policy.

Assured Guaranty shall be fully subrogated to the rights of the Holders of the Series 2009A Bonds to receive payments in respect of the Insured Payments to the extent of any payment by Assured Guaranty under the Policy.

The Policy is not covered by any insurance or guaranty fund established under New York, California, Connecticut or Florida insurance law.

#### *The Insurer*

Assured Guaranty Corp. (“Assured Guaranty”) is a Maryland-domiciled insurance company regulated by the Maryland Insurance Administration and licensed to conduct financial guaranty insurance business in all fifty states of the United States, the District of Columbia and Puerto Rico. Assured Guaranty commenced operations in 1988. Assured Guaranty is a wholly owned, indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, structured finance and mortgage markets. Neither AGL nor any of its shareholders is obligated to pay any debts of Assured Guaranty or any claims under any insurance policy issued by Assured Guaranty.

Assured Guaranty is subject to insurance laws and regulations in Maryland and in New York (and in other jurisdictions in which it is licensed) that, among other things, (i) limit Assured Guaranty’s business to financial guaranty insurance and related lines, (ii) prescribe minimum solvency requirements, including capital and surplus requirements, (iii) limit classes and concentrations of investments, (iv) regulate the amount of both the aggregate and individual risks that may be insured, (v) limit the payment of dividends by Assured Guaranty, (vi) require the maintenance of contingency reserves, and (vii) govern changes in control and transactions among affiliates. Certain state laws to which Assured Guaranty is subject also require the approval of policy rates and forms.

Assured Guaranty’s financial strength is rated “AAA” (stable) by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”), “AAA” (stable) by Fitch, Inc. (“Fitch”) and “Aa2” (stable) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of Assured Guaranty should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by Assured Guaranty. Assured Guaranty does not guaranty the market price of the securities it guarantees, nor does it guaranty that the ratings on such securities will not be revised or withdrawn.

#### *Recent Developments*

On November 14, 2008, AGL announced that it had entered into a definitive agreement to purchase Financial Security Assurance Holdings Ltd. (“FSA”), the parent of financial guaranty insurance company Financial Security Assurance, Inc. For more information regarding the proposed acquisition by AGL of FSA, see the Annual Report on Form 10-K filed by AGL with the Securities and Exchange Commission (the “SEC”) on February 26, 2009.

*Capitalization of Assured Guaranty Corp.*

As of December 31, 2008, Assured Guaranty had total admitted assets of \$1,803,146,295 (unaudited), total liabilities of \$1,425,012,944 (unaudited), total surplus of \$378,133,351 (unaudited) and total statutory capital (surplus plus contingency reserves) of \$1,090,288,113 (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2007, Assured Guaranty had total admitted assets of \$1,361,538,502 (audited), total liabilities of \$961,967,238 (audited), total surplus of \$399,571,264 (audited) and total statutory capital (surplus plus contingency reserves) of \$982,045,695 (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. The Maryland Insurance Administration recognizes only statutory accounting practices for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Maryland Insurance Code, and for determining whether its financial condition warrants the payment of a dividend to its stockholders. No consideration is given by the Maryland Insurance Administration to financial statements prepared in accordance with accounting principles generally accepted in the United States in making such determinations.

*Incorporation of Certain Documents by Reference*

The portions of the following documents relating to Assured Guaranty are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- The Annual Report on Form 10-K of AGL for the fiscal year ended December 31, 2008 (which was filed by AGL with the SEC on February 26, 2009); and
- The Current Reports on Form 8-K filed by AGL with the SEC, as they relate to Assured Guaranty.

All consolidated financial statements of Assured Guaranty and all other information relating to Assured Guaranty included in documents filed by AGL with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, subsequent to the date of this Official Statement and prior to the termination of the offering of the Bonds shall be deemed to be incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such consolidated financial statements.

Any statement contained in a document incorporated herein by reference or contained herein under this subheading "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009A BONDS – Bond Insurance - The Insurer" shall be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any subsequently filed document which is incorporated by reference herein also modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Copies of the consolidated financial statements of Assured Guaranty incorporated by reference herein and of the statutory financial statements filed by Assured Guaranty with the Maryland Insurance Administration are available upon request by contacting Assured Guaranty at 1325 Avenue of the Americas, New York, New York 10019 or by calling Assured Guaranty at (212) 974-0100. In addition, the information regarding Assured Guaranty that is incorporated by reference in this Official Statement that has been filed by AGL with the SEC is available to the public over the Internet at the SEC's web site at <http://www.sec.gov> and at AGL's web site at <http://www.assuredguaranty.com>, from the SEC's Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the office of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Assured Guaranty makes no representation regarding the Series 2009A Bonds or the advisability of investing in the Series 2009A Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under this

heading “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009A BONDS - Bond Insurance” and “Appendix G – Specimen Financial Guaranty Insurance Policy.”

### **PART 3 - THE SERIES 2009A BONDS**

#### **Description of the Series 2009A Bonds**

The Series 2009A Bonds will be dated their date of delivery and will bear interest at the rates and mature at the times set forth on the inside cover page of this Official Statement. Interest on the Series 2009A Bonds is payable each April 1 and October 1, commencing April 1, 2010.

The Series 2009A Bonds will be issued as fully registered bonds. The Series 2009A Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Series 2009A Bonds will be registered in the name of Cede & Co., as nominee of DTC, pursuant to DTC’s Book-Entry Only System. Purchases of beneficial interests in the Series 2009A Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2009A Bonds, the Series 2009A Bonds will be exchangeable for other fully registered Series 2009A Bonds in any other authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Master Resolution. See in this PART 3 “–Book-Entry Only System” and “Appendix E – Summary of Certain Provisions of the Master Resolution.”

Interest on the Series 2009A Bonds will be payable by check or draft mailed to the registered owners thereof at the address thereof as it appears on the registration books held by the Trustee, or, at the option of a Holder of at least \$1,000,000 in principal amount of the Series 2009A Bonds by wire transfer to the Holder of the Series 2009A Bonds, each as of the close of business on the fifteenth day of the month next preceding an interest payment date. The principal or redemption price of the Series 2009A Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon, the Trustee and Paying Agent. As long as the Series 2009A Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See “– Book-Entry Only System” herein.

For a more complete description of the Series 2009A Bonds, see “Appendix E – Summary of Certain Provisions of the Master Resolution.”

#### **Redemption Provisions**

The Series 2009A Bonds are subject to optional and mandatory redemption as described below.

##### *Optional Redemption*

The Series 2009A Bonds maturing on or before October 1, 2019 are not subject to optional redemption prior to maturity. The Series 2009A Bonds maturing after October 1, 2019 are subject to redemption prior to maturity on or after October 1, 2019 in any order of maturity, at the option of the Authority, as a whole or in part at any time, at a Redemption Price of 100% of the principal amount of the Series 2009A Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

##### *Mandatory Redemption*

The Series 2009A Bonds maturing on October 1, 2024 and October 1, 2029 are subject to redemption, in part, on each of the dates and in the respective principal amounts set forth below, at a Redemption Price of 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 the principal amounts of Series 2009A Bonds specified on October 1 of each of the years shown below:

Term Bonds  
Maturing October 1, 2024

<u>Year</u>	<u>Sinking Fund Installments</u>
2020	\$3,800,000
2021	3,990,000
2022	4,190,000
2023	4,400,000
2024†	3,955,000

† Final maturity.

Term Bonds  
Maturing October 1, 2029

<u>Year</u>	<u>Sinking Fund Installments</u>
2025	\$2,155,000
2026	2,275,000
2027	2,405,000
2028	2,540,000
2029†	2,685,000

† Final maturity.

*Notice of Redemption*

Whenever Series 2009A Bonds are to be redeemed, the Trustee will give notice of the redemption of the Series 2009A Bonds in the name of the Authority. Such notice will be given by mailing a copy of such notice not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. Such notice will be sent by first class mail, postage prepaid, to the registered owners of the Series 2009A Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice, the Trustee will promptly certify to the Authority that it has mailed or caused to be mailed such notice to the registered owners of the Series 2009A Bonds to be redeemed in the manner provided in the Master Resolution. Such certificate will be conclusive evidence that such notice was given in the manner required by the Master Resolution. The failure of any Holder of a Series 2009A Bond to be redeemed to receive such notice will not affect the validity of the proceedings for the redemption of the Series 2009A Bonds.

Any notice of redemption, unless moneys are received by the Trustee prior to giving such notice sufficient to pay the principal of and premium, if any, and interest on the Series 2009A Bonds to be redeemed, may state that such redemption is conditional upon the receipt of such moneys by the Trustee by 1:00 P.M. (New York time) on the date fixed for redemption. If such moneys are not so received said notice will be of no force and effect, the Authority will not redeem such Series 2009A Bonds and the Trustee will give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

**Book-Entry Only System**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2009A Bonds. The Series 2009A 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 2009A Bond will be issued for each maturity of the Series 2009A Bonds, each in the aggregate principal amount of such maturity of such Series, and 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, as amended. 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, and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Series 2009A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2009A 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 2009A 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 2009A Bonds, except in the event that use of the book-entry system for the Series 2009A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009A 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 2009A 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 2009A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009A 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 2009A 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 2009A 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 2009A 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 2009A 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, the Bank 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.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2009A Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2009A Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2009A 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 2009A 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 2009A 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 2009A 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 2009A 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 2009A 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 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 2009A 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 2009A BONDS.**

So long as Cede & Co. is the registered owner of the Series 2009A Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2009A Bonds (other than under the caption "PART 10 — TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2009A 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 2009A 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.

**NEITHER THE AUTHORITY 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 2009A 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 2009A 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 2009A BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2009A BONDS; OR (VI) ANY OTHER MATTER.

### Principal and Interest Requirements

The following table sets forth the principal, the interest and the total debt service to be paid on the Series 2009A Bonds during each twelve-month period ending October 1 of the years shown.

<b>12-Month Period Ending October 1</b>	<b>Principal of the Series 2009A Bonds</b>	<b>Interest on the Series 2009A Bonds</b>	<b>Total Debt Service on the Series 2009A Bonds</b>
2010	\$2,000,000	\$4,182,581	\$6,182,581
2011	2,735,000	2,748,388	5,483,388
2012	2,785,000	2,693,688	5,478,688
2013	2,845,000	2,631,025	5,476,025
2014	2,940,000	2,545,675	5,485,675
2015	3,045,000	2,442,625	5,487,625
2016	3,165,000	2,320,825	5,485,825
2017	3,310,000	2,172,575	5,482,575
2018	3,470,000	2,017,075	5,487,075
2019	3,640,000	1,852,325	5,492,325
2020	3,800,000	1,695,125	5,495,125
2021	3,990,000	1,505,125	5,495,125
2022	4,190,000	1,305,625	5,495,625
2023	4,400,000	1,096,125	5,496,125
2024	3,955,000	876,125	4,831,125
2025	2,155,000	678,375	2,833,375
2026	2,275,000	557,156	2,832,156
2027	2,405,000	429,188	2,834,188
2028	2,540,000	293,906	2,833,906
2029	2,685,000	151,031	2,836,031

### PART 4 - THE SCHOOL DISTRICTS

The principal amount of the Loans to the School Districts, the financial advisor to the School Districts and the bond counsel to the School Districts are listed in Appendix B hereto. Summaries of the constitutional and statutory debt structure and tax and revenue collections which are generally applicable to all school districts in the State are included in this PART 4. Certain financial and economic information for each School District is included in Appendix C. The financial statements as of June 30, 2008 of all the School Districts and additional information

on certain of the School Districts have been filed by the School Districts with nationally recognized municipal securities information repositories. Such financial statements are incorporated herein by reference and copies are on file at the principal office of the Authority.

### **Summaries of Constitutional and Statutory Debt Provisions**

The New York State Constitution and Local Finance Law limit the power of municipalities and school districts of the State, including the School Districts, to issue obligations and to contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to each School District and the School District Bonds. A school district may contract indebtedness only for a school district purpose and must pledge its faith and credit for the payment of principal of and interest thereon. School district indebtedness must be amortized in accordance with constitutional and statutory requirements. A school district must provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes. A school district has the power to levy taxes on real property for the payment of interest on or principal of indebtedness contracted by it, and under the State Constitution the State Legislature may not restrict such power.

Pursuant to the Local Finance Law, a school district has the power to contract indebtedness for any school district purpose authorized by the Legislature of the State, provided the aggregate principal amount of such indebtedness must not exceed the applicable percentage of the applicable valuation of the taxable real estate of the school district and subject to certain enumerated deductions such as State aid for building purposes. The applicable percentages depend on the type of school district. For a school district other than a school district in a city, the percentage is 10% of the “full valuation”; for a school district in a city with a population of less than 125,000, 5% of the “average full valuation”; and for a school district in a city with a population of 125,000 or more other than the City of New York, 9% of the “average full valuation.” There are constitutional and statutory methods for determining full valuation and average full valuation. The Local Finance Law also provides exceptions by which a school district may incur indebtedness in excess of the normal debt limit. See Appendix C for the calculation of the debt limit applicable to each School District.

In general, the State Legislature has authorized the power and procedure for school districts to incur indebtedness by the enactment of the Local Finance Law subject to the Constitutional provisions described above. A school district may issue bonds for any purpose authorized by the Local Finance Law. No principal installment may be more than 50% in excess of the smallest prior principal installment unless the school district has elected to issue obligations with substantially level or declining annual debt service. If a school district issues bonds with a substantially level or declining annual debt service schedule, then the aggregate amount of debt service payable in each year may not exceed the lowest aggregate amount of debt service payable in any prior year by more than the greater of 5% or \$10,000. Such school districts are required to provide an annual appropriation for the payment of interest due during the year on their indebtedness and for the amounts required in such year for amortization and redemption of their bonds and required annual installments on their notes. The power of school districts to spend money, however, generally derives from other State and local laws. Bond anticipation notes may be issued for up to a five year term or may be renewed each year provided that such renewals, subject to some exceptions, do not exceed five years beyond the original date of borrowing. The Local Finance Law also contains provisions providing school districts with the power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget and capital notes.

### **Special Provisions Affecting Remedies on Default**

Section 99-b of the State Finance Law provides a mechanism for the intercept of certain State aid or assistance for the payment of the principal of and interest on bonds and notes of a school district in default on such payment. The intercept mechanism provides procedures for giving of default notices to the State Comptroller, payment by the State Comptroller to the paying agent or agents for the bonds and notes in default of all or a portion of the amount then due and allotment, apportionment or payment by the State Comptroller of such State aid or assistance due to such school district.

The Act also authorizes an intercept mechanism under which the State Comptroller shall pay the State aid assigned by the School District to the Authority directly to the Authority. Pursuant to this intercept mechanism, the Authority is required to certify annually to the Commissioner of Education a statement of all amounts due from each school district to the Authority. The Commissioner of Education, in turn, is required to include in the certificate filed with the State Comptroller, a statement showing the amount owed to the Authority by each school district. Pursuant to the MOU, the Authority has agreed to notify the State Comptroller and the Commissioner of Education within five (5) business days after payment is due of any failure by the School District to pay (a “Delinquency Notice”). Upon receipt of such Delinquency Notice, the State Comptroller agrees to pay to the Trustee the amount set forth in the Delinquency Notice from any funds of the State that become due and payable to the defaulting School District. Until the amount set forth in the Delinquency Notice has been fully paid to the Trustee, the State Comptroller shall not pay any State funds to the defaulting School District.

Other State financing programs incorporate similar procedures for the withholding of State aid as security for the repayment of financial assistance provided to various program participants. Moreover, the State has the power to create other State aid intercept provisions as well as the power to reduce or eliminate State aid paid to the School Districts. Pursuant to the Agreements, each School District is permitted to pledge its State aid to secure subsequent Series of Authority Bonds or to secure bonds issued by any agency or instrumentality of the United States of America or the State of New York or any authority, agency or political subdivision of the State of New York, or as otherwise consented to in writing by the Authority. If a School District is or becomes a participant in any such other program or otherwise pledges its State aid, the extent to which State aid would be available to cure a default by such School District under its Agreement or School District Bonds, pursuant to the State aid intercept authorized under the Act, could be affected by the timing and the existence of defaults under such other program, and the withholding of State aid to the School District in whole or in part, pursuant to the withholding procedures of such other program, to cure such defaults. As described above, Section 99-b of the State Finance Law also provides a mechanism for the intercept of certain State aid or assistance for the payment of the principal of and interest on bonds and notes of a school district in default on such payment. Such intercept could also affect the extent to which State aid would be available to cure a default by such School District under its Agreement or School District Bonds, pursuant to the State aid intercept authorized under the Act.

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

The State has consented that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debts including judicial control over identifiable and unidentifiable creditors. Such provision is not applicable to school districts. However, there can be no assurance that State law will not be amended in the future to extend such authorization to school districts.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

### **Financial Factors**

School district finances are generally accounted primarily through the General Fund of the school district. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. The School District derives the bulk of its annual revenues from a tax on real property and from State aid. See

Appendix C for certain financial and economic information for each School District and the financial statements filed by the School Districts with nationally recognized municipal securities information repositories.

*Real Property Tax Collections.* Depending on the school district, real property taxes are typically due on a fixed date in each year or are payable in installments over the course of a year. Penalties on unpaid taxes vary by school district, and generally begin to be imposed a month to six weeks after the taxes are due. The counties and/or cities in which school districts are located pay school districts the amount of their uncollected taxes by the end of the fiscal year of the school districts in some cases or before the end of the second fiscal year in other cases, thus assuring the school districts of receipt of their full levy. Because there is no uniform procedure for tax collection throughout the State, the procedure for tax collection in some school districts may vary from the general procedure described above. See Appendix C for a discussion of procedures for collection of real property taxes levied by each School District.

*STAR - School Tax Exemption.* The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household incomes of \$70,650 or less are eligible for a “full value” exemption of \$56,800. Other homeowners are eligible for a \$30,000 “full value” exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR Program by the first business day in January of each year.

*State Aid.* Each school district receives State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. State aid is a substantial percentage of the revenues of each School District. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the School Districts can be paid only if the State has such monies available for such payment.

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Current and future State budgetary restrictions could result in the delays in the payment of or reductions in the amount of State aid payable to school districts. The recent economic downturn and global financial crisis have had and are anticipated to continue to have an adverse impact on the State’s financial condition and may adversely affect the amount and payment of State aid to school districts. Proposals to address potential State budget deficits have included reductions in State aid to school districts. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. Reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

The School Districts cannot predict at this time whether any reductions in aid will be included in the State’s budget for fiscal year 2009-2010 or whether the State’s budget will be enacted on a timely basis.

## **Litigation**

Except as described in Appendix C hereto, each School District represents that there are no suits pending or, to the knowledge of such School District, threatened against such School District wherein an unfavorable result would have a material adverse effect on the financial condition of such School District and any litigation pending is generally of a routine nature which does not affect the right of such School District to conduct its business or affect the validity of its obligations.

**PART 5 - ESTIMATED SOURCES AND USES OF FUNDS**

Estimated sources and uses of funds are as follows:

**Estimated Sources of Funds**

Principal Amount.....	\$62,330,000
Net Original Issue Premium.....	<u>41,268</u>
Total Estimated Sources .....	<u>\$62,371,268</u>

**Estimated Uses of Funds**

Deposit to Project Account .....	\$60,147,670
Costs of Issuance*.....	1,718,213
Underwriter’s Discount.....	<u>505,385</u>
Total Estimated Uses .....	<u>\$62,371,268</u>

\* Includes bond insurance and other costs.

**PART 6 - THE PLAN OF FINANCE**

A portion of the proceeds of the Series 2009A Bonds will be used to provide for the financing of all or a portion of the costs of school district capital facilities and school district capital equipment of the School Districts and/or the refinancing of certain bond anticipation notes of the School Districts the proceeds of which were used to finance all or a portion of the costs of school district capital facilities and school district capital equipment of such School District. Additional information regarding the indebtedness of each School District is included in Appendix C.

