

NEW ISSUE



\$47,950,000		
DORMITORY AUTHORITY OF THE STATE OF NEW YORK		
ST. LAWRENCE UNIVERSITY		
REVENUE BONDS, SERIES 2008		
CUSIP ⁽¹⁾ 649903X55		
Dated: Date of Delivery	Price: 100%	Due July 1, 2038

Payment and Security: The Series 2008 Bonds (the "Series 2008 Bonds") are special obligations of the Dormitory Authority of the State of New York (the "Authority") payable solely from and secured by a pledge of (i) certain payments to be made under the Loan Agreement (the "Loan Agreement"), dated as of June 25, 2008, between St. Lawrence University (the "University") and the Authority, and (ii) all funds and accounts (except the Arbitrage Rebate Fund, any fund or account established for the payment of the Purchase Price of Option Bonds tendered for purchase and the Credit Provider Repayment Fund) established under the Authority's St. Lawrence University Revenue Bond Resolution, adopted June 25, 2008 (the "Resolution") and the Series Resolution, adopted on June 25, 2008, authorizing such Series (the "Series 2008 Resolution" and, together with the Resolution, the "Resolutions").

The Series 2008 Bonds will be additionally secured by an irrevocable direct pay Letter of Credit (the "Letter of Credit") issued by RBS Citizens, National Association



(the "Bank"), held by HSBC Bank USA, National Association, New York, New York, as trustee and tender agent (the "Trustee"). The Letter of Credit provides for payment of an amount not to exceed the principal of and up to 35 days' interest on the Series 2008 Bonds, at a maximum rate of 12% per annum, and the Purchase Price of the Series 2008 Bonds tendered for purchase and not remarketed as described herein. The Letter of Credit will expire on July 16, 2011, unless terminated or extended prior to such date, in accordance with its terms. The University and the Bank will enter into a Reimbursement Agreement, dated as of July 1, 2008 (the "Reimbursement Agreement"), providing for reimbursement to the Bank of amounts drawn under the Letter of Credit. See "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS – The Letter of Credit."

The Loan Agreement is a general, unsecured obligation of the University and requires the University to pay, in addition to the fees and expenses of the Authority and the Trustee, amounts sufficient to pay, when due, the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on all Bonds issued under the Resolution, including the Series 2008 Bonds. In addition, the Authority's interest in the Loan Agreement will be assigned to the Trustee for the benefit of Bondholders and the Bank (subject to certain reserved rights).

The Series 2008 Bonds will not be a debt of the State of New York (the "State") and the State will not be liable on the Series 2008 Bonds. The Authority has no taxing power.

Description: The Series 2008 Bonds will be issued initially as fully registered Variable Interest Rate Bonds and Option Bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof payable at the principal corporate trust office of the Trustee. The Series 2008 Bonds will initially bear interest from their date of delivery at the Weekly Rate. Interest on the Series 2008 Bonds is payable on August 1, 2008 and thereafter on the first Business Day of each month for as long as the Series 2008 Bonds bear interest in the Weekly Rate Mode. **This Official Statement describes the Series 2008 Bonds only in the Weekly Rate Mode.**

While the Series 2008 Bonds are in the Weekly Rate Mode, the Series 2008 Bonds are subject to optional and mandatory tender for purchase as described herein. RBC Capital Markets Corporation is the remarketing agent for the Series 2008 Bonds (the "Remarketing Agent").

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

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

Tax Exemption: In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law, (i) assuming compliance with certain covenants and the accuracy of certain representations, interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Series 2008 Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Series 2008 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "PART 12 – TAX MATTERS" herein.

The Series 2008 Bonds are offered when, as, and if issued and received by the Underwriter. The offer of the Series 2008 Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Squire, Sanders & Dempsey L.L.P., New York, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the University by its counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Hiscock & Barclay, LLP, Albany, New York. Certain legal matters will be passed upon for the Bank by its counsel, Lombardi Walsh Wakeman Harrison Amodeo Davenport PC, Albany, New York. The Authority expects to deliver the Series 2008 Bonds in definitive form in New York, New York, on or about July 17, 2008.