**PART 7 - 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 December 31, 2008, the Authority had approximately \$37.7 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 December 31, 2008 were as follows:

<b>Public Programs</b>	<b>Bonds Issued</b>	<b>Outstanding</b>	<b>Outstanding</b>	<b>Outstanding</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 .....	12,199,467,999	5,255,462,634	0	5,255,462,634
Upstate Community Colleges of the State University of New York.....	1,431,000,000	608,320,000	0	608,320,000
Senior Colleges of the City University of New York .....	9,605,001,762	2,890,614,213	0	2,890,614,213
Community Colleges of the City University of New York.....	2,364,178,350	514,260,787	0	514,260,787
BOCES and School Districts .....	2,000,366,208	1,488,605,000	0	1,488,605,000
Judicial Facilities .....	2,161,277,717	731,557,717	0	731,557,717
New York State Departments of Health and Education and Other.....	4,793,390,000	3,258,425,000	0	3,258,425,000
Mental Health Services Facilities .....	6,368,100,000	3,823,725,000	0	3,823,725,000
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
<b>Totals Public Programs.....</b>	<b>\$ 44,932,008,036</b>	<b>\$ 20,347,960,351</b>	<b>\$ 0</b>	<b>\$ 20,347,960,351</b>

<b>Non-Public Programs</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>	<b>Notes Outstanding</b>	<b>Bonds and Notes Outstanding</b>
Independent Colleges, Universities and Other Institutions.....	\$ 16,700,711,020	\$ 8,225,813,995	\$ 184,725,000	\$ 8,410,538,995
Voluntary Non-Profit Hospitals .....	13,422,604,309	7,940,035,000	0	7,940,035,000
Facilities for the Aged.....	1,996,020,000	1,011,180,000	0	1,011,180,000
Supplemental Higher Education Loan Financing Program .....	95,000,000	0	0	0
<b>Totals Non-Public Programs.....</b>	<b>\$ 32,214,335,329</b>	<b>\$ 17,177,028,995</b>	<b>\$ 184,725,000</b>	<b>\$ 17,361,753,995</b>
<b>Grand Totals Bonds and Notes.....</b>	<b>\$ 75,146,343,365</b>	<b>\$ 37,524,989,346</b>	<b>\$ 184,725,000</b>	<b>\$ 37,709,714,346</b>

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

At December 31, 2008, the Agency had approximately \$381.9 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 December 31, 2008 were as follows:

<b>Public Programs</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>
Mental Health Services Improvement Facilities	\$ 3,817,230,725	\$ 0
<b>Non-Public Programs</b>	<b>Bonds Issued</b>	<b>Bonds Outstanding</b>
Hospital and Nursing Home Project Bond Program	\$ 226,230,000	\$ 3,255,000
Insured Mortgage Programs	6,625,079,927	370,965,939
Revenue Bonds, Secured Loan and Other Programs	2,414,240,000	7,670,000
<b>Total Non-Public Programs</b>	<b>\$ 9,265,549,927</b>	<b>\$ 381,890,939</b>
<b>Total MCFFA Outstanding Debt</b>	<b>\$ 13,082,780,652</b>	<b>\$ 381,890,939</b>

### 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 Board member position that is filled by an appointment from the Temporary President of the State Senate is currently vacant. 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.

JACQUES JIHA, Ph.D., Woodbury.

Jacques Jiha was appointed as a Member of the Authority by the Governor on December 15, 2008. Mr. Jiha is an Executive Vice President and the Chief Financial Officer of Earl G. Graves, Ltd., a multi-media company that includes *Black Enterprise* magazine. He is also a member of the Investment Advisory Committee of the New York Common Retirement Fund. Mr. Jiha has previously served as Deputy Comptroller for Pension Investment and Public Finance in the Office of the New York State Comptroller and as Co-Executive Director of the New York Local Government Assistance Corporation (LGAC). Prior thereto, Mr. Jiha was Nassau County Deputy Comptroller for Audits and Finances. He also worked for the New York City Office of the Comptroller in

increasingly responsible positions: first as Chief Economist and later as Deputy Comptroller for Budget. Mr. Jiha has served as Executive Director of the New York State Legislative Tax Study Commission and as Principal Economist for the New York State Assembly Committee on Ways and Means. He holds a Ph.D. and a Master's degree in Economics from the New School University and a Bachelor's degree in Economics from Fordham University. His current term expires on March 31, 2010.

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. 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 expires on August 31, 2010.

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.

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.

CARRA WALLACE is the Managing Director of the Office of Executive Initiatives (OEI). In that capacity, she oversees the Authority's Communications and Marketing, Opportunity Programs, Environmental Initiatives, Client Outreach, Training, Executive Projects, and Legislative Affairs units. Ms. Wallace is responsible for strategic efforts in developing programs, maximizing the utilization of Minority and Women Owned Businesses, and communicating with Authority clients, the public and governmental officials. She possesses more than twenty years of senior leadership experience in diverse private sector businesses and civic organizations. Ms. Wallace most recently served as Executive Vice President at Telwares, a major telecommunications service firm. Prior to her service at Telwares, Ms. Wallace served as Executive Vice President of External Affairs at the NYC Leadership Academy. She holds a Bachelor of Science degree in management from the Pepperdine University Graziadio School of Business and Management.

## **Claims and Litigation**

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

## **Other Matters**

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

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by the Authority and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. The Authority has obtained the approval of the PACB for the issuance of the Series 2009A Bonds.

### *Legislation*

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

### *Environmental Quality Review*

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

### *Independent Auditors*

The accounting firm of KPMG LLP audited the financial statements of the Authority for the fiscal year ended March 31, 2008. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

## **PART 8 - LEGALITY OF THE SERIES 2009A BONDS FOR INVESTMENT AND DEPOSIT**

Under New York State law, the Series 2009A 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 of the State may properly and legally invest funds in their control. However, enabling legislation or bond resolutions of individual public benefit corporations and authorities of the State may limit the investment of funds of such public benefit corporations and authorities in the Series 2009A Bonds.

The Series 2009A Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

## **PART 9 - NEGOTIABLE INSTRUMENTS**

The Series 2009A Bonds shall be negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Master Resolution and in the Series 2009A Bonds.

## PART 10 - TAX MATTERS

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Series 2009A Bonds in order that interest on the Series 2009A Bonds will be and remain not includable in gross income under Section 103 of the Code. Included among these continuing requirements are certain restrictions and prohibitions on the use of proceeds of the Series 2009A Bonds and the facilities financed or refinanced by such proceeds, restrictions on the investment of such proceeds and other amounts, the rebate to the United States of certain earnings with respect to investments, and required ownership by a governmental unit of the facilities financed or refinanced by the Series 2009A Bonds. Failure to comply with the continuing requirements may cause interest on the Series 2009A Bonds to be includable in gross income for federal income tax purposes retroactive to the date of their issuance irrespective of the date on which such noncompliance occurs. In the Master Resolution, the Agreements, and in other documents and certificates contained in the transcript of proceedings, the Authority and the School Districts have covenanted to comply with certain procedures, and have made certain representations and certifications, designed to assure compliance with the requirements of the Code.

In the opinion of Winston & Strawn LLP, New York, New York (“Bond Counsel”), based upon an analysis of existing statutes, regulations, rulings and court decisions, interest on the Series 2009A Bonds is not includable in gross income for federal income tax purposes, assuming continuing compliance by the Authority and the School Districts (and their successors) with the covenants, and the accuracy of the representations (as to which Bond Counsel has made no independent investigation) referenced above. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix F hereto.

Certain requirements and procedures contained or referred to in the Master Resolution, the Series 2009A Resolution, the Agreements and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2009A Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Winston & Strawn LLP.

Bond Counsel is further of the opinion that interest on the Series 2009A Bonds is not an “item of tax preference” for purposes of the federal alternative minimum tax on individuals and corporations. Pursuant to the American Recovery and Reinvestment Act, which was signed into law on February 17, 2009, interest on the Series 2009A Bonds owned by corporations will not be included in the calculation of adjusted current earnings, a portion of which is an adjustment to corporate alternative minimum taxable income for purposes of calculating the alternative minimum tax imposed on corporations (but not individuals). Corporate purchasers of the Series 2009A Bonds should consult their tax advisors concerning the computation of any alternative minimum tax.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to exclusion of interest on the Series 2009A Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the IRS or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2009A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification”, or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding”, which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2009A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2009A Bonds

from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

Certain maturities of the Series 2009A Bonds may be initially offered to the public at prices less than the principal amount thereof payable at maturity. If the first price at which a substantial amount of the Series 2009A Bonds of the same maturity is sold in the initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) is less than the principal amount thereof payable at maturity, the difference between such price and principal amount constitutes original issue discount with respect to each Series 2009A Bond of the same maturity (the "Discount Bonds"). Bond Counsel is of the opinion that original issue discount, as it accrues, is excludable from gross income for federal income tax purposes and is subject to the alternative minimum tax to the same extent as is interest on the Series 2009A Bonds. Original issue discount accrues in each taxable year over the term of the Discount Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code, with certain adjustments. Original issue discount may be treated as continuing to accrue in each taxable year even if payment of the Discount Bonds becomes doubtful. Accruals of original issue discount are treated as tax-exempt interest earned by owners on the accrual basis of tax accounting and as tax-exempt interest received by owners on the cash basis of tax accounting (with possible tax consequences under the alternative minimum tax, as described above) even though no cash corresponding to the accrual is received in the year of accrual. The tax basis of a Discount Bond if held by an original purchaser, can be determined by adding to such owner's purchase price of such Discount Bond the original issue discount that has accrued. Holders of Discount Bonds should consult their own tax advisors with respect to the calculation of the amount of the original issue discount that will be treated for federal income tax purposes as having accrued for any taxable year (or portion thereof) of such owners and with respect to other federal, state and local tax consequences of owning and disposing of the Discount Bonds.

Certain maturities of the Series 2009A Bonds may be initially offered to the public at prices in excess of their principal amounts (the "Premium Series 2009A Bonds"). An initial purchaser (other than a purchaser who holds such Series 2009A Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) with an initial adjusted basis in a Premium Series 2009A Bond in excess of its principal amount will have amortizable bond premium that is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of such Premium Series 2009A Bond based on the purchaser's yield to maturity (or, in the case of Premium Series 2009A Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Series 2009A Bond, an initial purchaser is required to decrease such purchaser's adjusted basis in such Premium Series 2009A Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning Premium Series 2009A Bonds. Owners of Premium Series 2009A Bonds are advised that they should consult with their own advisors with respect to the federal, state and local tax consequences of owning Premium Series 2009A Bonds.

Prospective purchasers of the Series 2009A Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of tax-exempt obligations may have collateral federal income tax consequences for certain taxpayers, including financial institutions, certain subchapter S corporations, United States branches of foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, taxpayers eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. The foregoing is not intended as an exhaustive list of potential tax consequences. Prospective purchasers should consult their tax advisors regarding any possible collateral consequences with respect to the Series 2009A Bonds. Bond Counsel expresses no opinion regarding any such collateral consequences.

In the opinion of Bond Counsel, the interest on the Series 2009A Bonds is exempt under existing statutes from personal income taxes imposed by the State of New York and its political subdivisions (including The City of New York).

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2009A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2009A Bonds. Future tax legislation, administrative actions taken by tax authorities, and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2009A Bonds under federal or state law and could affect the market price or marketability of the Series 2009A Bonds. Prospective purchasers of the Series 2009A Bonds should consult their own tax advisers regarding any pending or proposed federal or state tax legislation and prospective purchasers of the Series 2009A Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series 2009A Bonds ends with the issuance of the Series 2009A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the School Districts or the beneficial owners regarding the tax status of interest on the Series 2009A Bonds in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2009A Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2009A Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2009A Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market prices for the Series 2009A Bonds.

#### **PART 11 - STATE NOT LIABLE ON THE SERIES 2009A BONDS**

The Act provides that notes and bonds of the Authority shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of the Authority. The Master Resolution specifically provides that the Series 2009A Bonds shall not be a debt of the State nor shall the State be liable thereon.

#### **PART 12 - 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 13 - LEGAL MATTERS**

Certain legal matters incidental to the authorization and issuance of the Series 2009A Bonds by the Authority are subject to the approval of Winston & Strawn LLP, New York, New York, Bond Counsel to the Authority, whose approving opinion will be delivered with the Series 2009A Bonds. The proposed form of Bond Counsel's opinion is set forth in Appendix F.

Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York and for each School District by its bond counsel as listed in Appendix B hereto.

There is no pending litigation restraining or enjoining the issuance or delivery of the Series 2009A Bonds or questioning or affecting the validity of the Series 2009A Bonds or the proceedings and authority under which they are to be issued. There is no litigation pending which in any manner questions the right of the Authority to



finance or refinance the Cost of the Projects in accordance with the provisions of the Act, the Master Resolution and the Agreements.

#### **PART 14 - UNDERWRITING**

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2009A Bonds from the Authority at an aggregate purchase price, including net original issue premium and less underwriters discount, of \$61,865,883.20 and to make a public offering of the Series 2009A Bonds at prices that are not in excess of the public offering prices stated on the inside cover page of this Official Statement.

The Series 2009A Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

#### **PART 15 - CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), each School District has undertaken in a written agreement (a "Continuing Disclosure Agreement") for the benefit of the Bondholders of the Series 2009A Bonds to provide on an annual basis to the Authority, each nationally recognized municipal securities information repository designated by the Securities and Exchange Commission in accordance with Rule 15c2-12 (each a "Repository"), if and when one is established, the New York State Information Depository (the "State Information Depository") and, effective July 1, 2009, exclusively to the Municipal Securities Rulemaking Board's (the "MSRB") Electronic Municipal Market Access system, on or before 180 days after the end of each fiscal year of such School District, commencing with the fiscal year ending June 30, 2009, operating data and financial information of the type hereinafter described which is included in Appendix C to this Official Statement (the "Annual Information"), together with such School District's annual financial statements prepared in accordance with generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with generally accepted accounting standards.

The Annual Information for each School District will consist of the following: (a) operating data and financial information of the type included in Appendix C to this Official Statement (only to the extent that this information is not included in the audited financial statements of such School District), together with (b) a narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of financial and operating data concerning such School District and in judging the financial and operating condition of such School District.

In addition, the Authority has undertaken, for the benefit of the Series 2009A Bondholders, to provide each such Repository or to the MSRB, and to the State Information Depository, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the "Notices").

The Notices include notice of any of the following events with respect to the Series 2009A Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Series 2009A Bonds; (7) modifications to rights of the Holders of the Series 2009A Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2009A Bonds and (11) rating changes. Each School District has undertaken to provide to the Authority, in a timely manner, notices similar to the ones described above with respect to its School District Bonds.

The sole and exclusive remedy for breach or default under a Continuing Disclosure Agreement is an action to compel specific performance of the undertakings of the defaulting School District and/or the Authority, and no person, including any Holder and any Beneficial Owner of the Series 2009A Bonds, may recover monetary damages thereunder under any circumstances. The Authority or such defaulting the School District may be compelled to comply with their respective obligations under a Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required thereunder, by any Holder and any Beneficial Owner of

Outstanding Series 2009A Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2009A Bonds or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the Holders of Outstanding Series 2009A Bonds. However, the Trustee is not required to take any enforcement action unless so directed by the Holders of not less than 25% in aggregate principal amount of Outstanding Series 2009A Bonds. A breach or default under a Continuing Disclosure Agreement will not constitute an Event of Default under the Master Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under a Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, will no longer be required to be provided.

The foregoing undertakings are intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. Any Continuing Disclosure Agreement, however, may under certain circumstances be amended or modified without the consent of Holders of the Series 2009A Bonds. Copies of all of the Continuing Disclosure Agreements when executed by the parties thereto upon the delivery of the Series 2009A Bonds will be on file at the principal office of the Authority.

#### **PART 16 - RATINGS**

Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("Standard & Poor's"), Fitch Ratings ("Fitch") and Moody's Investors Service Inc. ("Moody's") are each expected to assign a rating of "AAA," "AAA" and "Aa2," respectively, to the Series 2009A Bonds, with the understanding that upon delivery of the Series 2009A Bonds, the Policy insuring the payment when due of principal and interest on the Series 2009A Bonds will be issued by the Insurer. Such ratings reflect 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: Standard & Poor's, 55 Water Street, New York, New York 10041; Fitch, One State Street Plaza, New York, New York 10004 and Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating agencies if, in the judgment of any or all 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 2009A Bonds.

#### **PART 17 - SOURCES OF INFORMATION AND CERTIFICATIONS**

Certain information concerning each School District, DTC and the Insurer included in this Official Statement has been furnished or reviewed and authorized for use by the Authority by such sources as described below. While the Authority believes that these sources are reliable, the Authority has not independently verified this information and does not guarantee the accuracy or completeness of the information furnished by the respective sources. The Authority is relying on certificates from each source, to be delivered at or prior to the time of delivery of the Series 2009A Bonds, as to the accuracy of such information provided or authorized by it.

*School Districts.* The information in "PART 4 – THE SCHOOL DISTRICTS," "PART 6 - THE PLAN OF FINANCE" and "Appendix C – Certain Financial and Economic Information on the School Districts" was supplied by each of the School Districts. The Authority believes that this information is reliable, but the Authority makes no representations or warranties whatsoever to the accuracy or completeness of this information.

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

*Insurer and the Policy.* The information in "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS – Bond Insurance" and "Appendix G – Specimen Financial Guaranty Insurance Policy" was supplied by the Insurer. The Authority believes that this information is reliable, but the Authority makes no representations or warranties whatsoever to the accuracy or completeness of this information.

*Bond Counsel.* “Appendix A – Definitions,” “Appendix D - Summary of Certain Provisions of the Financing Agreements,” “Appendix E - Summary of Certain Provisions of the Master Resolution” and “Appendix F - Form of Approving Opinion of Bond Counsel” have been prepared by Winston & Strawn LLP, New York, New York, Bond Counsel.

*The Authority.* The Authority provided the balance of the information in or appended to this Official Statement, except as otherwise specifically noted herein.

The Authority will certify that, both as of the date of this Official Statement and on the date of delivery of the Series 2009A Bonds, the information contained in this Official Statement is and will be fairly presented in all material respects, and that this Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading (it being understood that the Authority has relied upon and has not undertaken independently to verify the information contained in this Official Statement relating to the School Districts, DTC or the Insurer, but which information the Authority has no reason to believe is untrue or incomplete in any material respect).

The references herein to the Act, other laws of the State, the Master Resolution, the Agreements and the School District Bonds are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference should be made to each for a full and complete statement of its provisions. The agreements of the Authority with the registered owners of the Series 2009A Bonds are fully set forth in the Master Resolution (including any Supplemental and Series Resolutions thereto), and neither any advertisement of the Series 2009A Bonds nor this Official Statement is to be construed as a contract with the purchasers of the Series 2009A Bonds. So far as any statements are made in this Official Statement involving matters of opinion or an estimate, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the offices of the Authority and the Trustee.

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

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

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

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**DEFINITIONS**

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## CERTAIN DEFINITIONS

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

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

*Act* means the Dormitory Authority Act, being and constituting Title 4 of Article 8 of the Public Authorities Law of the State of New York.

*Allocable Portion* means each School District's proportionate share of certain obligations arising under the Applicable Series of Bonds from time to time and the respective Agreements, particularly with respect to the Applicable Arbitrage Rebate Fund, the Costs of Issuance of such Series of Bonds, and the payment of principal, interest and redemption price of such Series of Bonds as particularly determined by the Applicable Series Resolution.

*Applicable* means (i) with respect to any Series Resolution, the Series Resolution relating to particular Bonds, (ii) with respect to any Series of Bonds, the Series of Bonds issued under a Series Resolution for a particular School District or School Districts, (iii) with respect to any Agreement, the Agreement entered into by and between a School District and the Authority, (iv) with respect to a School District, the School District for which a Series of Bonds is issued, (v) with respect to any Construction Fund, Debt Service Fund, Arbitrage Rebate Fund or Costs of Issuance Account in a Construction Fund, the Fund or Account established in a particular Series Resolution and with respect to a particular Construction Account in a Construction Fund, means the Construction Account established and undertaken with respect to each Applicable School District, (vi) with respect to a Trustee or Paying Agent, the Trustee or Paying Agent accepting the responsibility to perform the obligations set forth therefor with respect to a particular Series of Bonds, (vii) with respect to a Credit Facility or Liquidity Facility, the Credit Facility or Liquidity Facility, (if any), identified in the Applicable Series Resolution, (viii) with respect to a Bond Series Certificate, such certificate authorized pursuant to an Applicable Series Resolution, (ix) with respect to Revenues and Pledged Revenues, the amounts payable to the Authority on account of a School District and (x) with respect to School District Bonds, the School District Bonds issued and delivered to the Authority by a School District as required by the Agreement.

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

*Arbitrage and Use of Proceeds Certificate* means the certificate of the School District to be delivered pursuant to the Financing Agreement and to be dated the date of delivery of the Authority Bonds.

*Arbitrage Rebate Fund* means each such fund so designated, created and established by the Applicable Series Resolution.

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

*Authority Bonds* means the series of bonds of the Authority issued in whole or in part to finance the Loans made under the Agreements, together with any bonds of the Authority issued to refinance such bonds.

*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, the Deputy Executive Director, the Chief Financial Officer, the General Counsel, the Chief Information Officer, and a Managing Director, 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 a School District, when used with reference to any act or document, means the person identified in the Agreement or in the Applicable Agreement as authorized to perform such act or execute such document, and in all other cases means the President of the Board of Education or an officer or employee of a School District authorized in a written instrument signed by the President of the Board of Education; 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 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 The Bank of New York Mellon, in its capacity as depository for the School District pursuant to the Financing Agreement, and any successor depository in such capacity.

*Basic Debt Service Payment* means all amounts payable pursuant to the Applicable Agreement, including in particular the Applicable School District Bonds.

*Bond or Bonds* means any of the bonds of the Authority, including the Series 2009A Bonds authorized and issued pursuant to the Master Resolution and to an Applicable Series Resolution.

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

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

*Bond Year* means a period of twelve (12) consecutive months beginning April 1 in any calendar year and ending on March 31 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.

*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, however, that, with respect to Option Bonds or 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 issuer 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 therefor and is payable only at the maturity or prior redemption thereof.

*Code* means the Internal Revenue Code of 1986 and the applicable Treasury regulations promulgated thereunder.



*Construction Account* means each such account in a Construction Fund so designated, created and established for each Applicable School District by the Applicable Series Resolution pursuant to the Master Resolution.

*Construction Fund* means each such fund so designated, created and established by the Applicable Series Resolution pursuant to the Master Resolution.