July 7, 2008

⁽¹⁾ Copyright 2007, American Bankers Association. The CUSIP number has been assigned by an independent company not affiliated with the Authority and is included solely for the convenience of the holders of the Series 2008 Bonds. Neither the Authority, the Underwriter nor the Remarketing Agent are responsible for the selection or uses of the CUSIP number and no representation is made as to its correctness on the Series 2008 Bonds or as indicated above. The CUSIP number is subject to being changed after the issuance of the Series 2008 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Series 2008 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2008 Bonds.

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

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

Certain information in this Official Statement has been supplied by the University, the Bank and other sources that the Authority believes are reliable. Neither the Authority, the Underwriter nor the Remarketing Agent guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority, the Underwriter or the Remarketing Agent.

The University has reviewed the parts of this Official Statement describing the University, the Principal and Interest Requirements, the 2008 Project, the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B. As a condition to delivery of the Series 2008 Bonds, the University will certify that as of the date of this Official Statement and of delivery of the Series 2008 Bonds, that such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The University makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

Other than with respect to information concerning the Bank hereto contained under the caption "PART 1 – INTRODUCTION – The Letter of Credit," "PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS – The Letter of Credit" and in "PART 4 – THE BANK" herein, and in "Appendix E – Summary of Certain Provisions of the Reimbursement Agreement" hereto, none of the information in this Official Statement has been supplied or verified by the Bank, and the Bank makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series 2008 Bonds; or (iii) the tax status of the interest on the Series 2008 Bonds.

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

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

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

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

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

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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

OFFICIAL STATEMENT RELATING TO
\$47,950,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
ST. LAWRENCE UNIVERSITY
REVENUE BONDS, SERIES 2008

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, the Bank and the University, in connection with the offering by the Authority of \$47,950,000 aggregate principal amount of its St. Lawrence University Revenue Bonds, Series 2008 (the “Series 2008 Bonds”).

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

Purpose of the Issue

The Series 2008 Bonds are being issued for the purpose of providing funds which, together with other available moneys, will be used (i) to pay a portion of the Costs of the 2008 Project, (ii) to refund and defease the outstanding St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds, Series 1998A and Series 1998B (the “Refunded Bonds”) and (iii) to pay the Costs of Issuance of the Series 2008 Bonds. See “PART 5 — THE 2008 PROJECT,” “PART 6 — REFUNDING PLAN” and “PART 7 — ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

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

The Series 2008 Bonds

The Series 2008 Bonds will be dated the date of their initial delivery, will bear interest from that date and will mature, subject to prior redemption or tender for purchase as described herein. Commencing on the date of delivery, the Series 2008 Bonds will bear interest in the Weekly Rate Mode as determined by the Remarketing Agent on or before the date of delivery until the Series 2008 Bonds are converted to a Daily Rate, a Term Rate or a Fixed Rate. All Series 2008 Bonds Outstanding at the time of a conversion are to be converted to the same Rate Mode. See “PART 3 — THE SERIES 2008 BONDS — Description of the Series 2008 Bonds.”

This Official Statement generally describes the Series 2008 Bonds only in the Weekly Rate Mode.

Interest on the Series 2008 Bonds while in the Weekly Rate Mode is payable on August 1, 2008 and thereafter on the first Business Day of each month.

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

Payment of the Series 2008 Bonds

The Series 2008 Bonds are special obligations of the Authority payable solely from certain payments to be made by the Bank under the Letter of Credit and, if such amounts are insufficient, the Revenues, which consist of certain payments to be made by the University under the Loan Agreement. The Loan Agreement is a general, unsecured obligation of the University. See “PART 2 — SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS — Payment of the Series 2008 Bonds.”

Security for the Series 2008 Bonds

The Series 2008 Bonds will be secured by all funds and accounts established under the Resolutions (with the exception of the Arbitrage Rebate Fund, any fund or account established for the payment of the Purchase Price of Option Bonds tendered for purchase and the Credit Provider Repayment Fund). The Authority will assign its interest in the Loan Agreement to the Trustee for the security of the Bondholders and to the Bank to secure the University’s payment obligations under the Reimbursement Agreement. See “PART 2 — SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS — Security for the Series 2008 Bonds.”

The Letter of Credit

Pursuant to the Reimbursement Agreement, dated as of July 1, 2008, between the University and the Bank (the “Reimbursement Agreement”), the Bank will deliver an irrevocable direct pay letter of credit (the “Letter of Credit”), dated the date of the Series 2008 Bonds, pursuant to which the Bank will be obligated, subject to the terms and conditions of the Letter of Credit, to pay, when due, an amount not to exceed the principal of and up to 35 days interest on the Series 2008 Bonds and the Purchase Price of such Bonds tendered for purchase pursuant to the Resolutions and the Bond Series Certificate but not remarketed. See “PART 2 — SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS — The Letter of Credit.”

While in the Weekly Rate Mode, the Series 2008 Bonds are subject to optional and mandatory tender for purchase as described herein. Pursuant to the Letter of Credit, the Bank will be obligated to purchase Series 2008 Bonds tendered for purchase pursuant to the Bond Series Certificate and not remarketed. The Letter of Credit will expire on July 16, 2011 unless renewed, extended or terminated pursuant thereto. See “PART 2 — SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS — The Letter of Credit.”

The University

The University is an independent, coeducational, nonsectarian, not-for-profit institution of higher education chartered by the Board of Regents of the State. The University has its campus in Canton, New York. See “PART 8 — THE UNIVERSITY” and “Appendix B — Financial Statements of St. Lawrence University and Independent Auditors’ Report.”

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, healthcare, governmental and not-for-profit institutions. See “PART 9 — THE AUTHORITY.”

PART 2 — SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS

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

Payment of the Series 2008 Bonds

The Series 2008 Bonds will be special obligations of the Authority payable from proceeds received by the Trustee from drawings under the Letter of Credit and, if such amounts are insufficient, the Revenues.

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

The Loan Agreement is a general, unsecured obligation of the University. The Loan Agreement obligates the University to make payments to satisfy the principal, Sinking Fund Installments and Redemption Price of and interest on Outstanding Series 2008 Bonds. Each payment is to be equal to a proportionate share of the interest coming due on the next succeeding interest payment date and of the principal and Sinking Fund Installments coming due on the next succeeding July 1. In addition, for Variable Interest Rate Bonds, the Loan Agreement obligates the University to make payments to satisfy interest on those Bonds 3 days prior to the interest payment date. The Loan Agreement also obligates the University to pay, at least 45 days prior to a redemption date or purchase date of Series 2008 Bonds called for redemption or contracted to be purchased, with certain exceptions, the amount, if any, required to pay the Purchase Price or Redemption Price of such Bonds. See “PART 3 — THE SERIES 2008 BONDS — Redemption and Purchase in Lieu of Redemption.”

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

Security for the Series 2008 Bonds

The Series 2008 Bonds will be secured by the payments described above to be made under the Letter of Credit, the Revenues and all funds and accounts established under the Resolution (with the exception of the Arbitrage Rebate Fund, any fund or account established for the payment of the Purchase Price of Option Bonds tendered for purchase and the Credit Provider Repayment Fund). The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Bank and the Holders of the Series 2008 Bonds. Each Series of Bonds issued pursuant to the Resolution will be separately secured from each other Series of Bonds. See “Appendix D — Summary of Certain Provisions of the Resolutions and the Bond Series Certificate.”