*Continuing Disclosure Agreement* means the Continuing Disclosure Agreement, dated as of the date of issuance of the Authority Bonds, among the Authority, the Trustee and the Applicable School District.

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

*Cost* or *Costs of the Project* means with respect to an Applicable Project costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection with such 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 such 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 such 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 such Project, (v) costs and expenses required for the acquisition and installation of furnishings, equipment, machinery and apparatus, (vi) all other costs which the Applicable School District or the Authority will be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of such Project, (vii) any sums required to reimburse the Applicable School District 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 such Project (including interest on borrowed money), (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 such Project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with such Project or pursuant hereto or to the Applicable Agreement, a Credit Facility, a Liquidity Facility or a Remarketing Agreement.

*Credit Facility* means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, municipal bond insurance policy or other agreement, facility or insurance or guaranty 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 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, 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 the Authority is entitled to obtain moneys to pay the principal, purchase price or Redemption Price of Bonds due in accordance with their terms or tendered for purchase or redemption, plus accrued interest thereon to the date of payment, purchase or redemption thereof, in accordance with the Master Resolution and with the Series Resolution authorizing such Bonds or a Bond Series Certificate, whether or not the Authority is in default under the Master Resolution.

*Debt Service Fund* means the fund so designated, created and established by the Applicable Series Resolution.

*Defeasance Security* means (a) a Government Obligation of the type described in clauses (i), (ii), (iii) or (iv) of the definition of Government Obligations, (b) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations and (c) an Exempt Obligation, provided such Exempt Obligation (i) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) is rated by at least two nationally recognized Rating Agencies in the highest rating category for such Exempt Obligation; provided, however, that (1) such term will not include any interest in a unit investment trust or mutual fund or (2) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof.

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

*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 (i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Code, and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Master Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than the second highest rating category for such obligation by at least two nationally recognized Rating Agencies, (ii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing and (iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations.

*Existing Indebtedness* means the bonds or notes, if any, of the Applicable School District described in Exhibit B of the Applicable Financing Agreement, which bonds or notes have financed all or a portion of the Project.

*Facility Provider* means the issuer of a Credit Facility or a Liquidity Facility delivered to the Applicable Trustee pursuant to the Master Resolution.

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

*Financing Agreement or Agreement* means the Financing Agreement relating to the Series 2009A Bonds, dated as of February 1, 2009, by and between the Authority and the Applicable School District.

*Fitch* means Fitch, Inc., a corporation organized and created under the laws of the State of Delaware and its successors and assigns.

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

*Interest Commencement Date* means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Applicable Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond, after which interest accruing on such Bond will be payable on the Interest Payment Date immediately succeeding such Interest Commencement Date and semi-annually thereafter on each Interest Payment Date.

*Interest Payment Date* means, unless otherwise provided in the Applicable Series Resolution, April 1 and October 1 of each Bond Year.

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

*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 are to be obtained upon the terms and conditions contained therein for the purchase or redemption of Option Bonds tendered for purchase or redemption in accordance with the terms hereof and of the Applicable Series Resolution authorizing such Bonds or the Applicable Bond Series Certificate relating to such Bonds.

*Maximum Rate* means the interest rate per annum identified as such in the Schedule of Additional Provisions attached as Exhibit C to the Financing Agreements.

*Memorandum of Understanding* means the Memorandum of Understanding, among the Authority, the New York State Department of Education and the Comptroller of the State of New York.

*Moody's* means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, or its successors and assigns.

*Notice of Terms* means a notice setting forth and confirming the definitive principal amounts, maturity dates and interest rates of the School District Bonds and certain other terms of the Loans which, to the extent such terms are inconsistent with the parameters set forth in the Applicable Financing Agreement, will be subject to the approval of the Applicable School District.

*Option Bond* means any Bond which by its terms may be tendered by and at the option of the Holder thereof for redemption by the Authority prior to the stated maturity thereof or for purchase thereof, or the maturity

of which may be extended by and at the option of the Holder thereof in accordance with the Series Resolution authorizing such Bonds or the Bond Series Certificate related to such Bonds.

*Outstanding*, when used in reference to Bonds, means, as of a particular date, all Bonds authenticated and delivered under the Master Resolution and under any Applicable Series Resolution except: (i) any Bond cancelled by the Applicable Trustee at or before such date; (ii) any Bond deemed to have been paid in accordance with the Master Resolution; (iii) any Bond in lieu of or in substitution for which another Bond has been authenticated and delivered pursuant to the Master Resolution; and (iv) Option Bonds tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bonds or the Bond Series Certificate related to such Bonds on the applicable adjustment or conversion date, if interest thereon has been paid through such applicable date and the purchase price thereof has been paid or amounts are available for such payment as provided in the Agreement and in the Series Resolution authorizing such Bonds.

*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 Master 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 are so appointed.

*Permitted Collateral* means (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligations, (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations, (iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one nationally recognized Rating Agency and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one nationally recognized Rating Agency no lower than in the second highest rating category or (iv) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a nationally recognized Rating Agency in the highest rating category.

*Permitted Investments* means any of the following: (i) Government Obligations; (ii) Federal Agency Obligations; (iii) Exempt Obligations; (iv) Uncollateralized certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State; (v) Collateralized certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are rated by at least one nationally recognized Rating Agency in at least the second highest rating category, and (b) are fully collateralized by Permitted Collateral; and (vi) Investment Agreements that are fully collateralized by Permitted Collateral.

*Pledged Revenues* means the public funds that are pledged and assigned by the Applicable School District to the Authority pursuant to the Applicable Agreement to secure such School District's obligations under such Agreement.

*Principal Amount* means the original aggregate principal amount of the Loan and of the Applicable School District Bonds.

*Projects* means "school district capital facilities" and/or "school district capital equipment" as defined in the Act and described in Exhibit A to each Financing Agreement.

*Proportionate Share* means the proportion that the outstanding principal amount of the Applicable School District Bonds bears to the outstanding principal amount of the Authority Bonds.

*Qualified Financial Institution* means any of the following entities that has an equity capital of at least \$125,000,000 or whose obligations are unconditionally guaranteed by an affiliate or parent having an equity capital of at least \$125,000,000: (i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment

with it is made is rated by at least one nationally recognized Rating Agency no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one nationally recognized Rating Agency no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Agency or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds; (ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one nationally recognized Rating Agency no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one nationally recognized Rating Agency no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Agency or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds; (iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one nationally recognized Rating Agency no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one nationally recognized Rating Agency no lower than in the highest rating category for such short term debt; provided, however, that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Agency or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds; (iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority or (v) a corporation whose obligations, including any investment of any moneys held under the Master Resolution purchased from such corporation, are insured by an insurer that meet the applicable rating requirements set forth above.

*Rating Agency* means each of Fitch, Moody's and S&P, in each case, which has assigned a rating to Outstanding Bonds at the request of the Authority, or their respective successors and assigns.

*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 Master Resolution or to the Applicable Series Resolution or Bond Series Certificate.

*Refunded Obligations* means all or a portion of the Existing Indebtedness which is to be refunded with the proceeds of the Authority Bonds.

*Revenues* means (i) the Basic Debt Service Payment paid by the Applicable School District pursuant to the Applicable Agreement, which includes amounts payable by such School District under the Applicable School District Bonds, (ii) the Applicable Pledged Revenues and (iii) the right to receive the same and the proceeds thereof and of such right.

*S&P means* Standard & Poor's Ratings Services, a division of The McGraw-Hill Corporation, or its successors and assigns.

*School District or School Districts* means with respect to an Applicable Series of Bonds, each or all of the School Districts for whose benefit the Authority has issued all or a portion of such Series and with whom the Authority has executed one or more Agreements.

*School District Resolution* means, collectively, the ordinances and resolutions of the applicable School District authorizing the execution and delivery of the Financing Agreement, the borrowing of the Loan proceeds, and the issuance and delivery to the Authority of the School District Bonds.

*Series* means all of the Bonds authenticated and delivered on original issuance and pursuant to the Master Resolution and to the Applicable 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 Master Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

*Series Resolution* means a resolution of the Authority, including the Series 2009 Resolution, authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to the Master Resolution.

*Series 2009A Bond Series Certificate* means the Certificate of an authorized officer of the Authority, fixing terms, conditions and other details of the Series 2009A Bonds.

*Series 2009A Resolution* means the Series Resolution of the Authority authorizing the issuance of the Series 2009A Bonds adopted by the Authority on October 29, 2008.

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

*State* means the State of New York.

*State Approvals* means the approvals (i) by the State Public Authorities Control Board of the issuance of Authority Bonds, (ii) by the Comptroller of the State of the terms of sale of School District Bonds, if required, and (iii) by the Commissioner of Education of the State of the execution of the Financing Agreements.

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

*Tax Certificate* means the Tax Certificate concerning certain matters pertaining to the use of proceeds of the Bonds executed by and delivered to the Authority and the Trustee on the date of issuance of the Bonds, including any and all exhibits attached thereto.

*Tax-Exempt Securities* means a certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 CFR part 344 and any bond (other than a qualified private activity bond), the interest on which is excluded from federal gross income under Section 103 of the Code.

*Term Bonds* means the Bonds so designated in an Applicable Series Resolution or an Applicable 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 Applicable Series Resolution or Applicable Bond Series Certificate and having the duties, responsibilities and rights provided for in the Master Resolution with respect to such Series, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Master Resolution.

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

*Variable Interest Rate* means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of computing such interest rate or rates specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds, which will be based on (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times or (ii) a stated interest rate that may be changed from time to time as provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bond; 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 a Bond Series Certificate; provided, further, that such Series Resolution or Bond Series Certificate will 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 will remain in effect or (y) the time or times at which any change in such variable interest rate will 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 has been fixed for the remainder of the term thereof will no longer be a Variable Interest Rate Bond.

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**LIST OF THE SCHOOL DISTRICTS AND  
PRINCIPAL AMOUNT OF EACH  
SCHOOL DISTRICT'S LOAN**

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**LIST OF THE SCHOOL DISTRICTS AND PRINCIPAL AMOUNT  
OF EACH SCHOOL DISTRICT'S LOAN**

Listed below are the School Districts receiving loans from the proceeds of the Series 2009A Bonds, their financial advisors, their bond counsel and the principal amount being loaned to each School District, exclusive of original issue premium.

<u>School District</u>	<u>Financial Advisor</u>	<u>Bond Counsel</u>	<u>Principal Amount of Series 2009A Loan</u>
Caledonia-Mumford Central School District	Bernard P Donegan, Inc.	Law Offices of Timothy R. McGill	\$ 4,390,000
Canisteo- Greenwood Central School District	Bernard P Donegan, Inc.	Law Offices of Timothy R. McGill	8,480,000
Groton Central School District	Bernard P Donegan, Inc.	Law Offices of Timothy R. McGill	14,135,000
City School District of the City of Hudson	Bernard P Donegan, Inc.	Rapport, Meyers, Whitbeck, Shaw & Rodenhause, LLP	35,325,000

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**CERTAIN FINANCIAL AND ECONOMIC  
INFORMATION ON THE SCHOOL DISTRICTS**

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**APPENDIX C-1  
DESCRIPTION OF  
CALEDONIA-MUMFORD CENTRAL SCHOOL DISTRICT**

There follows in this Appendix C-1 a brief description of the Caledonia-Mumford Central School District (the "District"), together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and general and specific funds.

**GENERAL INFORMATION**

**Description**

The District has an area of approximately 50 square miles. The District is located in the Town of Caledonia in Livingston County, the Town of LeRoy in Genesee County, and the Towns of Riga, Wheatland and Chili in Monroe County. The Village of Caledonia is located within the District.

**Population**

The current estimated population of the District is 6,500.

**Five Largest Employers\***

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Caledonia-Mumford School District	Public Education	190
Sabin Metal	Precision Metal Manufacturer	131
Allen Bailey Tag & Label, Inc.	Manufacturer	100
Specialized Printed Forms, Inc.	Printers	100
Applied Energy Solutions	Electronic Units/Battery Chargers	80

\*As of February 27, 2009.

**Five Largest Taxpayers\***

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
Rochester Gas & Electric Corporation	Utility	\$ 6,987,504
National Grid	Utility	5,989,181
Dominion Transmission	Utility	4,586,963
Sabin Metal	Precision Metal Manufacturer	4,085,300
Frontier Telephone of Rochester, Inc.	Utility	2,244,124

\*As of February 27, 2009.

The total estimated full valuation of the top **ten (10)** taxpayers represents approximately 10.02% of the tax base of the District.

### Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is Livingston County. Over the past five years, the County's unemployment rate has been historically above the State average unemployment rate.

	Year Average				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Livingston County <sup>(1)</sup>	6.1%	5.8%	5.0%	4.9%	4.8%
Genesee County <sup>(2)</sup>	5.5%	5.6%	4.8%	4.6%	4.5%
Monroe County <sup>(3)</sup>	5.5%	5.2%	4.6%	4.4%	4.4%
New York State <sup>(4)</sup>	6.4%	5.8%	5.0%	4.6%	4.5%

<sup>(1)</sup> 7.6% (preliminary) as of December, 2008. Source: Bureau of Labor Statistics.

<sup>(2)</sup> 7.5% (preliminary) as of December, 2008. Source: Bureau of Labor Statistics.

<sup>(3)</sup> 6.5% (preliminary) as of December, 2008. Source: Bureau of Labor Statistics.

<sup>(4)</sup> 7.6% (preliminary) as of January, 2009. Source: New York State Department of Labor.

### Enrollment

The table below presents the District's historic and projected enrollment.

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>Projected 2009-10</u>	<u>Projected 2010-11</u>	<u>Projected 2011-12</u>
K-12	1,108	1,104	1,100	1,060	1,000	980	970	960

### District Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
106	Teachers' Association	June 30, 2009
63	Support Staff Association	June 30, 2009



**DISTRICT INDEBTEDNESS****Debt Limit**

The table below sets forth the computation of the debt limit for the District and its debt contracting margin.

**Net Debt Contracting Margin  
As of March 12, 2009 <sup>(1)</sup>**

Full Valuation of Taxable Real Property.....	\$	319,007,955
Debt Limit (10% of Full Valuation).....		31,900,795
Gross Indebtedness <sup>(2)</sup> .....	\$	17,220,000
Less: Exclusions – Estimated Building Aid <sup>(3)</sup> .....		0
Total Net Indebtedness.....	\$	17,220,000
Net Debt Contracting Margin.....		14,680,795
Percentage of Debt Contracting Power Exhausted.....		53.98%

<sup>(1)</sup> The District has not incurred any indebtedness since the date of this table.

<sup>(2)</sup> Tax anticipation notes and revenue anticipation notes are not included in the computation of the statutory debt limit of the District. The District expects to deliver \$4,390,000 School District Bonds to the Authority in connection with the financing of the District's capital construction project. Such School District Bonds, when issued, will constitute Gross Indebtedness of the District and will increase the percentage of debt contracting power exhausted accordingly.

<sup>(3)</sup> Pursuant to the provisions of Chapter 760 of the Laws of New York State of 1963, the District receives aid on existing bonded debt. Since the Gross Indebtedness of the District is within the debt limit, the District is not required to apply for a Build Aid Estimate and therefore is not permitted to deduct Estimated Building Aid.

**Estimated Overlapping Indebtedness**

In addition to the District, the following political subdivisions have the power to issue bonds and notes and to levy taxes or cause taxes to be levied on taxable real property within the District. Estimated indebtedness, comprised of bonds and bond anticipation notes, is listed as of the close of the 2007 fiscal year of the respective municipalities.

<u>Unit</u>	<u>Outstanding Indebtedness</u> <sup>(1)</sup>	<u>Exclusions</u> <sup>(2)</sup>	<u>Net Indebtedness</u>	<u>% Within District</u>	<u>Applicable Net Indebtedness</u>
Counties of:					
Livingston	\$54,734,700	\$13,994,700	\$40,740,000	7.07%	\$2,880,318
Genesee	20,080,000	20,080,000	0	0.39%	0
Monroe	581,474,498	173,521,191	407,953,307	0.30%	1,223,860
Towns of:					
Caledonia	50,000	50,000	0	97.36%	0
LeRoy	2,399,660	1,683,000	716,660	3.07%	22,002
Riga	401,450	221,450	180,000	3.40%	6,120
Wheatland	2,015,000	2,015,000	0	33.98%	0
Chili	3,580,000	1,175,000	2,405,000	1.30%	31,265
Village of:					
Caledonia	515,000	515,000	0	100.00%	0
				Total	<u>\$4,163,565</u>

<sup>(1)</sup> Bonds and bond anticipation notes as of 2007 fiscal year. Not adjusted to include subsequent bond sales, if any. Livingston County issued a \$2,300,000 Bond Anticipation Note on February 12, 2009, a \$308,400 Bond Anticipation Renewal Note on June 30, 2008, a \$539,000 Bond Anticipation Renewal Note on January 9, 2009 and a \$5,500,000 Revenue Anticipation Note on October 31, 2008. Genesee County issued a \$1,800,000 Revenue Anticipation Note on April 7, 2008. Monroe County issued a \$21,820,000 Public Improvement Bond Anticipation Note on July 15, 2008 and a \$20,345,000 Public Improvement Bond Anticipation Note on December 17, 2008. No assurance can be given that the other municipal units listed have not issued additional debt since the close of the 2007 fiscal year.

<sup>(2)</sup> Sewer, Water, and Airport Debt, Advance Refunded and/or Defeased Bond Principal, Revenue Anticipation Notes and Reserves for Bonded Debt.

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2007.

**Debt Ratios**

The table below sets forth certain ratios relating to the District’s indebtedness as of March 12, 2009.

<b>Debt Ratios</b>			
<b>As of March 12, 2009 <sup>(1)</sup></b>			
	<u>Amount</u>	<u>Per Capita</u> <sup>(2)</sup>	<u>Percentage of Full Value</u> <sup>(3)</sup>
Gross Indebtedness <sup>(4)</sup> .....	\$17,220,000	\$2,649.23	5.40%
Gross Indebtedness Plus Net Overlapping Indebtedness <sup>(5)</sup> .....	21,383,565	3,289.78	6.70%

<sup>(1)</sup> The District has not incurred any indebtedness since the date of the above table.

<sup>(2)</sup> Based on the District’s current estimated population of 6,500.

<sup>(3)</sup> Based on the District’s full value of taxable real estate for 2008-09 of \$319,007,955.

<sup>(4)</sup> The District expects to deliver \$4,390,000 School District Bonds to the Authority in connection with the financing of the District’s capital construction project. Such School District Bonds, when issued, will constitute Gross Indebtedness of the District and will increase the debt ratios accordingly.

<sup>(5)</sup> Net Overlapping Indebtedness calculated as of the close of the 2007 fiscal year.

### Cash Flow Borrowing

The District, historically, does not issue Tax Anticipation Notes or Revenue Anticipation Notes.

### Capital Project Plans

The District has no authorized and unissued indebtedness for capital or other purposes other than the issuance of the School District Bonds. The Bonds will be issued pursuant to the Constitution and statutes of the State, including among others the Education Law and the Local Finance Law, and pursuant to a proposition approved by the qualified voters of the School District on June 26, 2007 and followed by a bond resolution duly adopted by the Board of Education of the School District on July 10, 2007, authorizing the issuance of \$5,040,000 aggregate principal amount serial bonds of the School District, to finance the costs of the reconstruction and equipping of School District building and facilities.

## FINANCIAL FACTORS

### General Information

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A statement of such revenues and expenditures is contained in the most recent audited financial statements on file with the Nationally Recognized Municipal Securities Information Repositories and are incorporated by reference herein. As reflected in such audited financial statements, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

### Real Estate Property Tax Collection Procedure

Tax payments are due during the month of September. Taxes paid during the month of October are subject to a penalty fee of 2%. All taxes remaining unpaid after October 30 are turned over to the respective Counties for collection. The respective Counties reimburse the District in full before the end of the District's fiscal year.

### Valuations, Rates and Tax Levy

The table below sets forth the assessed and full valuation of taxable real property, the District's real property tax levy for the last five years.

<b>Valuations, Rates and Tax Levy</b>					
<b>Assessed Valuation</b>					
<b>Years Ending June 30,</b>					
	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
<b>Towns of:</b>					
Caledonia	\$172,130,681	\$172,438,011	\$202,002,775	\$202,168,633	\$204,571,728
LeRoy	\$8,130,833	\$8,330,393	\$8,346,133	\$8,935,269	\$8,893,983
Riga	\$6,966,989	\$6,678,260	\$8,260,034	\$8,769,837	\$8,948,343
Wheatland	\$61,701,339	\$62,752,240	\$70,478,944	\$71,886,265	\$79,218,797
Chili	\$15,561,383	\$16,004,158	\$16,258,471	\$16,898,606	\$17,002,257
<b>Total Assessed Valuation</b>	<b>\$264,491,225</b>	<b>\$266,203,062</b>	<b>\$305,346,357</b>	<b>\$308,658,610</b>	<b>\$318,635,108</b>

**State Equalization Rates  
Years Ending June 30,**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Towns of:</b>					
Caledonia	92.00%	90.00%	100.00%	100.00%	100.00%
LeRoy	100.00%	100.00%	100.00%	100.00%	100.00%
Riga	98.00%	94.00%	100.00%	99.00%	96.00%
Wheatland	100.00%	100.00%	100.00%	100.00%	100.00%
Chili	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Taxable Full Valuation</b>	\$279,601,293	\$285,789,112	\$305,346,357	\$308,747,194	\$319,007,955

**Total District Property Tax Collections  
Years Ending June 30,**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Tax Levy	\$5,619,210	\$5,971,067	\$6,236,001	\$6,234,704	\$6,007,009
% Uncollected When Due	7.42%	7.66%	6.77%	6.01%	5.30%

**State Aid**

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. The table below illustrates the percentage of total revenues of the District comprised of State aid for each of the five completed fiscal years and the budgeted figures for current fiscal year.