Intercreditor Agreement

In order to secure the obligations of the Authority under the Resolutions and to secure the payment of all amounts due and owing by the Authority to the Holders of the Bonds and in order to secure the obligations of the University to the Bank under the Reimbursement Agreement, the Authority will assign to the Trustee and the Bank all of its right, title and interest in the Loan Agreement (subject to certain reserved rights) pursuant to an intercreditor agreement dated July 17, 2008 by and among the Authority, the Trustee and the Bank (the "Intercreditor Agreement"). As long as the Letter of Credit is in effect and no event has occurred which would limit the Bank's rights under the Intercreditor Agreement, the Bank shall have the sole right (subject to certain reserved rights) to pursue (or, at its option, to direct the Trustee to pursue to the extent permitted by the Loan Agreement or the Reimbursement Agreement) remedies pursuant to the Loan Agreement or the Reimbursement Agreement.

Additional Intercreditor Agreement and Other Indebtedness

In connection with the issuance of the Series 2008 Bonds, the Bank and the Trustee will enter into an intercreditor agreement (the "LOC Intercreditor Agreement" and together with the Intercreditor Agreement, the "Intercreditor Agreements") with the respective letter of credit bank and trustees (collectively, with the Bank and the Trustee, the "Creditors") for the St. Lawrence County Industrial Development Agency's Civic Facility Revenue Bonds, Series 2001 and Series 2005 (collectively, the "IDA Bonds") previously issued on behalf of the University. Under the LOC Intercreditor Agreement, if there is an event of default and acceleration under the respective bond documents governing the Series 2008 Bonds or IDA Bonds, the Creditors have agreed, after allowing for the recovery of the initiating Creditor's costs and other expenses, to share the proceeds of all amounts recovered directly or indirectly from the University by a Creditor through any enforcement against the assets of the University. Upon the receipt of any payment in connection with such an enforcement, the Creditor receiving such payment will hold such payment in trust and promptly pay to the other non-receiving Creditors, their pro rata share of such payment. Each Creditor's pro rata share of any payment will be in proportion to the total debt owed by the University to each Creditor (or, in the case of the respective Trustees, the amount of the related bonds outstanding).

The Letter of Credit

The following, in addition to the information provided elsewhere in this Official Statement, summarizes certain provisions of the Letter of Credit. Reference is hereby made to the Letter of Credit for the detailed terms and provisions thereof.

The Letter of Credit which will be issued in connection with the Series 2008 Bonds is irrevocable, and shall be issued in an original stated amount of \$48,501,754 (the "Letter of Credit Commitment"), of which \$47,950,000 shall be with respect to the principal of the Series 2008 Bonds or the portion of the Purchase Price corresponding to the principal thereof, and \$551,754 shall be with respect to 35 days of accrued interest on the Series 2008 Bonds or the portion of the Purchase Price corresponding to interest thereon, calculated at a rate of 12% per annum, based on the actual number of days elapsed in a year of 365 or 366 days, as applicable.

The Letter of Credit shall terminate automatically on the earliest of (i) the payment by the Bank to the Trustee of the final drawing available to be made under the Letter of Credit; (ii) receipt by the Bank of the Letter of Credit and a certificate signed by an officer of the Trustee and an authorized representative of the University stating that no Series 2008 Bonds remain outstanding; (iii) receipt by the Bank of the Letter of Credit and a certificate signed by an officer of the Trustee and an authorized representative of the University stating that a Substitute Credit Facility in substitution for the Letter of Credit has been accepted by the Trustee and is in effect or a Credit Facility is no longer required pursuant to and in accordance with the Bond Series Certificate; (iv) the Business Day following the Conversion Date; or (v) July 16, 2011.

Reduction and Reinstatement of Letter of Credit

Drawings may be made under the Letter of Credit in order to pay the principal and Sinking Fund Installments of and interest on the Series 2008 Bonds when due and the Purchase Price, consisting of the principal amount of and accrued and unpaid interest on the Series 2008 Bonds tendered pursuant to the Resolutions and the Bond Series Certificate, to the extent remarketing proceeds are not available for such purpose (a "Remarketing Drawing"). Multiple drawings may be made under the Letter of Credit, provided that drawings shall not exceed the Letter of

Credit Commitment, as the Letter of Credit Commitment may be reduced or reinstated pursuant to the Letter of Credit.