**State Aid**

<u>Fiscal Year</u>	<u>Total State Aid <sup>(1)</sup></u>	<u>Total Revenues <sup>(1)</sup></u>	<u>Percentage of Total Revenues Consisting of State Aid <sup>(1)</sup></u>
2003-04	\$6,801,707	\$12,565,725	54.13%
2004-05	\$6,744,700	\$12,959,216	52.05%
2005-06	\$7,049,972	\$13,714,088	51.41%
2006-07	\$7,488,312	\$14,348,955	52.19%
2007-08	\$8,500,336	\$15,316,661	55.50%
2008-09 (Budgeted)	\$9,141,444	\$15,675,500	58.32%

<sup>(1)</sup> General Fund only.

**Recent Operating Results**

The District's revenues exceeded its expenditures by \$81,724 in its General Fund for the fiscal year ended June 30, 2008, resulting in an unreserved undesignated General Fund balance of \$556,555 at the end of the fiscal year. The District does not believe that there has been any material adverse change in its financial affairs since the date of its last audited financial statements. See also, "PART 4 – THE SCHOOL DISTRICTS – Financial Factors – State Aid."

**Principal and Interest Requirements**

A schedule of the District's debt service on all outstanding indebtedness, including the School District Bonds, is presented below.

**Schedule of Debt Service on Long-Term Bond Indebtedness <sup>(1)</sup>**

<b><u>Fiscal Year</u></b>	<b><u>Existing Debt Service</u></b>	<b><u>New Debt Service</u></b>	<b><u>Total Debt Service</u></b>
2008-2009	\$ 1,511,285	\$ -	\$ 1,511,285
2009-2010	1,514,716	500,559	2,015,275
2010-2011	1,521,054	409,206	1,930,260
2011-2012	1,515,231	409,606	1,924,837
2012-2013	1,512,162	409,319	1,921,481
2013-2014	1,515,756	412,119	1,927,875
2014-2015	1,515,898	413,344	1,929,242
2015-2016	1,513,506	412,944	1,926,450
2016-2017	427,405	410,294	837,699
2017-2018	428,670	412,144	840,814
2018-2019	424,320	413,138	837,458
2019-2020	424,560	414,750	839,310
2020-2021	428,810	413,500	842,310
2021-2022	427,220	416,500	843,720
2022-2023	-	413,500	413,500
2023-2024	-	414,750	414,750
<b>TOTAL</b>	<b>\$14,680,593</b>	<b>\$6,275,672</b>	<b>\$20,956,265</b>

<sup>(1)</sup> Schedule does not include payments due for bonds that were economically refunded by the School District. Principal and interest on such refunded bonds are paid by the escrow agent.

**APPENDIX C-2  
DESCRIPTION OF  
CANISTEO-GREENWOOD CENTRAL SCHOOL DISTRICT**

There follows in this Appendix C-2 a brief description of the Canistee-Greenwood Central School District (the "District"), together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and general and specific funds.

**GENERAL INFORMATION**

**Description**

The District has an area of approximately 125 square miles in the Town of Andover in Allegany County and the Towns of Bath, Canistee, Greenwood, Hartsville, Hornellsville, Howard, Jasper, Troupsburg and West Union in Steuben County. The Village of Canistee is located within the District.

**Population**

The current estimated population of the District is 6,300.

**Five Largest Employers\***

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Canistee-Greenwood Central School	Public Education	225
Southern Tier Trucking	Trucking Company	35
First State Bank	Commercial Bank	26
Bar-B-R Farms	Dairy Farm	20
Canistee Big M	Grocery Store	15

\*As of February 27, 2009.

**Five Largest Taxpayers\***

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
Pennsylvania Lines LLC	Railroad	\$ 16,875,137
New York State Electric & Gas Corp.	Utility	11,175,621
Columbia Gas Transmission	Utility	8,892,922
Steuben Gas Storage	Utility	8,298,217
Tenneco Gas Pipeline Company	Utility	5,254,123

\*As of February 27, 2009.

The total estimated full valuation of the top **ten (10)** taxpayers represents approximately 23.53% of the tax base of the District.

### Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is Steuben County. Over the past five years, the County's unemployment rate has been historically above the State average unemployment rate.

	Year Average				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Steuben County <sup>(1)</sup>	7.4%	6.4%	5.7%	5.3%	5.2%
Allegany County <sup>(2)</sup>	6.6%	6.4%	5.9%	5.3%	5.5%
New York State <sup>(3)</sup>	6.4%	5.8%	5.0%	4.6%	4.5%

<sup>(1)</sup> 8.5% (preliminary) as of December, 2008. Source: Bureau of Labor Statistics.

<sup>(2)</sup> 8.1% (preliminary) as of December, 2008. Source: Bureau of Labor Statistics.

<sup>(3)</sup> 7.6% (preliminary) as of January, 2009. Source: New York State Department of Labor.

### Enrollment

The table below presents the District's historic and projected enrollment.

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<b>Projected</b> <u>2009-10</u>	<b>Projected</b> <u>2010-11</u>	<b>Projected</b> <u>2011-12</u>
PK-12	1,073	1,045	1,047	1,037	1,017	1,007	985	974

### District Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

<u>Number of</u> <u>Employees</u>	<u>Bargaining Unit</u>	<u>Contract</u> <u>Expiration Date</u>
107	Canisteo-Greenwood Teachers' Association	June 30, 2009
83	Canisteo-Greenwood E.S.P.A.	June 30, 2009



**DISTRICT INDEBTEDNESS**

**Debt Limit**

The table below sets forth the computation of the debt limit for the District and its debt contracting margin.

**Net Debt Contracting Margin  
As of March 12, 2009 <sup>(1)</sup>**

Full Valuation of Taxable Real Property.....	\$	272,001,570
Debt Limit (10% of Full Valuation).....		27,200,157
Gross Indebtedness <sup>(2)</sup> .....	\$	15,785,000
Less: Exclusions – Estimated Building Aid <sup>(3)</sup> .....		12,746,468
Total Net Indebtedness.....	\$	3,038,532
Net Debt Contracting Margin.....		24,161,625
Percentage of Debt Contracting Power Exhausted.....		11.17%

- <sup>(1)</sup> The District has not incurred any indebtedness since the date of this table.
- <sup>(2)</sup> Tax anticipation notes and revenue anticipation notes are not included in the computation of the statutory debt limit of the District. The District expects to deliver \$8,480,000 School District Bonds to the Authority in connection with the financing of the District’s capital construction project. Such School District Bonds, when issued, will constitute Gross Indebtedness of the District and will increase the percentage of debt contracting power exhausted accordingly.
- <sup>(3)</sup> Represents estimate of moneys receivable by the District from the State as an apportionment for debt service for school building purposes.

### Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue bonds and notes and to levy taxes or cause taxes to be levied on taxable real property within the District. Estimated indebtedness, comprised of bonds and bond anticipation notes, is listed as of the close of the 2007 fiscal year of the respective municipalities.

<u>Unit</u>	<u>Outstanding Indebtedness</u> <sup>(1)</sup>	<u>Exclusions</u> <sup>(2)</sup>	<u>Net Indebtedness</u>	<u>% Within District</u>	<u>Applicable Net Indebtedness</u>
Counties of:					
Steuben	\$29,246,873	\$0	\$29,246,873	6.38%	\$1,865,950
Allegany	32,911,725	32,911,725	0	0.09%	0
Towns of:					
Andover	0	0	0	2.92%	0
Bath	0	0	0	0.45%	0
Canisteo	13,333	0	13,333	100.00%	13,333
Greenwood	144,534	144,534	0	100.00%	0
Hartsville	5,903	5,903	0	89.66%	0
Hornellsville	289,002	85,714	203,288	12.96%	26,346
Howard	113,484	0	113,484	37.58%	42,647
Jasper	1,242,472	92,000	1,150,472	11.17%	128,508
Troupsburg	651,617	474,749	176,868	0.25%	442
West Union	50,122	0	50,122	65.60%	32,880
Village of:					
Canisteo	2,650,676	2,474,000	176,676	100.00%	<u>176,676</u>
				Total	<u>\$2,286,783</u>

- <sup>(1)</sup> Bonds and bond anticipation notes as of 2007 fiscal year. Not adjusted to include subsequent bond sales, if any. Steuben County issued \$5,800,000 of bonds on May 15, 2008. Allegany County issued \$1,468,525 Bond Anticipation Renewal Note on April 24, 2008. No assurance can be given that the other municipal units listed have not issued additional debt since the close of the 2007 fiscal year.
- <sup>(2)</sup> Sewer and Water Debt.

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2007.

**Debt Ratios**

The table below sets forth certain ratios relating to the District’s indebtedness as of March 12, 2009.

<b>Debt Ratios</b>			
<b>As of March 12, 2009 <sup>(1)</sup></b>			
	<u><b>Amount</b></u>	<u><b>Per Capita</b></u> <sup>(2)</sup>	<u><b>Percentage of Full Value</b></u> <sup>(3)</sup>
Gross Indebtedness <sup>(4)</sup> .....	\$15,785,000	\$2,505.56	5.80%
Gross Indebtedness Plus Net Overlapping Indebtedness <sup>(5)</sup> .....	18,071,783	2,868.54	6.64%

<sup>(1)</sup> The District has not incurred any indebtedness since the date of the above table.

<sup>(2)</sup> Based on the District’s current estimated population of 6,300.

<sup>(3)</sup> Based on the District’s full value of taxable real estate for 2008-09 of \$272,001,570.

<sup>(4)</sup> The District expects to deliver \$8,480,000 School District Bonds to the Authority in connection with the financing of the District’s capital construction project. Such School District Bonds, when issued, will constitute Gross Indebtedness of the District and will increase the debt ratios accordingly.

<sup>(5)</sup> Net Overlapping Indebtedness calculated as of the close of the 2007 fiscal year.

**Cash Flow Borrowing**

The District, historically, does not issue Tax Anticipation Notes or Revenue Anticipation Notes.

**Capital Project Plans**

The District has no authorized and unissued indebtedness for capital or other purposes other than the issuance of the School District Bonds. The Bonds will be issued pursuant to the Constitution and statutes of the State, including among others the Education Law and the Local Finance Law, and pursuant to a proposition approved by the qualified voters of the School District on February 6, 2007 and followed by a bond resolution duly adopted by the Board of Education of the School District on February 26, 2007, authorizing the issuance of \$9,260,000 aggregate principal amount serial bonds of the School District, to finance the costs of the renovation, reconstruction and equipping of School District facilities in and for the School District.

**FINANCIAL FACTORS**

**General Information**

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A statement of such revenues and expenditures is contained in the most recent audited financial statements on file with the Nationally Recognized Municipal Securities Information Repositories and are incorporated by reference herein. As reflected in such audited financial statements, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

**Real Estate Property Tax Collection Procedure**

Tax payments are due during the month of September. Taxes paid during the month of October are subject to a penalty fee of 2%. All taxes remaining unpaid after November 15 are turned over to the respective Counties for collection. The respective Counties reimburse the District in full before the end of the District's fiscal year.

**Valuations, Rates and Tax Levy**

The table below sets forth the assessed and full valuation of taxable real property, the District's real property tax levy for the last five years.

**Valuations, Rates and Tax Levy  
Assessed Valuation  
Years Ending June 30,**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Towns of:</b>					
Andover	\$1,280,436	\$1,278,533	\$1,411,543	\$1,413,343	\$1,450,726
Bath	\$861,159	\$813,531	\$840,138	\$844,759	\$943,813
Canisteo	\$75,680,943	\$75,159,754	\$75,811,678	\$75,322,208	\$75,875,840
Greenwood	\$1,651,662	\$1,680,303	\$1,627,550	\$1,572,952	\$1,499,206
Hartsville	\$13,183,198	\$13,199,591	\$13,327,851	\$13,324,626 <sup>(1)</sup>	\$31,188,329 <sup>(1)</sup>
Hornellsville	\$17,777,503	\$17,172,357	\$17,206,567	\$17,007,721 <sup>(1)</sup>	\$24,188,704 <sup>(1)</sup>
Howard	\$14,947,490	\$14,891,435	\$15,031,289	\$15,287,301	\$15,544,625
Jasper	\$208,484	\$195,036	\$235,358	\$236,052	\$247,702
Troupsburg	\$68,051	\$67,973	\$65,603	\$65,692	\$76,200
West Union	\$10,991,542	\$10,932,292	\$11,182,575	\$11,269,226	\$11,124,131
<b>Total Assessed Valuation</b>	\$136,650,468	\$135,390,805	\$136,740,152	\$136,343,880	\$162,139,276

<sup>(1)</sup> Difference due to townwide revaluation.

**State Equalization Rates  
Years Ending June 30,**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Towns of:</b>					
Andover	100.00%	100.00%	100.00%	94.37%	100.00%
Bath	55.00%	55.00%	55.00%	54.00%	51.00%
Canisteo	85.66%	74.39%	69.82%	69.00%	61.70%
Greenwood	4.85%	4.25%	4.25%	4.00%	3.52%
Hartsville	53.86%	50.00%	45.99%	45.99%	100.00%
Hornellsville	91.00%	88.10%	75.00%	73.50%	100.00%
Howard	76.00%	64.33%	61.92%	63.00%	60.00%
Jasper	5.02%	4.90%	4.90%	4.85%	4.85%
Troupsburg	76.00%	71.00%	65.19%	63.00%	55.00%
West Union	91.00%	86.00%	80.00%	79.00%	67.00%
<b>Taxable Full Valuation</b>	\$205,252,931	\$229,156,585	\$244,895,356	\$247,162,805	\$272,001,570

**Total District Property Tax Collections  
Years Ending June 30,**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Tax Levy	\$3,305,516	\$3,484,999	\$3,786,849	\$3,882,849	\$4,993,839
% Uncollected When Due	18.17%	10.47%	11.37%	9.34%	11.40%

**State Aid**

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. The table below illustrates the percentage of total revenues of the District comprised of State aid for each of the four completed fiscal years and the budgeted figures for current fiscal year.

**State Aid**

<u>Fiscal Year</u>	<u>Total State Aid</u> <sup>(1)</sup>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Percentage of Total Revenues Consisting of State Aid</u> <sup>(1)</sup>
2004-05	\$13,297,430	\$17,172,838	77.43%
2005-06	\$14,126,351	\$18,054,405	78.24%
2006-07	\$14,393,527	\$18,705,431	76.95%
2007-08	\$14,900,766	\$19,345,398	77.02%
2008-09 (Budgeted)	\$15,719,172	\$20,942,162	75.06%

<sup>(1)</sup> General Fund only.

**Recent Operating Results**

The District's revenues exceeded its expenditures by \$757,209 in its General Fund for the fiscal year ended June 30, 2008, resulting in an unreserved undesignated General Fund balance of \$740,688 at the end of the fiscal year. The District does not believe that there has been any material adverse change in its financial affairs since the date of its last audited financial statements. See also, "PART 4 – THE SCHOOL DISTRICTS – Financial Factors – State Aid."

### Principal and Interest Requirements

A schedule of the District's debt service on all outstanding indebtedness, including the School District Bonds, is presented below.

#### Schedule of Debt Service on Long-Term Bond Indebtedness <sup>(1)</sup>

<b><u>Fiscal Year</u></b>	<b><u>Existing Debt Service</u></b>	<b><u>New Debt Service</u></b>	<b><u>Total Debt Service</u></b>
2008-2009	\$ 2,220,086	\$ -	\$ 2,220,086
2009-2010	2,166,671	967,378	3,134,049
2010-2011	2,066,317	791,219	2,857,536
2011-2012	1,912,809	787,319	2,700,128
2012-2013	2,018,961	792,194	2,811,155
2013-2014	2,017,443	793,244	2,810,687
2014-2015	2,020,124	796,419	2,816,543
2015-2016	843,184	796,419	1,639,603
2016-2017	659,325	797,069	1,456,394
2017-2018	651,556	796,469	1,448,025
2018-2019	242,944	799,413	1,042,357
2019-2020	23,744	798,500	822,244
2020-2021	22,919	802,250	825,169
2021-2022	27,094	799,250	826,344
2022-2023	26,063	804,750	830,813
2023-2024	-	803,250	803,250
<b>TOTAL</b>	<b>\$16,919,240</b>	<b>\$12,125,141</b>	<b>\$29,044,381</b>

<sup>(1)</sup> Schedule does not include payments due for bonds that were economically refunded by the School District. Principal and interest on such refunded bonds are paid by the escrow agent.

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**APPENDIX C-3  
DESCRIPTION OF  
GROTON CENTRAL SCHOOL DISTRICT**

There follows in this Appendix C-3 a brief description of the Groton Central School District (the "District"), together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and general and specific funds.

**GENERAL INFORMATION**

**Description**

The District covers approximately 56 square miles in the Towns of Groton, Dryden and Lansing in Tompkins County, the Towns of Locke and Summerhill in Cayuga County, and the Town of Homer in Cortland County . The District is situated in the northeast corner of Tompkins County. The Village of Groton is located within the District.

**Population**

The current estimated population of the District is 6,000.

**Five Largest Employers\***

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Groton Community Health Care Center	Health Services	230
Groton Central School District	Public Education	213
C & D Assembly	Manufacturing - Electronics	41
The First National Bank of Groton	Commercial Bank	41
Village of Groton	Municipal Government	35

\*As of February 27, 2009.

**Five Largest Taxpayers\***

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
New York State Electric & Gas Corp.	Utility	\$ 4,457,689
Dominion Resources	Utility	1,966,603
Verizon New York Inc.	Utility	1,833,222
New York State	State Land	1,722,000
Robert & Christine Walpole	Rental Property	1,212,600

\*As of February 27, 2009.

The total estimated full valuation of the top **ten (10)** taxpayers represents approximately 5.83% of the tax base of the District.

### Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is Tompkins County. Over the past five years, the County's unemployment rate has been historically below the State average unemployment rate.

	Year Average				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Tompkins County <sup>(1)</sup>	4.0%	4.0%	3.6%	3.4%	3.4%
Cayuga County <sup>(2)</sup>	5.3%	5.1%	4.9%	4.7%	4.4%
Cortland County <sup>(3)</sup>	5.9%	6.2%	5.5%	5.4%	5.2%
New York State <sup>(4)</sup>	6.4%	5.8%	5.0%	4.6%	4.5%

<sup>(1)</sup> 4.7% (preliminary) as of December, 2008. Source: Bureau of Labor Statistics.

<sup>(2)</sup> 7.4% (preliminary) as of December, 2008. Source: Bureau of Labor Statistics.

<sup>(3)</sup> 9.1% (preliminary) as of December, 2008. Source: Bureau of Labor Statistics.

<sup>(4)</sup> 7.6% (preliminary) as of January, 2009. Source: New York State Department of Labor.

### Enrollment

The table below presents the District's historic and projected enrollment.

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>Projected 2009-10</u>	<u>Projected 2010-11</u>	<u>Projected 2011-12</u>
K-12	1,098	1,050	1,030	1,021	1,049	1,053	1,042	1,026

### District Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
100	Groton Faculty Association	June 30, 2009
84	Groton School Unit of Local #855	June 30, 2011
6	Groton Administrators' Association	June 30, 2011

**DISTRICT INDEBTEDNESS****Debt Limit**

The table below sets forth the computation of the debt limit for the District and its debt contracting margin.

**Net Debt Contracting Margin  
As of March 12, 2009 <sup>(1)</sup>**

Full Valuation of Taxable Real Property.....	\$	256,545,714
Debt Limit (10% of Full Valuation).....		25,654,571
Gross Indebtedness <sup>(2)</sup> .....	\$	12,685,187
Less: Exclusions – Estimated Building Aid <sup>(3)</sup> .....		10,984,915
Total Net Indebtedness.....	\$	1,700,272
Net Debt Contracting Margin.....		23,954,299
Percentage of Debt Contracting Power Exhausted.....		6.63%

<sup>(1)</sup> The District has not incurred any indebtedness since the date of this table.

<sup>(2)</sup> Tax anticipation notes and revenue anticipation notes are not included in the computation of the statutory debt limit of the District. The District expects to deliver \$14,135,000 School District Bonds to the Authority in connection with the refunding of \$9,475,000 of the District's outstanding bond anticipation notes and the financing of the District's capital construction project. Such School District Bonds, when issued, will constitute Gross Indebtedness of the District and will increase the percentage of debt contracting power exhausted accordingly.

<sup>(3)</sup> Represents estimate of moneys receivable by the District from the State as an apportionment for debt service for school building purposes.