The amount available under the Letter of Credit for the purpose of paying interest on the Series 2008 Bonds (the “Interest Component”) shall be reduced in an amount equal to any draw to pay interest on the Series 2008 Bonds. At the close of business on the day on which payment of a drawing is made for the purpose of paying interest on the Series 2008 Bonds, the Interest Component shall be automatically reinstated by an amount equal to the amount of such drawing (other than a Remarketing Drawing) for the purpose of paying interest on the Series 2008 Bonds.

The amount available under the Letter of Credit for the purpose of paying principal on the Series 2008 Bonds (the “Principal Component”) shall be reduced in an amount equal to any draw to pay principal on (including the Purchase Price of) the Series 2008 Bonds. The Bank will reinstate amounts drawn under the Letter of Credit pursuant to a Remarketing Drawing, as to the Principal Component and the Interest Component, to the extent that money is received by the Bank (other than from drawings on the Letter of Credit) from the Trustee reimbursing amounts drawn pertaining to such Remarketing Drawing or upon the Trustee’s certification that the Trustee is holding for the Bank’s benefit Series 2008 Bonds together with an amount of money equal to or greater than the amount of the principal portion of the Remarketing Drawing.

No drawing under the Letter of Credit shall be honored in an amount exceeding the amount available to be drawn under such Letter of Credit at the time of such drawing, and, pursuant to the Resolutions and the Bond Series Certificate, no drawing shall be made in order to pay the principal of or interest when due on, or the Purchase Price of, the Series 2008 Bonds owned by the University or pledged by the University or an Affiliate of the University pursuant to the Reimbursement Agreement.

The Reimbursement Agreement

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

The Reimbursement Agreement establishes various representations, warranties and covenants of the University and establishes various events of default thereunder.

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

Substitute Credit Facility

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

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

Events of Default and Acceleration

The following are events of default under the Resolution: (i) with respect to the Series 2008 Bonds, a default by the Authority in the payment of the principal, Sinking Fund Installment or Redemption Price of any Bond; (ii) with respect to the Series 2008 Bonds, a default by the Authority in the payment of interest on any Bond; (iii) with respect to the Series 2008 Bonds, a default by the Authority in the due and punctual performance of any covenant or agreement contained in the Series 2008 Resolution to comply with the provisions of the Code necessary to maintain the exclusion of interest on such Bonds from gross income for purposes of federal income taxation; (iv) with respect to the Series 2008 Bonds, a default by the Authority in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Bonds or in the Resolutions which continues for 30 days after

written notice thereof is given to the Authority by the Trustee (such notice to be given in the Trustee's discretion or at the written request of the Holders of not less than 25% in principal amount of Outstanding Bonds) or if such default is not capable of being cured within 30 days, if the Authority fails to commence within 30 days and diligently prosecute the cure thereof; or (v) with respect to the Series 2008 Bonds, the Authority shall have notified the Trustee that an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the University under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the University under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

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

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee to the University and to the Bank within five days, and to the Holders within 30 days, in each case after obtaining knowledge of the occurrence thereof, unless such default has been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of principal, Sinking Fund Installments or Redemption Price of or interest on any of the Series 2008 Bonds, the Trustee will be protected in withholding such notice thereof to the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Series 2008 Bonds.

Bank Rights

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

Issuance of Additional Bonds

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

General

The Series 2008 Bonds will not be a debt of the State and the State will not be liable on the Series 2008 Bonds. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal of or interest on its bonds or notes. See "PART 9 — THE AUTHORITY."

PART 3 — THE SERIES 2008 BONDS

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

Description of the Series 2008 Bonds

The Series 2008 Bonds will be issued pursuant to the Act, the Resolution, the Series 2008 Resolution and the Bond Series Certificate. The Series 2008 Bonds will be dated the date of their initial delivery, and will bear interest at the Weekly Rates established for the Series 2008 Bonds while in the Weekly Rate Mode until such time, if ever, as the Rate Mode for such Series 2008 Bonds is changed, as described herein. All Series 2008 Bonds must bear interest at the same Rate Mode. Under the Bond Series Certificate, the term Weekly Rate Period means a period commencing on a Thursday of a calendar week and extending to and including the next succeeding Wednesday (or earlier Conversion Date). While in the Weekly Rate Mode, interest on the Series 2008 Bonds is payable on August 1, 2008 and on the first Business Day of each month thereafter. Interest on Series 2008 Bonds payable during the Weekly Rate Mode shall be computed on the basis of a year of 365 or 366 days, as appropriate, for the actual number of days elapsed.

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

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

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

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

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

Determination of Weekly Rate

Each Series 2008 Bond in a Weekly Rate Mode (other than a Pledged Bond) will bear interest at the Weekly Rate established for such Series 2008 Bonds. The Weekly Rate is required to be determined by the Remarketing Agent to be the rate of interest that, if borne for such Weekly Rate Period, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for bonds or other securities the interest on

which is excludable from gross income for federal income tax purposes of the same general nature as the Series 2008 Bond and that are comparable as to credit and maturity or tender dates with the credit and maturity or tender dates, would be the lowest interest rate that would enable the Series 2008 Bond to be sold on the first day of the applicable Weekly Rate Period at a price of par, plus accrued interest, if any.

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

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

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

Redemption and Purchase in Lieu of Redemption

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

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

Mandatory Sinking Fund Redemption. The Series 2008 Bonds are subject to redemption, in part, through application of Sinking Fund Installments beginning on July 1, 2009, upon notice given as prescribed in the Resolutions and the Bond Series Certificate, at a Redemption Price equal to 100% of the principal amount of each Series 2008 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the Series 2008 Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Series 2008 Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Authority shall be required to pay for the retirement of the Series 2008 Bonds maturing on July 1 of each of the years set forth in the following table, the amount set forth opposite such year:

Series 2008 Bonds Maturing July 1, 2038

<u>July 1</u>	<u>Principal Amount</u>
2009	\$1,155,000
2010	1,170,000
2011	1,215,000
2012	1,450,000
2013	1,545,000
2014	1,830,000
2015	1,915,000
2016	1,995,000
2017	2,080,000
2018	2,165,000
2019	2,225,000
2020	2,310,000
2021	2,420,000
2022	2,510,000
2023	2,620,000
2024	2,730,000
2025	2,845,000
2026	2,955,000
2027	2,995,000
2028	3,110,000
2029	400,000
2030	410,000
2031	430,000
2032	445,000
2033	460,000
2034	475,000
2035	495,000
2036	515,000
2037	530,000
2038 [†]	550,000

[†] Final maturity.

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

Special Redemption. The Series 2008 Bonds are also subject to redemption prior to maturity, in whole or in part, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date, at the option of the Authority on any Interest Payment Date, (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the 2008 Project or the projects financed or refinanced with proceeds from the Refunded Bonds and are on deposit with the Trustee, and (ii) from moneys on deposit with the Trustee upon the abandonment of all or a portion of the 2008 Project or the projects financed or refinanced with proceeds from the Refunded Bonds due to a legal or regulatory impediment.