**Estimated Overlapping Indebtedness**

In addition to the District, the following political subdivisions have the power to issue bonds and notes and to levy taxes or cause taxes to be levied on taxable real property within the District. Estimated indebtedness, comprised of bonds and bond anticipation notes, is listed as of the close of the 2007 fiscal year of the respective municipalities.

<u>Unit</u>	<u>Outstanding Indebtedness</u> <sup>(1)</sup>	<u>Exclusions</u> <sup>(2)</sup>	<u>Net Indebtedness</u>	<u>% Within District</u>	<u>Applicable Net Indebtedness</u>
Counties of:					
Tompkins	\$52,830,921	\$ 0	\$52,830,921	3.89%	\$2,055,123
Cayuga	30,585,665	0	30,585,665	0.97%	296,681
Cortland	14,145,000	0	14,145,000	0.01%	1,415
Towns of:					
Groton	0	0	0	91.14%	0
Dryden	987,500	489,000	498,500	1.96%	9,771
Lansing	2,795,419	2,310,000	485,419	0.21%	1,019
Locke	407,876	375,448	32,428	11.24%	3,645
Summerhill	0	0	0	55.52%	0
Homer	0	0	0	0.09%	0
Village of:					
Groton	1,112,500	670,000	442,500	100.00%	<u>442,500</u>
				Total	<u>\$2,810,154</u>

<sup>(1)</sup> Bonds and bond anticipation notes as of 2007 fiscal year. Not adjusted to include subsequent bond sales, if any. Cayuga County issued a \$7,000,000 Bond Anticipation Note on December 19, 2008. Cortland County issued \$11,310,000 of bonds on August 26, 2008. No assurance can be given that the other municipal units listed have not issued additional debt since the close of the 2007 fiscal year.

<sup>(2)</sup> Sewer and Water Debt.

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2007.

**Debt Ratios**

The table below sets forth certain ratios relating to the District’s indebtedness as of March 12, 2009.

<b>Debt Ratios As of March 12, 2009 <sup>(1)</sup></b>			
	<u>Amount</u>	<u>Per Capita</u> <sup>(2)</sup>	<u>Percentage of Full Value</u> <sup>(3)</sup>
Gross Indebtedness <sup>(4)</sup> .....	\$12,685,187	\$2,114.20	4.94%
Gross Indebtedness Plus Net Overlapping Indebtedness <sup>(5)</sup> .....	15,495,341	2,582.56	6.04%

- <sup>(1)</sup> The District has not incurred any indebtedness since the date of the above table.
- <sup>(2)</sup> Based on the District’s current estimated population of 6,000.
- <sup>(3)</sup> Based on the District’s full value of taxable real estate for 2008-09 of \$256,545,714.
- <sup>(4)</sup> The District expects to deliver \$14,135,000 School District Bonds to the Authority in connection with the refunding of \$9,475,000 of the District’s outstanding bond anticipation notes and the financing of the District’s capital construction project. Such School District Bonds, when issued, will constitute Gross Indebtedness of the District and will increase the debt ratios accordingly.
- <sup>(5)</sup> Net Overlapping Indebtedness calculated as of the close of the 2007 fiscal year.

**Cash Flow Borrowing**

The District issued \$600,000 of Revenue Anticipation Notes in the 2004-05 fiscal year and \$800,000 in the 2003-04 fiscal year. The District has not issued any such notes since that time, and does not expect to issue any such notes in the current fiscal year.

**Capital Project Plans**

The District has no authorized and unissued indebtedness for capital or other purposes other than the issuance of the School District Bonds. The Bonds will be issued pursuant to the Constitution and statutes of the State, including among others the Education Law and the Local Finance Law, and pursuant to a proposition approved by the qualified voters of the School District on December 12, 2006 and followed by a bond resolution duly adopted by the Board of Education of the School District on January 29, 2007, authorizing the issuance of \$14,475,000 aggregate principal amount serial bonds of the School District, to finance the costs of an addition to, and reconstruction of, school buildings and facilities.

**FINANCIAL FACTORS**

**General Information**

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A statement of such revenues and expenditures is contained in the most recent audited financial statements on file with the Nationally Recognized Municipal Securities Information Repositories and are incorporated by reference herein. As reflected in such audited financial statements, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

**Real Estate Property Tax Collection Procedure**

Tax payments are due during the month of September. Taxes paid October 4 through November 2 are subject to a penalty fee of 2%. All taxes remaining unpaid after November 2 are turned over to the respective Counties for collection. The respective Counties reimburse the District in full before the end of the District’s fiscal year.

**Valuations, Rates and Tax Levy**

The table below sets forth the assessed and full valuation of taxable real property, the District's real property tax levy for the last five years.

<b>Valuations, Rates and Tax Levy</b>					
<b>Assessed Valuation</b>					
<b>Years Ending June 30,</b>					
	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
<b>Towns of:</b>					
Groton	\$154,579,087	\$166,437,055	\$169,043,395	\$172,580,586 <sup>(1)</sup>	\$204,798,484 <sup>(1)</sup>
Dryden	\$11,022,738	\$11,922,772	\$12,605,945	\$12,868,241 <sup>(1)</sup>	\$15,072,906 <sup>(1)</sup>
Lansing	\$1,705,874	\$1,763,242	\$1,768,597	\$1,971,066 <sup>(1)</sup>	\$2,459,693 <sup>(1)</sup>
Locke	\$4,601,556 <sup>(1)</sup>	\$5,410,863 <sup>(1)</sup>	\$5,690,316	\$5,678,207	\$5,913,060
Summerhill	\$16,126,308	\$16,678,482	\$17,026,537	\$17,626,327	\$17,772,141
Homer	\$178,200 <sup>(1)</sup>	\$200,672 <sup>(1)</sup>	\$199,213	\$201,052	\$201,511
<b>Total Assessed Valuation</b>	\$188,213,763	\$202,413,086	\$206,334,003	\$210,925,479	\$246,217,795

<sup>(1)</sup> Difference due to townwide revaluation.

<b>State Equalization Rates</b>					
<b>Years Ending June 30,</b>					
	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
<b>Towns of:</b>					
Groton	100.00%	100.00%	90.00%	85.00%	100.00%
Dryden	100.00%	100.00%	90.00%	85.00%	100.00%
Lansing	100.00%	100.00%	90.00%	85.00%	100.00%
Locke	93.00%	100.00%	99.00%	92.00%	89.00%
Summerhill	89.00%	82.00%	78.24%	70.00%	65.00%
Homer	91.00%	100.00%	99.00%	92.00%	88.00%
<b>Taxable Full Valuation</b>	\$190,570,879	\$206,074,216	\$231,508,657	\$252,064,956	\$256,545,714

<b>Total District Property Tax Collections</b>					
<b>Years Ending June 30,</b>					
	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
Total Tax Levy	\$3,942,413	\$4,198,576	\$4,365,518	\$4,526,546	\$4,760,074
% Uncollected When Due	10.03%	10.24%	9.68%	9.95%	8.61%

**State Aid**

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. The table below illustrates the percentage of total revenues of the District comprised of State aid for each of the five completed fiscal years and the budgeted figures for current fiscal year.

### State Aid

<u>Fiscal Year</u>	<u>Total State Aid</u> <sup>(1)</sup>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Percentage of Total Revenues Consisting of State Aid</u> <sup>(1)</sup>
2003-04	\$8,515,111	\$12,344,848	68.98%
2004-05	\$8,709,110	\$12,980,170	67.10%
2005-06	\$8,845,523	\$13,571,151	65.18%
2006-07	\$9,500,108	\$14,450,561	65.74%
2007-08	\$10,173,090	\$15,253,274	66.69%
2008-09 (Budgeted)	\$11,243,282	\$16,216,492	69.33%

<sup>(1)</sup> General Fund only.

### Recent Operating Results

The District's revenues exceeded its expenditures by \$158,049 in its General Fund for the fiscal year ended June 30, 2008, resulting in an unreserved undesignated General Fund balance of \$664,339 at the end of the fiscal year. The District does not believe that there has been any material adverse change in its financial affairs since the date of its last audited financial statements. See also, "PART 4 – THE SCHOOL DISTRICTS – Financial Factors – State Aid."

### Principal and Interest Requirements

A schedule of the District's debt service on all outstanding indebtedness, including the School District Bonds, is presented below.

#### Schedule of Debt Service on Long-Term Bond Indebtedness <sup>(1)</sup>

<u>Fiscal Year</u>	<u>Existing Debt Service</u>	<u>New Debt Service</u>	<u>Total Debt Service</u>
2008-2009	\$ 478,800	\$ -	\$ 478,800
2009-2010	478,125	1,777,634	2,255,759
2010-2011	481,831	1,343,656	1,825,487
2011-2012	479,713	1,343,056	1,822,769
2012-2013	336,438	1,340,169	1,676,607
2013-2014	343,094	1,340,869	1,683,963
2014-2015	78,469	1,341,606	1,420,075
2015-2016	-	1,342,006	1,342,006
2016-2017	-	1,339,856	1,339,856
2017-2018	-	1,340,706	1,340,706
2018-2019	-	1,343,950	1,343,950
2019-2020	-	1,344,250	1,344,250
2020-2021	-	1,340,250	1,340,250
2021-2022	-	1,343,750	1,343,750
2022-2023	-	1,339,250	1,339,250
2023-2024	-	672,000	672,000
<b>TOTAL</b>	<b>\$2,676,470</b>	<b>\$19,893,009</b>	<b>\$22,569,479</b>

<sup>(1)</sup> Schedule does not include payments due for bonds that were economically refunded by the School District. Principal and interest on such refunded bonds are paid by the escrow agent.



**APPENDIX C-4  
DESCRIPTION OF  
CITY SCHOOL DISTRICT OF THE CITY OF HUDSON**

There follows in this Appendix C-4 a brief description of the City School District of the City of Hudson (the “District”), together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and general and specific funds.

**GENERAL INFORMATION**

**Description**

The District has an area of approximately 67 square miles. The District includes the Towns of Stockport, Greenport, Claverack, Livingston, Taghkanic, and Ghent and the City of Hudson located in Columbia County.

**Population**

The current estimated population of the District is 17,000.

**Five Largest Employers\***

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Columbia Memorial Hospital	Health Care Facility	1,200
Columbia County	Municipal Government	763
Columbia Greene Community College	Higher Education	400
City School District of the City of Hudson	Public Education	342
Hudson Correctional Facility	State Prison	300

\*As of February 27, 2009.

**Five Largest Taxpayers\***

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
National Grid	Utility	\$ 26,740,154
Woodvale Holdings LLC	Apartments	13,121,556
Fairview Plaza, Inc.	Shopping Plaza	11,448,555
Iroquois Gas Corp.	Utility	10,664,829
Livingston Hills	Nursing Home	10,415,968

\*As of February 27, 2009.

The total estimated full valuation of the top **ten (10)** taxpayers represents approximately 7.87% of the tax base of the District.

### Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is Columbia County. Over the past five years, the County's unemployment rate has been historically below the State average unemployment rate.

	<b>Year Average</b>				
	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
Columbia County <sup>(1)</sup>	4.4%	4.4%	3.9%	3.7%	3.9%
New York State <sup>(2)</sup>	6.4%	5.8%	5.0%	4.6%	4.5%

<sup>(1)</sup> 5.9% (preliminary) as of December, 2008. Source: Bureau of Labor Statistics.

<sup>(2)</sup> 7.6% (preliminary) as of January, 2009. Source: New York State Department of Labor.

### Enrollment

The table below presents the District's historic and projected enrollment.

	<b><u>2004-05</u></b>	<b><u>2005-06</u></b>	<b><u>2006-07</u></b>	<b><u>2007-08</u></b>	<b><u>2008-09</u></b>	<b><u>Projected 2009-10</u></b>	<b><u>Projected 2010-11</u></b>	<b><u>Projected 2011-12</u></b>
K-12	2,293	2,121	2,088	2,040	1,992	1,992	1,992	1,992

### District Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

<b><u>Number of Employees</u></b>	<b><u>Bargaining Unit</u></b>	<b><u>Contract Expiration Date</u></b>	<b><u>Affiliation</u></b>
212	Hudson Teachers' Association	June 30, 2011	NYSUT
66	Teacher Aides	June 30, 2010	CSEA
26	Hudson Educational Secretaries Association	June 30, 2010	CSEA
38	Custodial & Maintenance Unit	June 30, 2010	CSEA

The School District has 335 full-time and 7 part-time employees.

**Debt Limit**

The table below sets forth the computation of the debt limit for the District and its debt contracting margin.

<b>Net Debt Contracting Margin</b>			
<b>As of March 12, 2009 <sup>(1)</sup></b>			
	<b>Based on</b>		<b>Based on</b>
	<b>Conventional</b>		<b>Special</b>
	<b>Equalization</b>		<b>Equalization</b>
	<b>Rates</b>		<b>Rates</b>
Five Year Average Full Valuation of Taxable Real Property.....	\$ 1,118,445,014	\$	1,561,591,589
Debt Limit (5% of full valuation) <sup>(2)</sup> .....	\$ 55,922,250	\$	78,079,579
 Outstanding Indebtedness <sup>(3)</sup>			
<u>Inclusions</u>			
Bonds.....	\$ 4,273,000	\$	4,273,000
Bond Anticipation Notes .....	\$ 9,995,000	\$	9,995,000
Total Inclusions .....	\$ 14,268,000	\$	14,268,000
 <u>Exclusions</u>			
Appropriations .....	\$ 493,000	\$	493,000
Total Exclusions .....	\$ 493,000	\$	493,000
 Total Net Indebtedness .....	 \$ 13,775,000	 \$	 13,775,000
Net Debt Contracting Margin .....	\$ 42,147,250	\$	64,304,579
Percentage of Debt Contracting Power Exhausted .....	24.63%		17.64%

<sup>(1)</sup> The District has not incurred any indebtedness since the date of this table.

<sup>(2)</sup> The District's constitutional debt limit has been computed using special equalization ratios established by the State Office of Real Property Services pursuant to Art-12-B of the Real Property Tax Law. "Conventional" State equalization rates are also established by the State Board, and are used for all other purposes.

<sup>(3)</sup> Tax anticipation notes and revenue anticipation notes are not included in the computation of the statutory debt limit of the District. The District expects to deliver \$35,325,000 School District Bonds to the Authority in connection with the financing of the District's capital construction project. Such School District Bonds, when issued, will constitute Outstanding Indebtedness of the District and will increase the percentage of debt contracting power exhausted accordingly.

### Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue bonds and notes and to levy taxes or cause taxes to be levied on taxable real property within the District. Estimated indebtedness, comprised of bonds and bond anticipation notes, is listed as of the close of the 2007 fiscal year of the respective municipalities.

<u>Unit</u>	<u>Outstanding Indebtedness</u> <sup>(1)</sup>	<u>Exclusions</u> <sup>(2)</sup>	<u>Net Indebtedness</u>	<u>% Within District</u>	<u>Applicable Net Indebtedness</u>
County of:					
Columbia	\$10,771,000	\$0	\$10,771,000	20.81%	\$2,241,445
Towns of:					
Stockport	5,683,573	5,614,000	69,573	39.16%	27,245
Greenport	5,298,104	5,298,104	0	100.00%	0
Claverack	4,082,173	4,082,173	0	48.26%	0
Livingston	0	0	0	42.90%	0
Taghkanic	104,809	0	104,809	38.56%	40,414
Ghent	0	0	0	5.35%	0
City of:					
Hudson	10,803,370	7,121,695	3,681,675	100.00%	<u>3,681,675</u>
				Total	<u>\$5,990,779</u>

<sup>(1)</sup> Bonds and bond anticipation notes as of 2007 fiscal year. Not adjusted to include subsequent bond sales, if any. The town of Greenport issued a \$2,476,800 Bond Anticipation Note on September 19, 2008 and issued a \$8,645,000 Short-Term State Revolving Fund Loan on July 24, 2008. Columbia County has not issued additional debt since the close of the 2007 fiscal year. No assurance can be given that the other municipal units listed have not issued additional debt since the close of the 2007 fiscal year.

<sup>(2)</sup> Sewer and Water Debt.

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2007.

### Debt Ratios

The table below sets forth certain ratios relating to the District's indebtedness as of March 12, 2009.

#### Debt Ratios As of March 12, 2009 <sup>(1)</sup>

	<u>Amount</u>	<u>Per Capita</u> <sup>(2)</sup>	<u>Percentage of Full Value</u> <sup>(3)</sup>
Gross Indebtedness <sup>(4)</sup> .....	\$14,268,000	\$839.29	0.98%
Gross Indebtedness Plus Net Overlapping Indebtedness <sup>(5)</sup> .....	20,258,779	1,191.69	1.39%

<sup>(1)</sup> The District has not incurred any indebtedness since the date of the above table.

<sup>(2)</sup> Based on the District's current estimated population of 17,000.

<sup>(3)</sup> Based on the District's full value of taxable real estate for 2008-09 of \$1,455,297,770.

<sup>(4)</sup> The District expects to deliver \$35,325,000 School District Bonds to the Authority in connection with the financing of the District's capital construction project. Such School District Bonds, when issued, will constitute Gross Indebtedness of the District and will increase the debt ratios accordingly.

<sup>(5)</sup> Net Overlapping Indebtedness calculated as of the close of the 2007 fiscal year.

### **Cash Flow Borrowing**

The District issued \$1,200,000 of Revenue Anticipation Notes in the 2003-04 fiscal year; \$1,000,000 in the 2006-07 fiscal year and has issued \$8,590,000 in the current fiscal year.

### **Capital Project Plans**

The District has no authorized and unissued indebtedness for capital or other purposes other than the issuance of the School District Bonds. The Bonds will be issued pursuant to the Constitution and statutes of the State, including among others the Education Law and the Local Finance Law, and pursuant to a proposition approved by the qualified voters of the School District on February 14, 2007 and a bond resolution duly adopted by the Board of Education of the School District on December 18, 2006, authorizing the issuance of \$36,650,000 aggregate principal amount serial bonds of the School District, to finance the costs of construction of the District-wide renovations and addition project 2007, including an addition to the Hudson High School, an addition to the John L. Edwards School, and reconstruction in part of various buildings in the District.

## **FINANCIAL FACTORS**

### **General Information**

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A statement of such revenues and expenditures is contained in the most recent audited financial statements on file with the Nationally Recognized Municipal Securities Information Repositories and are incorporated by reference herein. As reflected in such audited financial statements, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

### **Real Estate Property Tax Collection Procedure**

Tax payments are due beginning July 15 and may be paid through August 15 without penalty. Taxpayers may also elect to make payments in installments, with payments due August 15 and October 15. Penalties accrue at varying rates depending on the payment schedule selected, but generally at the rate of 1% per month. No payments are accepted after October 31.

Taxes remaining uncollected after the expiration of the second collection period are returned to the Treasurer of the City of Hudson (the "City") and the Treasurer of Columbia County (the "County") who, by law, must reimburse the School District in full for uncollected taxes prior to the end of the second fiscal year for which the taxes are levied.

**Valuations, Rates and Tax Levy**

The table below sets forth the assessed and full valuation of taxable real property, the District's real property tax levy for the last five years.

<b>Valuations, Rates and Tax Levy</b>					
<b>Assessed Valuation</b>					
<b>Years Ending June 30,</b>					
	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
<b>Towns of:</b>					
Stockport	\$28,728,982	\$30,680,384	\$33,909,683	\$39,119,796	\$39,655,222
Greenport	\$284,319,189	\$310,258,318	\$364,977,141	\$415,217,678	\$415,601,751
Claverack	\$122,149,840 <sup>(1)</sup>	\$146,827,756 <sup>(1)</sup>	\$153,685,588	\$156,525,108	\$159,087,099
Livingston	\$59,896,933	\$63,286,158 <sup>(1)</sup>	\$94,201,766 <sup>(1)</sup>	\$97,939,110	\$100,614,898
Taghkanic	\$50,277,351	\$57,831,868	\$70,443,225	\$84,650,203	\$93,559,900
Ghent	\$12,526,342	\$12,959,903	\$13,197,686	\$13,714,607 <sup>(1)</sup>	\$26,554,095 <sup>(1)</sup>
<b>City of:</b>					
Hudson	\$197,811,052	\$245,274,158 <sup>(1)</sup>	\$295,004,421 <sup>(1)</sup>	\$290,855,389	\$303,403,938
<b>Total Assessed Valuation</b>	<b>\$755,709,689</b>	<b>\$867,118,545</b>	<b>\$1,025,419,510</b>	<b>\$1,098,021,891</b>	<b>\$1,138,476,903</b>

<sup>(1)</sup> Difference due to townwide revaluation.

<b>State Equalization Rates</b>					
<b>Years Ending June 30,</b>					
	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
<b>Towns of:</b>					
Stockport	100.00%	90.00%	80.09%	80.00%	75.00%
Greenport	100.00%	100.00%	100.00%	100.00%	90.00%
Claverack	85.48%	90.80%	74.55%	67.57%	61.76%
Livingston	79.32%	67.75%	85.00%	74.79%	69.02%
Taghkanic	100.00%	100.00%	100.00%	88.43%	100.00%
Ghent	87.28%	75.00%	63.79%	63.03%	100.00%
<b>City of:</b>					
Hudson	100.00%	100.00%	100.00%	78.92%	72.73%
<b>Taxable Full Valuation</b>	<b>\$793,900,240</b>	<b>\$919,849,409</b>	<b>\$1,110,430,159</b>	<b>\$1,312,747,495</b>	<b>\$1,455,297,770</b>

**Total District Property Tax Collections  
Years Ending June 30,**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Tax Levy	\$14,875,662	\$14,691,098	\$15,388,348	\$16,017,096	\$16,257,352
% Uncollected When Due	9.61%	9.82%	3.96%	10.80%	9.00%

**State Aid**

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. The table below illustrates the percentage of total revenues of the District comprised of State aid for each of the five completed fiscal years and the budgeted figures for current fiscal year.