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

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

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

Tender of the Series 2008 Bonds

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

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

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

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

- (i) on each Conversion Date;
- (ii) on a date that is not less than three Business Days prior to the Expiration Date of the Letter of Credit, which Letter of Credit will be drawn upon to pay the Purchase Price of Tendered Bonds (or if such day is not a Business Day, on the immediately preceding Business Day), unless such Letter of Credit has been extended at least 20 days prior to such expiration date (or the Letter of Credit is no longer required pursuant to and in accordance with the Bond Series Certificate, which event is covered by paragraph (iii) below);
- (iii) on the effective date of a Substitute Credit Facility delivered with respect to a Series 2008 Bond (or if such day is not a Business Day, on the immediately preceding Business Day); provided, however, the Letter of Credit shall be drawn upon to pay the Purchase Price of Tendered Bonds that have not been remarketed; and
- (iv) on the date specified in a notice delivered by the Bank or its agent to the Trustee, the Remarketing Agent and the Authority stating that:
 - (A) an Event of Default has occurred under the Reimbursement Agreement or there has not been a reinstatement of a draw on the Letter of Credit (other than a draw relating to a permanent reduction of the stated amount of the Letter of Credit),
 - (B) the Bank has elected to require a mandatory tender of the Series 2008 Bonds as provided in the Reimbursement Agreement, and

(C) the mandatory tender will occur on a date set forth in the notice, which may not be less than two Business Days after the receipt by the Trustee, the Remarketing Agent and the Authority of such notice.

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

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

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

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

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

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

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

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

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

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

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

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

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

Substitute Credit Facility has been delivered to the Tender Agent (provided that the Remarketing Agent may remarket Tendered Bonds to a Fixed Rate where the Letter of Credit will expire or terminate within 20 days after the Tender Date for such Tendered Bonds); or

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

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

(iii) The Remarketing Agent is required to use its best efforts to remarket the tendered Series 2008 Bonds for which it serves as Remarketing Agent. However, the Remarketing Agent is not required to remarket any tendered Series 2008 Bonds under certain circumstances, including if the Remarketing Agent has actual knowledge that an event of default with respect to the Series 2008 Bonds has occurred and is continuing under the Resolutions or the Loan Agreement. In addition, the Remarketing Agreement provides that the Remarketing Agent is not required to remarket any tendered Series 2008 Bonds if (a) the Remarketing Agent determines that any applicable disclosure document or continuing disclosure undertaking required in connection with the remarketing of the Series 2008 Bonds is either unavailable or not adequate, (b) the Remarketing Agent has received an opinion of Bond Counsel that the exclusion from gross income of interest on the Series 2008 Bonds for federal income tax purposes, or the exemption from registration under the Securities Act of 1933, or the exemption from qualification of the Resolutions under the Trust Indenture Act of 1939 can be challenged, or (c) each of the Resolutions, the Bond Series Certificate and the Loan Agreement shall not be in full force and effect or shall have been amended, modified or supplemented in any way which would materially and adversely affect the remarketing of Series 2008 Bonds, except as may have been agreed to in writing by the Remarketing Agent. In addition, the Authority, with the consent of the University so long as no event of default has occurred and is continuing under the Loan Agreement, or the University with the consent of the Authority may direct the Remarketing Agent to discontinue or suspend the remarketing of Series 2008 Bonds.

Conversion to Other Rate Modes

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

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

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

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

The Remarketing Agent

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

Amendments to the Bond Series Certificate

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

Special Considerations Relating to the Series 2008 Bonds Bearing Interest at a Weekly Rate

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

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

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

The Ability to Sell the Series 2008 Bonds Other Than through Tender Process May Be Limited. The Remarketing Agent may buy and sell Series 2008 Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to tender their Series 2008 Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase

the Series 2008 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2008 Bonds other than by tendering the Series 2008 Bonds in accordance with the tender process.

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

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2008 Bonds. The Series 2008 Bonds will be issued as fully-registered securities 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 2008 Bond certificate will be issued for each maturity of the Series 2008 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2008 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2008 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2008 Bonds, except in the event that use of the book-entry system for the Series 2008 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2008 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2008 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2008 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2008 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Series 2008 Bonds 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 2008 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 2008 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 2008 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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.