**State Aid**

<u>Fiscal Year</u>	<u>Total State Aid <sup>(1)</sup></u>	<u>Total Revenues <sup>(1)</sup></u>	<u>Percentage of Total Revenues Consisting of State Aid <sup>(1)</sup></u>
2003-04	\$12,889,030	\$28,282,220	45.57%
2004-05	\$13,562,732	\$29,849,216	45.44%
2005-06	\$14,565,299	\$31,708,111	45.94%
2006-07	\$15,714,406	\$33,333,700	47.14%
2007-08	\$17,476,790	\$35,717,891	48.93%
2008-09 (Budgeted)	\$18,607,350	\$36,992,702	50.30%

<sup>(1)</sup> General Fund only.

**Recent Operating Results**

The District's expenditures exceeded its revenues by \$446,773 in its General Fund for the fiscal year ended June 30, 2008, resulting in an unreserved undesignated General Fund balance of \$892,850 at the end of the fiscal year. The District does not believe that there has been any material adverse change in its financial affairs since the date of its last audited financial statements. See also, "PART 4 – THE SCHOOL DISTRICTS – Financial Factors – State Aid."

### Principal and Interest Requirements

A schedule of the District's debt service on all outstanding indebtedness, including the School District Bonds, is presented below.

#### Schedule of Debt Service on Long-Term Bond Indebtedness

<b><u>Fiscal Year</u></b>	<b><u>Existing Debt Service</u></b>	<b><u>New Debt Service</u></b>	<b><u>Total Debt Service</u></b>
2008-2009	\$ 672,326	\$ -	\$ 672,326
2009-2010	640,729	2,937,009	3,577,738
2010-2011	636,529	2,939,306	3,575,835
2011-2012	636,729	2,938,706	3,575,435
2012-2013	636,129	2,934,344	3,570,473
2013-2014	639,194	2,939,444	3,578,638
2014-2015	641,094	2,936,256	3,577,350
2015-2016	640,500	2,934,456	3,574,956
2016-2017	-	2,935,356	2,935,356
2017-2018	-	2,937,756	2,937,756
2018-2019	-	2,935,825	2,935,825
2019-2020	-	2,937,625	2,937,625
2020-2021	-	2,939,125	2,939,125
2021-2022	-	2,936,125	2,936,125
2022-2023	-	2,938,625	2,938,625
2023-2024	-	2,941,125	2,941,125
2024-2025	-	2,833,375	2,833,375
2025-2026	-	2,832,156	2,832,156
2026-2027	-	2,834,188	2,834,188
2027-2028	-	2,833,906	2,833,906
2028-2029	-	2,836,031	2,836,031
<b>TOTAL</b>	<b>\$5,143,230</b>	<b>\$58,230,741</b>	<b>\$63,373,971</b>



**SUMMARY OF CERTAIN PROVISIONS  
OF THE FINANCING AGREEMENTS**

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## **SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENTS**

The following is a brief summary of certain provisions of the Financing Agreements to be executed by each of the School Districts. Such summary does not purport to be complete and reference is made to the Agreement for full and complete statements of such provisions. Defined terms used in the Agreement have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

### **Loan Clauses**

(A) **Loan Consummation.** Subject to the conditions and in accordance with the terms of the Agreement, the Authority agrees to make the Loan and the School District agrees to accept and repay the Loan in an aggregate principal amount of up to the Principal Amount at a net interest cost not to exceed the Maximum Rate. As evidence of the Loan made to the School District, the School District agrees to issue to or upon the order of the Authority, and to deliver to or upon the order of the Authority, the School District Bonds in an aggregate principal amount of up to the Principal Amount, bearing interest at rates not exceeding the Maximum Rate and expected to mature at the times and in the amounts set forth in the Agreement.

(B) **Payment to Trustee.** On the dates set forth in the Agreement, the School District will deposit or cause to be deposited with the Trustee the full amount of the payment due on the School District Bonds on such dates, respectively; provided, however that the School District agrees to pay the amount due on such initial payment date on or before the date of issuance of the Authority Bonds or on such other date as maybe set forth in the Agreement. Amounts so deposited by the School District prior to the payment date for the Authority Bonds will be invested by the Trustee at the direction of the Authority. Investment earnings on such amounts will accrue to the benefit of the School District and will be paid to the School District at the direction of the Authority in accordance with the section of the Agreement described below under the heading “Application of Interest Earnings”.

(C) **Pledge and Assignment.** The School District assigns and pledges to the Authority a sufficient portion of any and all public funds to be apportioned or otherwise to be made payable by the State to the School District to cover the payments required by the Agreement and directs and acknowledges that such amounts will be paid directly to the Trustee as provided in the Act and the Memorandum of Understanding upon the occurrence of any Event of Default under the Agreement. Such assignment and pledge is irrevocable and will continue until the date on which the liabilities of the Authority and the School District with respect to the Project have been discharged and the School District’s Proportionate Share of the Authority Bonds has been paid or otherwise discharged. The School District agrees that it will not create or suffer to be created any pledge or assignment of the public funds mentioned in the Agreement to be apportioned or otherwise payable by the State other than pledges or assignments to secure subsequent Series of Authority Bonds or to secure bonds issued by any agency or instrumentality of the United States of America or the State of New York or any authority, agency or political subdivision thereof, or as otherwise consented to in writing by the Authority.

(Section 3.1)

### **Other Amounts Payable**

(A) The School District expressly agrees to pay to the Authority:

(i) Upon the issuance and sale of the Authority Bonds, the initial financing fee, the Authority’s annual administrative fee and its Proportionate Share (or such other portion thereof as shall be agreed upon by the School District and the Authority) of the costs and expenses of the Authority in the preparation, sale and delivery of the Authority Bonds, the preparation and delivery of any legal instruments, closing transcripts and documents necessary in connection therewith and with the Agreement their filing and recording, if required, and all taxes and charges payable in connection with any of the foregoing, all as specified in the Notice of Terms. Such costs are payable from the sources identified in Exhibit C to the Agreement and in the amount specified in the Notice of Terms, subject to the limit set forth in the Agreement

(ii) Other Costs of Issuance payable to consultants and attorneys utilized by the School District in connection with the issuance of the School District Bonds as set forth in the Notice of Terms;

(iii) As such expenses are incurred, the amount of any Authority expenses (including but not limited to investment losses and the reasonable fees and expenses of the Authority, the Trustee, the owners of Authority Bonds, and attorneys ,representing any of the foregoing) incurred as a result of the School District's failure to make any payment on the School District Bonds when due or failure to otherwise comply with the terms of the Agreement or the School District Bonds; and

(iv) In the event that after the date set forth in the Agreement the School District does not proceed to the closing of the Loan, the fees of the Authority's bond counsel incurred with respect to the School District's Loan.

(B) Indemnification. To the extent permitted by law, the School District agrees to indemnify, defend and hold harmless the Authority and each member, officer and employee of the Authority against any and all liabilities, losses, costs, damages or claims, and will pay any and all judgments or expenses of any and all kinds or nature and however arising, imposed by law, including interest thereon, which it or any of them may sustain, be subject to or be caused to incur by reason of any claim, action, suit, charge or proceeding arising from or out of (1) the making of the Loan by the Authority to the School District, (2) any failure by the School District to deliver the School District Bonds to the Authority or (3) an allegation that an official statement, prospectus, placement memorandum or other offering document prepared in connection with the sale and issuance of the Authority Bonds contained an untrue or misleading statement of a material fact obtained from the School District relating to the School District or the Project, or omitted to state a material fact relating to the School District or the Project necessary in order to make the statements made therein in light of the circumstances under which they were made not misleading; provided, however, that neither the Authority nor a member, officer or employee of the Authority will be released, indemnified or held harmless from any claim for damages, liability, loss, cost, damage, judgment or expense arising out of the gross negligence or willful misconduct of the Authority, such member, officer or employee.

The Authority agrees to give the School District prompt notice in writing of the assertion of any claim or the institution of each such suit, action or proceeding and to cooperate with the School District in the investigation of such claim and the defense, adjustment, settlement or compromise of any such action or proceeding. The Authority will not settle any such suit, action or proceeding without the prior written consent of counsel to the School District.

Except as provided in the following paragraph, the School District, at its own cost and expense, will defend any and all suits, actions or proceedings which may be brought or asserted against the Authority, its members, officers or employees for which the School District is required to indemnify the Authority or hold the Authority harmless, but this provision will not be deemed to relieve any insurance company which has issued a policy of insurance as may be provided for in the Agreement from its obligation to defend the School District, the Authority and any other insured named in such policy of insurance in connection with claims, suits or actions covered by such policy.

The Authority and each member, officer or employee thereof will, at the cost and expense of the School District, be entitled to employ separate counsel in any action or proceeding arising out of any alleged act or omission which occurred or is alleged to have occurred while the member, officer or employee was acting within the scope of his or her employment or duties in connection with the issuance of the Authority Bonds or the refinancing or use of the Project, and to conduct the defense thereof, in which (i) the counsel to the School District determines, based on his or her investigation and review of the facts and circumstances of the case, that the interests of such person and the interests of the School District are in conflict, or in the event such counsel determines that no conflict exists, a court of competent jurisdiction subsequently determines that such person is entitled to employ separate counsel, or (ii) such person may have an available defense which cannot as a matter of law be asserted on behalf of such person by the School District or by counsel employed by it, or (iii) such person may be subject to criminal liability, penalty or forfeiture, or (iv) the School District has consented to the employment of separate counsel or the counsel retained by the School District pursuant to the Agreement is not reasonably acceptable to the Authority; provided, however, that the School District will not be liable for attorneys' fees of separate counsel so retained or any other expenses incurred in connection with the defense of an action or proceeding described in clause (iii) of this paragraph, unless

the member, officer or employee has prevailed on the merits or such action or proceeding was dismissed or withdrawn, or an adverse judgment was reversed upon appeal, and such action or proceeding may not be recommenced. Attorney's fees of separate counsel retained in accordance with this paragraph will be paid only upon the audit of an appropriate School District officer.

(Section 3.2)

**Application of Loan Proceeds and Unspent Proceeds**

(A) To the extent the proceeds of the Loan are to be used to pay costs of issuance of Authority Bonds or School District Bonds or any amounts payable to the Authority under the Agreement, the portion of the proceeds to be so used will be held on deposit with the Trustee for the account of the School District. Amounts so deposited will be invested and disbursed in accordance with the Master Resolution and the Series Resolution.

(B) To the extent the proceeds of the Loan are to be used to refinance the Refunded Obligations, the Authority will direct the Trustee to pay the Refunded Obligations or to deposit the portion of the proceeds to be so used in a separate account established with the Bank (not commingled with any other funds of the School District) to pay the Refunded Obligations as they become due. Amounts in such account will be invested as directed by the Authority in Government Obligations. Earnings, if any, on such amounts will be credited against amounts due from the School District pursuant to the Agreement. The School District covenants and agrees to pay directly to the paying agent for the Refunded Obligations any principal and/or interest due on the Refunded Obligations on their redemption date in excess of the amount held pursuant to the Financing Agreement for the payment of the Refunded Obligations.

(C) To the extent that the proceeds of the Loan are to be used to finance the Project, they will be maintained in a separate account established with the Bank (not commingled with any other funds of the School District) pursuant to Section 165.00 of the Local Finance Law and Sections 10 and 11 of the General Municipal Law and maintained in accordance with the provisions of the Arbitrage and Use of Proceeds Certificate. Amounts in such account will be invested as directed by the School District in accordance with the General Municipal Law. Earnings, if any, on such amounts will be credited against amounts due from the School District pursuant to the Agreement. Disbursements will be made from such account upon delivery to the Bank of a written requisition of the School District stating that such disbursement is (1) for payment to the School District for the reimbursement of costs of the Project previously paid by the School District or (2) for direct payment of Project costs, accompanied by copies of the invoice(s) to be paid.

(D) The School District expressly acknowledges and agrees that, with respect to any remaining unspent proceeds of the Refunded Obligations, either (i) such proceeds are required for the completion of the Project and the School District will, prior to issuance of the Authority Bonds, unless otherwise directed or agreed to by the Authority, transfer any remaining unspent proceeds of the Refunded Obligations to the account established pursuant to subsection (C) above to be applied in accordance with such subsection or (ii) to the extent that the unspent proceeds of the Refunded Obligations are not needed to complete the Project the School District will, unless otherwise directed by the Authority, transfer any remaining unspent proceeds of the Refunded Obligations to the account established pursuant to subsection (B) above to be applied in accordance with such subsection.

(E) The School District expressly acknowledges and agrees that the Authority will have the right to obtain and review the records of the Bank relating to accounts established for the School District pursuant to the Agreement and hereby authorizes the Bank to deliver copies of such records to the Authority upon request of the Authority. The School District covenants and agrees to maintain records with respect to the Project costs for a period of not less than three (3) years subsequent to the maturity or earlier redemption of the Authority Bonds and expressly acknowledges and agrees to provide copies of such records to the Authority upon request.

(Section 3.4)

**Effective Date and Term**

The date of the Agreement is for reference purposes only and the Agreement will become effective upon the date of execution and delivery of the Agreement, will remain in full force and effect from such date and will expire on such date as all Authority Bonds are discharged and satisfied in accordance with the provisions thereof and all obligations of the School District to the Authority are satisfied.

(Section 3.5)

**Trustee; Investment of Loan Proceeds and School District Bond Prepayments**

The School District authorizes the Trustee to invest, in accordance with instructions of the Authority, amounts that are held by the Trustee for the account of the School District in accordance with the provisions of the Master Resolution. The School District acknowledges that the Authority and the Trustee will not be liable or responsible for any loss, direct or indirect, resulting from any investment authorized by the Master Resolution and the Agreement or from the redemption, sale or maturity of any such investment as therein authorized or from any depreciation in value of any such investment.

(Section 3.7)

**Authorization to Acquire Investments**

The School District authorizes the Authority to acquire the investments, if any, required by the Agreement, including forward purchase contracts.

(Section 3.9)

**Application of Interest Earnings**

The Authority agrees that it will cause to be deposited in the Debt Service Fund the interest earned and paid on the investment of moneys in the Debt Service Fund. Pursuant to the Master Resolution, the Authority agrees that, so long as no event of default has occurred under the Agreement, the Authority will pay to the School District annually the School District's Allocable Portion (as determined by the Authority) of excess amounts in the Debt Service Fund described in the Resolution.

(Section 3.10)

**Compliance with Laws and Agreements**

(A) Compliance. The School District agrees that the Project will at all times during the term of any Loan be in compliance with applicable federal and State laws and regulations. The School District will at all times construct and operate (or cause to be constructed and operated) the Project, in compliance with all applicable federal, State and local laws, ordinances, rules, regulations (including approvals of the State Education Department) and the Agreement, and with all other applicable laws and regulations to the extent necessary to ensure the availability of the Project for its intended purposes and to ensure the safety of the public.

(B) SEQRA. The School District certifies with respect to the Project that it has complied, and agrees to continue to comply, with all requirements of the State Environmental Quality Review Act.

(Section 4.1)

**No Warranty Regarding Condition, Suitability or Cost of Project**

The Authority makes no warranty, either express or implied, as to the Project or its condition or that it is suitable for the School District's purposes or needs, or that the proceeds of the Loan are sufficient to pay the costs of

the Project. Nothing in the Agreement will relieve the School District of its responsibility to properly plan, design, build and effectively operate and maintain the Project as required by laws, regulations, permits and good management practices. The School District acknowledges and agrees that the Authority or its representatives are not responsible for increased costs resulting from defects in the plans, design drawings and specifications or other Project documents.

(Section 4.2)

### **Construction of Project**

(A) Construction. To the extent, if any, that the Project is not yet complete, the School District agrees to ensure that the Project is constructed expeditiously.

(B) Completion Certificate. To the extent, if any, that the Project is not yet complete, the School District will deliver to the Authority a certificate of the School District stating that the Project has been completed in accordance with the Agreement within seven (7) Business Days following such completion.

(Section 4.3)

### **Application of Loan Proceeds**

The School District will apply the proceeds of the Loan solely as provided in the Agreement.

(Section 5.1)

### **Tax Covenant**

The School District covenants that it will not take any action or inaction, nor fail to take any action or permit any action to be taken, with respect to the Project or the portion of the proceeds of the Authority Bonds made available to it as part of the Loan including amounts treated as proceeds of the Authority Bonds for any purpose of Section 103 of the Code, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Authority Bonds under Section 103 of the Code. This provision will control in case of conflict or ambiguity with any other provision of the Agreement. Without limiting the generality of the foregoing, the School District covenants that it will comply with the instructions and requirements of the Arbitrage and Use of Proceeds Certificate, which is fully incorporated into the Agreement. The School District covenants that it will not take any action or inaction, nor fail to take any action or permit any action to be taken, if any such action or inaction, which, assuming the School District Bonds were issued as bonds the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code, would cause the School District Bonds to be “private activity bonds”, “private loan bonds,” “arbitrage bonds” or “prohibited advance refunding bonds” within the meaning of Sections 141, 148 or 149 of the Code. The School District (or any related party within the meaning of Treasury Regulation Section 1.150-1(b)) will not, pursuant to an arrangement, formal or informal, purchase Authority Bonds in an amount related to the amount of any obligation to be acquired from the School District by the Authority. The School District will, on a timely basis, provide the Authority with all necessary information and funds to the extent required to enable the Authority to comply with the arbitrage and rebate requirements of the Code.

(Section 5.2)

### **Covenant as to Restrictions on Religious Use**

The School District agrees that with respect to the Project or any portion thereof, so long as the Project or portion thereof exists and unless and until the Project or portion thereof is sold for the fair market value thereof, the Project or, any portion thereof will 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 will not prohibit the free exercise of any religion and will not

restrict or inhibit compliance with the Equal Access Act, 20 U.S.C. Sections 4071-4074; and, further provided, however, that if at any time hereafter, in the opinion of Bond Counsel, the then applicable law would permit the Project or a portion thereof to be used without regard to the above stated restriction, said restriction will not apply to the Project or any portion thereof. The Authority and its agents may conduct such inspections as the Authority deems necessary to determine whether the Project or any portion of real property thereof refinanced by the Authority Bonds is being used for any purpose proscribed under the Agreement. The School District further agrees that prior to any disposition of any portion of the Project for less than fair market value, it will execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Authority, the use of such portion of the Project to the restriction that (i) so long as such portion of the Project (and, if included in the Project, the real property on or in which such portion of the Project is situated) will exist and (ii) until such portion of the 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 the Project will 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 will 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 will also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of the Project, or, if included in the Project, the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction will be without any force or effect. For the purposes of the Agreement an involuntary transfer or disposition of the Project or a portion thereof, upon foreclosure or otherwise, will be considered a sale for the fair market value thereof.

(Section 5.3)

#### **Payment of School District Bonds**

The School District covenants and agrees that it will duly and punctually pay or cause to be paid the principal installments or redemption price of its School District Bonds and the interest thereon, at the dates and places and in the manner stated in such School District Bonds and in accordance with the section of the Agreement described above under the heading “Loan Clauses” hereof and that such obligation will not be subject to any defense (other than payment) or any rights of setoff, recoupment, abatement, counterclaim or deduction and will be without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Authority, the Trustee or the owner of any Authority Bond.

(Section 5.4)

#### **Actions Regarding State Aid**

The School District covenants and agrees that it will submit to the State all documentation required by the State as a condition to the payment of any State aid in sufficient time to permit such aid to be paid on its scheduled payment date.

(Section 5.5)

#### **Defaults**

An “event of default” or a “default” under the Agreement means any one or more of the following events: (a) Failure by the School District to pay or cause to be paid when due the amounts to be paid under the School District Bonds; (b) Failure by the School District to pay or to cause to be paid when due any other payment required to be made under the Agreement which failure continues for a period of thirty (30) days after payment thereof was due, provided that written notice thereof has been given to the School District not less than thirty (30) days prior to the due date thereof; (c) Failure by the School District to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subparagraphs (a) and (b) of this paragraph, which failure continues for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the School District by the Authority or such longer period, as is required to cure such



default, if by reason of the nature of such failure the same cannot be remedied within such thirty (30) day period and the School District has within such thirty (30) day period commenced to take appropriate actions to remedy such failure and is diligently pursuing such actions; (d) Any representation or warranty of the School District contained in the Agreement shall have been at the time it was made untrue in any material respect; or (e) The School District generally does not pay its debts as such debts become due, or admits in writing its inability to pay its debts generally, or makes a general assignment for the benefit of creditors; or any proceeding is instituted by or against the School District seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it for any substantial part of its property; or the School District authorizes any of the actions set forth above in this subparagraph (e).

(Section 6.1)

### **Remedies**

Whenever any event of default referred to in the Agreement described under the heading “Defaults” shall have happened and is continuing, the Authority may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the School District, including requiring payment to the Trustee of any public funds otherwise payable to the School District by the State of New York as provided in the Memorandum of Understanding, the exercise of any remedy authorized by Article VIII of the State Constitution with respect to obtaining payment on the School District Bonds and any other administrative enforcement action and actions for breach of contract.

(Section 7.1)

### **No Remedy Exclusive**

No remedy is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and in addition to every other remedy given under the Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it, it will not be necessary to give any notice, other than such notice as may be expressly required by the Agreement.

(Section 7.2)

### **Waiver and Non-Waiver**

In the event any agreement is breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach under the Agreement. No delay or omission by the Authority to exercise any right or power accruing upon default will impair any right or power or will be construed to be a waiver of any such default or acquiescence therein.

(Section 7.3)

### **Amendments, Supplements and Modifications**

The Agreement may not be amended, supplemented or modified except by a written instrument executed by the Authority and the School District and, if such amendment occurs after the issuance of the Authority Bonds, upon compliance with the provisions of the Master Resolution.

(Section 8.4)

**Further Assurances; Disclosure of Financial Information, Operating Data and Other Information**

(A) The School District will, at the request of the Authority, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be deemed necessary or desirable by the Authority, in its sole discretion, for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by the Agreement and the School District Bonds. The School District also agrees to furnish to the Authority such additional information concerning the financial condition of the School District as the Authority may from time to time reasonably request.

(B) Without limiting the generality of the foregoing, the School District agrees to comply with the terms of the Continuing Disclosure Agreement.

(C) If and so long as the offering of the Authority Bonds continues (a) the School District will furnish such information with respect to itself as the Underwriters of the Authority Bonds may from time to time reasonably request and (b) if any event relating to the School District occurs as a result of which it is necessary, in the opinion of Bond Counsel to the Authority, General Counsel of the Authority or counsel for such Underwriters, to amend or supplement the Official Statement of the Authority used in connection with the offering of the Authority Bonds in order to make such information not misleading in light of the circumstances then existing, the School District will forthwith prepare and furnish to the Authority and the Underwriters such information relating to the School District as may be necessary to permit the preparation of an amendment of or supplement to such Official Statement (in form and substance satisfactory to the Bond Counsel to the Authority and counsel for the Underwriters) which will amend or supplement such Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make statements therein, in light of the circumstances then existing, not misleading. Unless the School District has been notified to the contrary in writing by the Authority or the Underwriters, the School District is entitled to presume that the offering by the Authority and that its obligations under this paragraph have ceased twenty-five (25) days after the date of delivery of the Authority Bonds.

(Section 8.9)

**SUMMARY OF CERTAIN PROVISIONS  
OF THE MASTER RESOLUTION**

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

The following is a brief summary of certain provisions of the Master Resolution. Such summary does not purport to be complete and reference is made to the Master Resolution for full and complete statements of such provisions. Defined terms used in the Master Resolution have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

### **Master Resolution and Bonds Constitute Separate Contracts**

With respect to each Applicable Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of an Applicable Series authorized to be issued under the Master Resolution and under the Applicable Series Resolution by those who hold or own the same from time to time, the Master Resolution and the Applicable Series Resolution are deemed to be and constitute a contract among the Authority, the Trustee and the Holders from time to time of such Bonds, and the pledge and assignment made in the Master Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority are for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds of an Applicable Series, all of which, regardless of the time or times of their issue or maturity, are of equal rank without preference, priority or distinction of any such Bonds of such Series over any other Bonds except as expressly provided or permitted by the Master Resolution or by the Applicable Series Resolution.

(Section 1.03)

### **Authorization of Each Series of Bonds**

Each Series of Bonds is issued pursuant to the Master Resolution, the applicable Series Resolution and the Act.

The Bonds of the Authority will not be a debt of the State, nor will the State be liable thereon, nor will the Bonds be payable out of any funds other than those of the Authority pledged by the Master Resolution to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Bonds.

(Section 2.01)

### **Additional Bonds and Other 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 Master Resolution, entitled to a charge or lien or right prior or equal to the charge or lien created by the Master Resolution, or prior or equal to the rights of the Authority and Holders of Bonds.

(Section 2.05)

### **Authorization of Redemption**

Bonds subject to redemption prior to maturity will be redeemable at such times, at such Redemption Prices and upon such terms as may be specified in the Master Resolution or in the Applicable Series Resolution authorizing their issuance or the Applicable Bond Series Certificate.

(Section 4.01)

### **Redemption at Election of the Authority**

The Series, maturities and principal amounts of the Bonds to be redeemed at the election or direction of the Authority will be determined by the Authority in its sole discretion, subject to any limitations with respect thereto

contained in the Master Resolution or in the Series Resolution authorizing such Series or the Applicable Bond Series Certificate.

(Section 4.02)

### **Selection of Bonds to Be Redeemed**

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

(Section 4.04)

### **Notice of Redemption**

Whenever Bonds are to be redeemed, the Trustee will give notice of the redemption of the Bonds in the name of the Authority. Such notice will be given by mailing a copy of such notice not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. Such notice will be sent by first class mail, postage prepaid, to the registered owners of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice, the Trustee will promptly certify to the Authority that it has mailed or caused to be mailed such notice to the registered owners of the Bonds to be redeemed in the manner provided in the Master Resolution. Such certificate will be conclusive evidence that such notice was given in the manner required by the Master Resolution. The failure of any Holder of a Bond to be redeemed to receive such notice will not affect the validity of the proceedings for the redemption of the Bonds.

Any notice of redemption, unless moneys are received by the Trustee prior to giving such notice sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed, may state that such redemption is conditional upon the receipt of such moneys by the Trustee by 1:00 P.M. (New York time) on the date fixed for redemption. If such moneys are not so received said notice will be of no force and effect, the Authority will not redeem such Bonds and the Trustee will give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

(Section 4.05)

### **Payment of Redeemed Bonds**

If, on the redemption date, moneys for the redemption of all Bonds or portions thereof of any like Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, are

held by the Trustee and Paying Agent so as to be available therefor on such date and if notice of redemption has been mailed as stated in the Master Resolution, then, from and after the redemption date, interest on the Bonds or portions thereof so called for redemption will cease to accrue and such Bonds will no longer be considered to be Outstanding under the Master Resolution. If such moneys are not so available on the redemption date, such Bonds or portions thereof will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(Section 4.06)

### **Pledge of Revenues**

The proceeds from the sale of the Bonds, the Applicable Revenues, the Authority's security interest in the Applicable Pledged Revenues, and, all funds established by the Master Resolution, other than the Applicable Arbitrage Rebate Fund, are pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Bonds and as security for the performance of any other obligation of the Authority under the Resolution and under any Series Resolution, all in accordance with the provisions of the Master Resolution and such Series Resolution. The pledge of the Revenues relates only to the Bonds of an Applicable Series authorized by such Series Resolution and no other Series of Bonds and such pledge will not secure any such other Series of Bonds. The pledge is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues, the Authority's security interest in the Applicable Pledged Revenues and the funds and accounts established by the Master Resolution and by the Applicable Series Resolution will immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge will be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds are special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of the Bonds, the Revenues, the Authority's security interest in the Applicable Pledged Revenues and the funds and accounts established by the Master Resolution, which are pledged by the Master Resolution as provided in the Master Resolution, which pledge will constitute a first lien thereon. Notwithstanding the foregoing, interest earnings on the Debt Service Fund held by the Trustee and properly allocable to one School District may not be used to make up a deficiency caused by the failure of another School District to pay its Basic Debt Service Payment.

(Section 5.01)

### **Establishment of Funds**

Unless otherwise provided by the Applicable Series Resolution, the following funds are authorized to be established, held and maintained for each Applicable Series by the Trustee under the Applicable Series Resolution separate from any other funds established and maintained pursuant to any other Series Resolution:

Construction Fund;  
Debt Service Fund; and  
Arbitrage Rebate Fund

Accounts and sub-accounts 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 moneys at any time deposited in any fund created by the Master Resolution, other than the Applicable Arbitrage Rebate Fund, will be held in trust for the benefit of the Holders of the Applicable Series of Bonds, but will nevertheless be disbursed, allocated and applied solely in connection with Applicable Series of Bonds for the uses and purposes provided in the Master Resolution.

(Section 5.02)

### **Application of Bond Proceeds**

Upon the receipt of proceeds from the sale of a Series of Bonds, the Authority will apply such proceeds as specified in the Master 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 will be deposited in the Debt Service Fund 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 separate Construction Fund is established by each Series Resolution and separate Construction Accounts are established therein with respect to each School District for whose benefit such Series of Bonds is issued. As soon as practicable after the delivery of each Series of Bonds, there will be deposited in the Applicable Construction Account the amount required to be deposited therein pursuant to the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series. In addition, the Authority will deposit in the Applicable Construction Account any moneys paid to the Authority for the acquisition, construction, reconstruction, rehabilitation or improvement of any Project, including without limitation, the equity contribution, if any, provided by a School District. Moneys deposited in the Construction Account will be used only to pay the Costs of Issuance of the Bonds and the Costs of the Applicable Project.

(Section 5.04)

### **Allocation of Revenues**

The Applicable Revenues and any other moneys which, by any of the provisions of the Applicable Agreement, are required to be deposited in the Applicable Debt Service Fund, will upon receipt by the Trustee be deposited to the credit of the appropriate account in the Applicable Debt Service Fund. To the extent not required to pay, (a) the School District's Allocable Portion of the interest becoming due on Outstanding Bonds of the Applicable Series on the next succeeding interest payment date or dates of such Bonds; (b) the School District's Allocable Portion of the amount necessary to pay the principal and Sinking Fund Installments becoming due on the Applicable Series of Outstanding Bonds; and (c) 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 will be paid by the Trustee on or before the business day preceding each Interest Payment Date to the Authority, unless otherwise paid, such amounts as are payable to the Authority relating to such Series for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Applicable Trustee and Paying Agents, all as required hereby, (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 Applicable Agreement in accordance with the terms thereof, and (iii) any fees of the Authority; but only upon receipt by the Trustee of a certificate of the Authority, stating in reasonable detail the amounts payable to the Authority.

(Section 5.05)

### **Debt Service Fund**

The Trustee will on or before the Business Day preceding each Interest Payment Date pay to itself and any other Paying Agent out of the Applicable Debt Service Fund:

(a) the School District's Allocable Portion of the interest due and payable on all Outstanding Bonds of the Applicable Series on such Interest Payment Date;



(b) the School District's Allocable Portion of the principal amount due and payable on all Outstanding Bonds of the Applicable Series on such Interest Payment Date; and

(c) the School District's Allocable Portion of the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on all Outstanding Bonds of the Applicable Series on such Interest Payment Date.

The amounts paid out pursuant to (a), (b) and (c) above are irrevocably pledged to and applied to such payments.

Notwithstanding the above, the Authority may, at any time subsequent to the first day 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, Term Bonds to be redeemed from such Sinking Fund Installment.

Moneys in the Applicable Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds of the Applicable Series payable during the next succeeding Bond Year, the interest on Outstanding Bonds of the Applicable Series payable on and prior to the next succeeding Interest Payment Date, and the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, will be paid or applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority (i) to the purchase of Outstanding Bonds of the Applicable 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 will direct or (ii) to the redemption of Bonds of the Applicable Series as provided in the Master Resolution, at the Redemption Prices specified in the Applicable Series Resolution or Applicable Bond Series Certificate.

(Section 5.07)

### **Arbitrage Rebate Fund**

The Arbitrage Rebate Fund will be maintained by the Trustee as a fund separate from any other fund established and maintained under the Master Resolution. The Trustee will deposit to the Applicable Arbitrage Rebate Fund any moneys delivered to it by the Applicable School Districts for deposit therein and, notwithstanding any other provisions of the Master Resolution, will transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Authority, moneys on deposit in any other funds held by the Trustee under the Master Resolution at such times and in such amounts as will be set forth in such directions. Within the Arbitrage Rebate Fund, the Trustee will maintain such accounts as are required by the Authority in order to comply with the terms and requirements of the Tax Certificate. All money at any time deposited in the Arbitrage Rebate Fund will be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the Treasury Department of the United States of America, and the Authority or the owner of any Bonds will not have any rights in or claim to such money. The Trustee will be deemed conclusively to have complied with the provisions of the Master Resolution concerning the Arbitrage Rebate Fund and with such provisions of the Tax Certificate if it follows the directions of an Authorized Officer of the Authority including supplying all necessary written information in the manner provided in the Tax Certificate and has no liability or responsibility for compliance (except as specifically set forth in the Master Resolution or in the Tax Certificate) or to enforce compliance by the Authority with the terms of the Tax Certificate.

Upon the written direction of the Authority, the Trustee will deposit in the Arbitrage Rebate Fund funds received from the Authority, so that the balance of the amount on deposit thereto will be equal to the Rebate Requirement. Computations of the Rebate Requirement will be furnished by or on behalf of the Authority in accordance with the Tax Certificate.

The Trustee has no obligation to rebate any amounts required to be rebated pursuant to this section, other than from moneys held in the funds and accounts created under the Master Resolution or from other moneys provided to it by the Authority.

The Trustee will invest all amounts held in the Arbitrage Rebate Fund as provided in written directions of the Authority. The Authority, in issuing such directions, will comply with the restrictions and instructions set forth in the Tax Certificate. Moneys may only be applied from the Arbitrage Rebate Fund as provided under the Master Resolution.

The Trustee, upon the receipt of written instructions and certification of the Rebate Requirement from an Authorized Officer of the Authority, will pay the amount of such Rebate Requirement to the Treasury Department of the United States of America, out of amounts in the Arbitrage Rebate Fund, as so directed.

Notwithstanding any other provisions of the Master Resolution, including in particular the section of the Master Resolution described under the heading “Tax Covenant”, the obligation to remit the Rebate Requirement to the United States of America and to comply with all other requirements of the Master Resolution concerning the Arbitrage Rebate Funds, the section of the Master Resolution under the heading “Tax Covenant” and the Tax Certificate will survive the defeasance or payment in full of the Bonds.

(Section 5.09)

#### **Application of Moneys in Certain Funds for Retirement of Bonds**

Notwithstanding any other provisions of the Master Resolution, if at any time the amounts held in the Applicable Debt Service Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of the Applicable and the interest accrued and unpaid and to accrue on such Bonds to the next date of redemption when all such Bonds are redeemable, or to make provision pursuant to the section of the Master Resolution described below under the heading “Defeasance” for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, the Authority may (i) direct the Trustee to redeem all such Outstanding Bonds, whereupon the Trustee will proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Master Resolution and by each Applicable Series Resolution as provided in the Master Resolution, or (ii) give the Trustee irrevocable instructions and make provision for the payment of the Outstanding Bonds at the maturity or redemption dates thereof in accordance with the Master Resolution.

(Section 5.10)

#### **Transfer of Investments**

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

(Section 5.11)

#### **Security for Deposits**

All moneys held under the Master Resolution by the Trustee will be continuously and fully secured, for the benefit of the Authority and the Holders of the Applicable Series of Bonds, by direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; provided, however, (a) that if the securing of such moneys is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in

the case of, the deposit of trust funds, and (b) that it will not be necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys with them pursuant to the sections of the Master Resolution described under the headings “Debt Service Fund” and “Defeasance,” and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any moneys which will be represented by obligations purchased or other investments made under the provisions of the Master Resolution as an investment of such moneys.

(Section 6.01)

### **Investment of Funds and Accounts**

Moneys held under the Master Resolution by the Trustee, if permitted by law, will, 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 will specify the amount to be invested) in Government Obligations, Exempt Obligations, and, if not inconsistent with the investment guidelines of a Facility Provider or a Rating Agency applicable to funds held under the Master Resolution, any other Permitted Investment; provided, however, that each such investment will permit the moneys so deposited or invested to be available for use at the times at, which the Authority reasonably believes such moneys will be required for the purposes of the Master Resolution; provided, further, that (x) any Permitted Collateral required to secure any Permitted Investment has a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral will be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the Permitted Collateral will be free and clear of claims of any other person.

Permitted Investments purchased as an investment of moneys in any fund or account held by the Trustee under the provisions of the Master Resolution will 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 will be retained in, credited or charged, as the case may be, to such fund or account.

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

(Section 6.02)

### **Payment of Principal and Interest**

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

(Section 7.01)

### **Accounts and Audits**

The Authority covenants to keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries will be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, will be subject to the inspection of the Trustee, the Applicable School Districts or of any Holder of a Bond or his representative duly authorized in writing. The Trustee will annually prepare a report which will be furnished to the Authority, each Facility Provider, each Credit Facility Issuer and the Applicable School Districts. Such report will include at least: a statement of all funds and accounts (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Master Resolution and of each Applicable Series Resolution; a statement of the Applicable Revenues collected from each Applicable School District in connection with the Master Resolution and with each Applicable Series Resolution;

and complete and correct entries of all transactions relating to an Applicable Series of Bonds. A copy of such report, will, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond of the Applicable Series or any beneficial owner of a Book Entry Bond of the Applicable Series requesting the same.

(Section 7.05)

#### **Creation of Liens**

The Authority covenants not to create or cause to be created any lien or charge prior or equal to that of the Bonds of an Applicable Series on the proceeds from the sale of the Bonds, the Applicable Revenues, the Applicable Pledged Revenues or the funds and accounts established by the Master Resolution or by any Applicable Series Resolution which are pledged by the Master Resolution; provided, however, that nothing contained in the Master Resolution will 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 Master Resolution; and provided further, that if the Authority has issued more than one Series of Bonds for the benefit of a School District and the public funds pledged under the Applicable Agreements are insufficient to pay in full all Basic Debt Service Payments then due under all of the Agreements to which such School District is a party, then as provided in the Memorandum of Understanding the Comptroller will pay a proportionate share of such available public funds to each Applicable Trustee.

(Section 7.06)

#### **Enforcement of Obligations of the School District**

Pursuant to the Applicable Agreement and the Applicable School District Bonds, the Authority covenants to take all legally available action to cause a School District to perform fully its obligation to pay Basic Debt Service Payment and other amounts which under the Applicable Agreement are to be paid to the Trustee, in the manner and at the times provided in the Applicable Agreement provided, however, that the Authority may delay, defer or waive enforcement of one or more provisions of said Agreement (other than provisions requiring the payment of moneys to the Trustee for deposit to any fund or account established under the Master Resolution) if the Authority determines such delay, deferment or waiver will not materially adversely affect the interests of the Holders of the Bonds of a Series.

(Section 7.07)

#### **Offices for Payment and Registration of Bonds**

The Authority will at all times maintain an office or agency in the State where Bonds may be presented for payment. The Authority may, pursuant to a Supplemental Resolution or a Series Resolution or pursuant to a resolution adopted in accordance with the Master Resolution, designate an additional Paying Agent or Paying Agents where Bonds of the Series authorized thereby or referred to therein may be presented for payment. The Authority will at all times maintain an office or agency in the State where Bonds may be presented for registration, transfer or exchange and the Trustee is appointed by the Master Resolution as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds.

(Section 7.09)

#### **Amendment, Change, Modification or Waiver of Agreement**

An Applicable Agreement (and the related Applicable School District Bonds) may not be amended, changed, modified, altered or terminated so as to materially adversely affect the interest of the Holders of the Outstanding Bonds of the Applicable Series without the prior written consent of the Holders of at least a majority in aggregate principal amount of such Bonds then Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any Applicable Series remain Outstanding, the

consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds of the Applicable Series under the Master Resolution; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds of such Series the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the School District under the Applicable Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Except as otherwise provided in the Master Resolution, an Agreement may be amended, changed, modified or altered without the consent of the Holders of Outstanding Bonds of the Applicable Series or the Applicable Trustee. Specifically, and without limiting the generality of the foregoing, an Agreement may be amended, changed, modified or altered without the consent of the Trustee and the Holders of Outstanding Bonds of such Series (i) to provide changes in connection with the acquisition, construction, reconstruction, rehabilitation, renovation and improvement or otherwise, the providing, furnishing and equipping of any facilities constituting a part of the Applicable Project or which may be added to such Project; (ii) to provide for the issuance of Bonds of an Applicable Series; or (iii) to cure any ambiguity or correct or supplement any provisions contained in the Applicable Agreement, which may be defective or inconsistent with any other provisions contained Master Resolution or in such Agreement.

An Applicable Series will be deemed to be adversely affected by an amendment, change, modification or alteration of the Agreement if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of an Applicable Series would be adversely effected in any material respect by any amendment, change, modification or alteration, and any such determination will be binding and conclusive on the Authority and all Holders of such Bonds.

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 an amendment, change, modification, termination or waiver permitted by the Master Resolution with the same effect as a consent given by the Holder of such Bonds.

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 an amendment, change, modification, termination or waiver permitted by the Master Resolution with the same effect as a consent given by the Holder of such Bonds.

(Section 7.10)

#### **Notice as to Agreement Default**

The Authority covenants to notify the Trustee in writing that an “event of default” under the Applicable Agreement, as such term is defined in the Applicable Agreement (including the failure to pay the Applicable School District Bonds), has occurred and is continuing, or that which notice is required to be given within five (5) days after the Authority has obtained actual knowledge thereof.

(Section 7.11)

#### **Basic Debt Service Payment**

The Applicable Agreement will provide for the payment of Basic Debt Service Payment which will be sufficient at all times to pay the School District’s Allocable Portion of the principal and Sinking Fund Installments of and interest on Outstanding Bonds of the Applicable Series as the same become due and payable.

(Section 7.12)

### **Modification and Amendment without Consent of Holders**

The Authority may adopt at any time or from time to time Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution will 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 add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds of an Applicable Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Master Resolution;

(b) To prescribe further limitations and restrictions upon the issuance of Bonds of an Applicable Series and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Master 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 Master Resolution;

(d) To confirm, as further assurance, any pledge under the Master Resolution or under the Applicable Series Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Master Resolution, of the Applicable Revenues, or any pledge of any other moneys, investments thereof or funds;

(e) To modify any of the provisions of the Master Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications will not be effective until after all Bonds of an Applicable Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution will cease to be Outstanding, and all Bonds of an Applicable Series issued under an Applicable Series Resolution will contain a specific reference to the modifications contained in such subsequent resolutions; or

(f) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Master Resolution or to insert such provisions clarifying matters or questions arising under the Master Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent the Master Resolution, as theretofore in effect, or to modify any of the provisions of the Master Resolution or of any previously adopted Applicable Series Resolution or Supplemental Resolution in any other respect, provided that such modification will not adversely affect the interests of the Bondholders of the Applicable Series in any material respect.

(Section 9.02)

### **Supplemental Resolutions Effective with Consent of Bondholders**

The provisions of the Master 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 in accordance with and subject to the provisions of the Master 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.

(Section 9.03)

### **General Provisions Relating to Series Resolutions and Supplemental Resolutions**

The Master Resolution will not be modified or amended in any respect except in accordance with and subject to the provisions of the Master Resolution. Nothing contained in the Master Resolution will affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Master Resolution or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in the Master Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by the Authority, when filed with the Trustee, will be accompanied by an opinion of Bond Counsel stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Master Resolution, is authorized or permitted by the Master Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms.

The Trustee is authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions of the Master Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee will be fully protected in relying on the opinion of Bond Counsel that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of the Master Resolution.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent will become effective without the written consent of the Trustee or Paying Agent affected thereby.

(Section 9.04)

### **Powers of Amendment**

Any modification or amendment of the Master Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds under the Master Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the section of the Master Resolution described below under the heading “Consent of Bondholders”, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given; 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 will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds described under this heading. No such modification or amendment will 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 will 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.

(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 Master Resolution to take effect when and as provided in the Master Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, will promptly after adoption be mailed by the Authority to the Bondholders (but failure to mail such copy and request to any particular Bondholder will not affect the validity of the Supplemental Resolution when consented to as provided in the Master Resolution). Such Supplemental Resolution will not be effective unless and until (i) there has been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in the section of the Master Resolution described above 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 Master Resolution, is authorized or permitted by the Master Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice has been mailed as provided in the Master Resolution. Each such consent will 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 will be such as is permitted by the Master 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 Master Resolution will 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 will be binding upon the Bondholder giving such consent and, anything in the Master Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bond 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 such revocation with the Trustee, prior to the time when the written statement of the Trustee is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds have filed their consents to the Supplemental Resolution, the Trustee will 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 will be conclusive that such consents have been so filed. At any time thereafter a notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this paragraph, will be given to the Bondholders by the Authority by mailing such notice to the 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 have filed their consents to the Supplemental Resolution and the written statement of the Trustee provided for above is filed (but failure to publish such notice will not prevent such Supplemental Resolution from becoming effective and binding as in this paragraph provided). The Authority will file with the Trustee proof of the mailing of such notice, and, if the same has been published, of the publication thereof.

For the purposes of the Master 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 sections of the Master Resolution described herein the headings “Powers of Amendment” or “Modifications by Unanimous Consent” in the manner provided in the Master Resolution, except that no proof of ownership will 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 will be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series by the Authority.

(Section 10.02)

### **Modifications by Unanimous Consent**

The terms and provisions of the Master Resolution and the rights and obligations of the Authority and of the Holders of the 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 Bonds then Outstanding, such consent to be given as provided in the section of the Master Resolution described above under the heading “Consent of Bondholders,” except that no notice to the Bondholders either by mailing or publication will be required.

(Section 10.03)

### **Consent of Facility Provider**

Whenever by the terms of the Master Resolution the consent of any of the Holders of the Bonds to a modification or amendment of the Master Resolution made by a Series Resolution or Supplemental Resolution is required, such modification or amendment will not become effective until the written consent of each Facility Provider has been obtained; provided, however, that the consent of a Facility Provider which has provided a Credit Facility will 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 was provided. No modification or amendment of the Master Resolution which adversely affects a Facility Provider will be made without the written consent thereto of the Facility Provider affected thereby. Notice of the adoption of any such Series Resolution or Supplemental



Resolution and of the effectiveness of the modification or amendment made thereby will be given to each Facility Provider by mail at the times and in the manner provided in the Master Resolution with respect to notices thereof required to be given to the Holders of the Bonds. Notice thereof will also be given to each Rating Service as soon as practical after adoption of such Supplemental Resolution and of the effectiveness thereof.

(Section 10.04)

### **Events of Default**

Events of Default under the Master Resolution include: failure by the Authority to pay the principal, Sinking Fund Installments or Redemption Price of any Bond when the same will become due and payable; failure by the Authority to pay an installment of interest on any Bond when the same will become due and payable; the Authority defaults in the due and punctual performance of the tax covenants contained in the Series Resolution and, as a result thereof, the interest on the Bonds of a Series is no longer excludable from gross income under Section 103 of the Code (a “Taxability Default”); and default by the Authority in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Master Resolution or in the Bonds or in any Series Resolution on the part of the Authority to be performed and such default continues for thirty (30) days after written notice specifying such default and requiring same to be remedied has been given to the Authority by the Trustee, which may give such notice in its discretion and must 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, unless, if such default is not capable of being cured within thirty (30) days, the Authority has commenced to cure such default within said thirty (30) days and diligently prosecutes the cure thereof.

(Section 11.02)

### **Enforcement of Remedies**

Upon the happening and continuance of any Event of Default specified in the section of the Master Resolution described above under the heading “Events of Default,” then and in every such case, the Trustee may proceed, and upon the written request of the Applicable Facility Provider or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Applicable Series (in each case with the consent of the Facility Provider for such Series) or, in the case of a happening and continuance of a Taxability Default, upon the written request of the Applicable Facility Provider or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby with the consent of the Facility Provider for such Series, will proceed (upon receiving compensation, expenses and indemnity to its satisfaction), to protect and enforce its rights and the rights of the Bondholders or of such Facility Provider under the Master Resolution or under any Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, as the Trustee deems most effectual to protect and enforce such rights.

(Section 11.04)

### **Limitation of Rights of Individual Bondholders**

No Holder of any of the Bonds has any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Master Resolution, or for any other remedy under the Master Resolution unless such Holder previously has given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds or, in the case of a Taxability Default, the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, has made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, has accrued, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Master Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there has been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time.

(Section 11.08)

### **Defeasance**

If the Authority pays or causes to be paid to the Holders of Bonds of an Applicable 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 Master 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 Master Resolution to such Holders of Bonds will be discharged and satisfied.

Notwithstanding any provision of the Master Resolution to the contrary, if any School District prepays the amounts due under its Agreement and in accordance therewith pays or causes to be paid its Allocable Portion of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest on the Bonds or portions thereof applicable to such Agreement at the times and in the manner stipulated therein, in the Master Resolution, and in the Applicable Series Resolution and the Applicable Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged with respect to such Agreement or any portion thereof and all other rights granted under such Agreement will be discharged and satisfied. In such event, the Trustee will, upon the request of the Authority, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the School District, and the Authority, and all moneys or other Securities held by it pursuant hereto and to a Series Resolution which are not required for the payment or redemption of its Allocable Portion of the Bonds of such Series to be defeased or any portion thereof not theretofore surrendered for such payment or redemption will be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of the Authority; second, to the Authority the amount certified by the Authority to be then due or past due pursuant to the Applicable Agreement to be prepaid for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the School District. Such moneys or investments so paid or delivered will be released from any trust, pledge, lien, encumbrance or security interest created hereby, by a Series Resolution or by such Agreement.

Bonds for the payment or redemption of which moneys have been set aside and are held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof will be deemed to have been paid within the meaning and with the effect expressed in the paragraph above. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series will prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the paragraph above if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority has given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Master Resolution notice of redemption on said date of such Bonds, (b) there has been deposited with the Trustee either moneys in an amount which will 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, will be sufficient to pay when due the principal 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, (c) the Trustee has received the written consent of each Facility Provider which has given written notice to the

Trustee and the Authority that amounts advanced under a Credit Facility or Liquidity Facility issued by it or the interest thereon have not been repaid to such Facility Provider, and (d) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority has 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, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this paragraph 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 will give written notice to the Trustee of its selection of the Series and maturity payment of which will be made in accordance with this paragraph. The Trustee will select the Bonds of like Series and maturity payment of which will be made in accordance with the Master Resolution. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this paragraph nor principal or interest payments on any such Defeasance Securities will be withdrawn or used for any purpose other than, and will 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, must, 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 thereof, as the case may be.

(Section 12.01)

#### **No Recourse under Master Resolution or on the Bonds**

All covenants, stipulations, promises, agreements and obligations of the Authority contained in the Master Resolution will be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer or employee of the Authority in his individual capacity, and no recourse will be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claims based thereon, on the Master Resolution or on a Series Resolution against any member, officer or employee of the Authority or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Holder of Bonds by the acceptance of the Bonds.

(Section 14.04)

#### **Certain Provisions Relating to Capital Appreciation Bonds and Deferred Income Bonds**

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity or (ii) computing the principal amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to the Authority, the School District or the Trustee any notice, consent, request, or demand pursuant to the Master Resolution for any purpose whatsoever, the then current Accreted Value of such Bond will be deemed to be its principal amount. Notwithstanding any other provision of the Master Resolution, the amount payable at any time with respect to the principal of and interest on any Capital Appreciation Bond will not exceed the Accreted Value thereof at such time. For purposes of receiving payment of the Redemption Price or principal of a Capital Appreciation Bond called for redemption prior to maturity, the difference between the Accreted Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds of the Series of which it is a part were first issued will be deemed not to be accrued and unpaid interest thereon.

For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed, or (ii) computing the principal amount of Bonds held by the Holder of a Deferred Income Bond in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Master Resolution for any purpose whatsoever, the then current Appreciated Value of such Bond will be deemed to be its principal amount. Notwithstanding any other provision of the Master Resolution, the amount payable at any time prior to the Interest Commencement Date with respect to the principal of and interest on any Deferred Income Bond will not exceed the Appreciated Value thereof at such time. For purposes of receiving payment prior to the Interest Commencement Date of the Redemption Price or principal of a Deferred Income Bond called for redemption prior to maturity, the

difference between the Appreciated Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds were first issued will be deemed not to be accrued and unpaid interest thereon.

(Section 14.07)

**FORM OF APPROVING OPINION  
OF BOND COUNSEL**

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**Form of Approving Opinion of Bond Counsel**

[Letterhead of Winston & Strawn LLP]

\_\_\_\_\_, 2009

Dormitory Authority of the  
State of New York  
515 Broadway  
Albany, New York 12207

Re: \$62,330,000 Dormitory Authority of the State of New York School Districts  
Revenue Bond Financing Program Revenue Bonds, Series 2009A

Ladies and Gentlemen:

We have acted as bond counsel to the Dormitory Authority of the State of New York (the “Authority”) in connection with the issuance of \$62,330,000 aggregate principal amount of its above-referenced bonds (the “Series 2009A Bonds”), issued pursuant to the provisions of the Dormitory Authority Act, as amended, constituting Chapter 524 of the Laws of 1944 of New York, as amended (constituting Title 4 of Article 8 of the New York Public Authorities Law), and the Authority’s Master School Districts Revenue Bond Financing Program Revenue Bond Resolution adopted on May 29, 2002 (the “Master Resolution”), and the applicable Series Resolution Authorizing Up To \$409,370,000 School Districts Revenue Bond Financing Program Revenue Bonds (the “Series 2009A Resolution”), adopted October 29, 2008. The Master Resolution and the Series 2009A Resolution are herein collectively referred to as the “Resolutions.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

With respect to the Series 2009A Bonds, the Authority has entered into Financing Agreements, dated as of February 1, 2009 (the “Series 2009A Financing Agreements”), with the school districts identified on Schedule A (the “Series 2009A School Districts”) providing, among other things, for a loan to the Series 2009A School Districts for the purposes permitted thereby and by the Master Resolution and the Series 2009A Resolution. Pursuant to the Series 2009A Financing Agreements, each Series 2009A School District is required to make payments scheduled to be sufficient to pay the principal, sinking fund installments and redemption price of and interest on the Series 2009A Bonds as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the holders of the Series 2009A Bonds.

The Series 2009A Bonds are to mature on the dates and in the years and amounts and interest on the Series 2009A Bonds is payable at the rates and in the amounts set forth in the Bond Series Certificate executed and delivered pursuant to the Resolutions.

The Series 2009A Bonds are to be issued in fully registered form in denominations of \$5,000 at maturity or any integral multiple thereof. The Series 2009A Bonds are payable, subject to redemption prior to maturity, exchangeable, transferable and secured upon such terms and conditions as are contained in the Resolutions and the Bond Series Certificate.

In such connection, we have reviewed the Resolutions, the Series 2009A Financing Agreements, the Tax Certificate and Agreement of the Authority dated as of the date hereof (the “Tax Certificate”), the Arbitrage and Use of Proceeds Certificates of the Series 2009A School Districts dated as of the date hereof (the “Arbitrage and Use of Proceeds Certificates”), the bonds of the Series 2009A School Districts delivered to the Authority to secure the obligations of the respective Series 2009A School Districts under the respective Series 2009A Financing Agreements, opinions of counsel to the Authority, the Trustee and the Series 2009A School Districts, the opinion of bond counsel to the Series 2009A School Districts, certificates of the Authority, the Trustee, the Series 2009A School Districts and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Series 2009A Bonds in order that interest on the Series 2009A Bonds will be and remain not includable in gross income under Section 103 of the Code. Included among these continuing requirements are certain restrictions and prohibitions on the use of proceeds of the Series 2009A Bonds and the facilities financed or refinanced by such proceeds, restrictions on the investment of such proceeds and other amounts, the rebate to the United States of certain earnings with respect to investments, and required ownership a governmental unit of the facilities financed or refinanced by the Series 2009A Bonds. Failure to comply with the continuing requirements may cause interest on the Series 2009A Bonds to be includable in gross income for federal income tax purposes retroactive to the date of their issuance irrespective of the date on which such noncompliance occurs. In the Master Resolution, the Series 2009A Financing Agreements, and in other documents and certificates contained in the transcript of proceedings, the Authority and the Series 2009A School Districts have covenanted to comply with certain procedures, and have made certain representations and certifications, designed to assure compliance with the requirements of the Code.

Certain requirements and procedures contained or referred to in the Master Resolution, the Series 2009A Resolution, the Series 2009A Financing Agreements and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Winston & Strawn LLP.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. We disclaim any obligation to update this letter. 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 certificates, and of the legal conclusions contained in the opinions, referred to above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Series 2009A Financing Agreements, the Tax Certificate and the Arbitrage and Use of Proceeds Certificates, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2009A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2009A Bonds, the Resolutions, the Series 2009A Financing Agreements, the Tax Certificate, the Arbitrage and Use of Proceeds Certificates and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2009A Bonds and express no opinion with respect thereto herein.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has been duly created and is validly existing as a body corporate and politic constituting a public benefit corporation of the State of New York.
2. The Series 2009A Bonds have been duly and validly authorized to be issued and constitute the valid and binding special obligations of the Authority enforceable in accordance with their terms and



the terms of the Master Resolution and the Series 2009A Resolution, will be payable solely from the sources provided therefor in the Master Resolution and the Series 2009A Resolution, and will be entitled to the benefit of the Master Resolution, the Series 2009A Resolution and the Act.

3. The Resolutions are in full force and effect, have been duly adopted by, and constitute the valid and binding obligations of, the Authority, enforceable in accordance with their terms. The Master Resolution and the Series 2009A Resolution create a valid pledge to secure the payment of the principal of and interest on the Series 2009A Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Series 2009A Bonds) held by the Trustee in any fund or account established pursuant to the Master Resolution and the Series 2009A Resolution, except the Arbitrage Rebate Fund created thereby, subject to the provisions of the Master Resolution and the Series 2009A Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Master Resolution and the Series 2009A Resolution.

4. The Series 2009A Financing Agreements have been duly executed and delivered by the Authority and, assuming due execution and delivery thereof by each Series 2009A School District, constitute the valid and binding agreements of the Authority enforceable in accordance with their terms.

5. The Series 2009A Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of New York or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2009A Bonds. The Series 2009A Bonds are not a debt of the State of New York, and said State is not liable for the payment thereof.

6. Under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Authority and the Series 2009A School Districts (and their successors) with the covenants, and the accuracy of the representations (as to which we have made no independent investigation) referenced above, interest on the Series 2009A Bonds is not includable in gross income for federal income tax purposes. Interest on the Series 2009A Bonds is not an “item of tax preference” for purposes of computing the federal alternative minimum tax on individuals and corporations. Pursuant to the American Recovery and Reinvestment Act, which was signed into law on February 17, 2009, interest on the Series 2009A Bonds owned by corporations will not be included in the calculation of adjusted current earnings, a portion of which is an adjustment to corporate alternative minimum taxable income for purposes of calculating the alternative minimum tax imposed on corporations (but not individuals).

7. Certain maturities of the Series 2009A Bonds are initially offered to the public at prices less than the principal amount thereof payable to maturity. If the first price at which a substantial amount of the Series 2009A Bonds of the same maturity is sold in the initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) is less than the principal amount thereof payable at maturity, the difference between such price and principal amount constitutes original issue discount with respect to each Series 2009A Bond of the same maturity (the “Discount Bonds”). Original issue discount, as it accrues, is not includable in gross income for federal income tax purposes to the same extent as interest on the Series 2009A Bonds. The owner of a Discount Bond who purchases it in the initial offering at the initial offering price is deemed to accrue in each taxable year original issue discount over the term of such bond under the “constant yield method” described in regulations interpreting Section 1272 of the Code with certain adjustments.

8. The interest on the Series 2009A Bonds is exempt under existing statutes from personal income taxes imposed by the State of New York and its political subdivisions thereof (including The City of New York).

Other than the foregoing, we express no opinion regarding other federal or state tax consequences related to the ownership of disposition of, or the accrual or receipt of interest on the Series 2009A Bonds.

Faithfully yours,

**Schedule A**

**Series 2009A School Districts**

Caledonia-Mumford Central School District  
Canisteo-Greenwood Central School District  
Groton Central School District  
City School District of the City of Hudson

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**SPECIMEN  
FINANCIAL GUARANTY INSURANCE POLICY**

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## Financial Guaranty Insurance Policy

Issuer:

Policy No.:

Obligations:

Premium:

Effective Date:

Assured Guaranty Corp., a Maryland corporation ("**Assured Guaranty**"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "**Trustee**") or the paying agent (the "**Paying Agent**") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders, that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Assured Guaranty will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which Assured Guaranty shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by Assured Guaranty is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and Assured Guaranty shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent, in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holders' rights to payment of such principal or interest Due for Payment shall thereupon vest in Assured Guaranty. Upon and to the extent of such disbursement, Assured Guaranty shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by Assured Guaranty to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of Assured Guaranty under this Policy to the extent of such payment.

This Policy is non-cancelable by Assured Guaranty for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Assured Guaranty, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "**Avoided Payment**" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "**Business Day**" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or Assured Guaranty are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "**Due for Payment**" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "**Holder**" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "**Insured Payments**" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "**Nonpayment**" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an Obligation includes any Avoided Payment. "**Receipt**" or "**Received**" means actual receipt or notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to Assured Guaranty may be mailed by registered mail or personally delivered or telecopied to it at 1325 Avenue of the Americas, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department - Public Finance Surveillance, with a copy to the General Counsel, or to such other address as shall be specified by Assured Guaranty to the Trustee or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by Assured Guaranty on a given Business Day if it is Received prior to 12:00 noon (New York City time) on such Business Day; otherwise it will be deemed Received on the next Business Day.

**“Term”** means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the Issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, Assured Guaranty may appoint a fiscal agent (the **“Fiscal Agent”**) for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to Assured Guaranty pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to Assured Guaranty. All payments required to be made by Assured Guaranty under this Policy may be made directly by Assured Guaranty or by the Fiscal Agent on behalf of Assured Guaranty. The Fiscal Agent is the agent of Assured Guaranty only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of Assured Guaranty to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Assured Guaranty hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to Assured Guaranty to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and Assured Guaranty expressly reserves, Assured Guaranty’s rights and remedies, including, without limitation, its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by Assured Guaranty of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of Assured Guaranty with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, Assured Guaranty has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon Assured Guaranty by virtue of such signature.

(SEAL)

**ASSURED GUARANTY CORP.**

By: \_\_\_\_\_  
Authorized Officer

Signature attested to by:

\_\_\_\_\_  
Counsel



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