A Beneficial Owner shall give notice to elect to have its Series 2008 Bond tendered for purchase, through its Participant, to the Tender Agent and the Remarketing Agent, and shall effect delivery of such Series 2008 Bond by causing the Direct Participant to transfer the Participant's interest in the Series 2008 Bond, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series 2008 Bonds in accordance with an optional tender for purchase will be deemed satisfied when the ownership rights in the Series 2008 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2008 Bonds to the Tender Agent's DTC account.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2008 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2008 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2008 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 2008 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 2008 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 2008 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 2008 Bond certificates are required to be printed and delivered.

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

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

Each person for whom a Participant acquires an interest in the Series 2008 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications 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 2008 BONDS.

So long as Cede & Co. is the registered owner of the Series 2008 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2008 Bonds (other than under the caption "PART 12 — TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2008 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 2008 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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

NEITHER THE AUTHORITY, THE UNIVERSITY, THE BANK 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 2008 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 2008 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 2008 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2008 BONDS; OR (VI) ANY OTHER MATTER.

Principal and Interest Requirements

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

12-Month Period Ending <u>June 30</u>	Series 2008 Bonds				
	<u>Principal Payments</u>	<u>Interest Payments</u> ⁽¹⁾	<u>Total Debt Service on the Series 2008 Bonds</u> ⁽¹⁾	<u>Debt Service on other Outstanding Indebtedness</u> ⁽¹⁾⁽²⁾	<u>Total Debt Service</u> ⁽¹⁾⁽²⁾
2009	\$1,155,000	\$1,515,496	\$2,670,496	\$3,474,289	\$6,144,784
2010	1,170,000	1,548,965	2,718,965	3,441,007	6,159,973
2011	1,215,000	1,509,837	2,724,837	3,411,882	6,136,719
2012	1,450,000	1,471,625	2,921,625	3,206,632	6,128,257
2013	1,545,000	1,418,463	2,963,463	4,501,944	7,465,407
2014	1,830,000	1,368,996	3,198,996	4,279,580	7,478,576
2015	1,915,000	1,307,808	3,222,808	4,245,525	7,468,332
2016	1,995,000	1,245,777	3,240,777	4,233,970	7,474,747
2017	2,080,000	1,175,153	3,255,153	4,195,372	7,450,526
2018	2,165,000	1,107,476	3,272,476	3,604,276	6,876,751
2019	2,225,000	1,035,059	3,260,059	3,578,385	6,838,443
2020	2,310,000	962,191	3,272,191	3,527,040	6,799,231
2021	2,420,000	881,965	3,301,965	3,595,857	6,897,822
2022	2,510,000	802,436	3,312,436	3,611,266	6,923,702
2023	2,620,000	718,490	3,338,490	3,598,201	6,936,690
2024	2,730,000	631,866	3,361,866	3,631,728	6,993,594
2025	2,845,000	538,650	3,383,650	3,636,553	7,020,203
2026	2,955,000	444,343	3,399,343	3,637,221	7,036,565
2027	2,995,000	345,475	3,340,475	3,659,255	6,999,731
2028	3,110,000	245,704	3,355,704	3,652,586	7,008,291
2029	400,000	141,073	541,073	3,641,761	4,182,834
2030	410,000	129,300	539,300	3,676,620	4,215,920
2031	430,000	117,000	547,000	3,681,868	4,228,868
2032	445,000	104,268	549,268	3,707,051	4,256,318
2033	460,000	90,604	550,604	710,750	1,261,354
2034	475,000	76,950	551,950	716,250	1,268,200
2035	495,000	62,700	557,700	721,000	1,278,700
2036	515,000	47,927	562,927	-	562,927
2037	530,000	32,348	562,348	-	562,348
2038	550,000	16,500	566,500	-	566,500

¹ Interest on a portion of the Series 2008 Bonds and other unhedged variable rate indebtedness of the University is calculated on the basis of an assumed interest rate of 3.00% per annum. Interest on a portion of the Series 2008 Bonds is calculated on the basis of a fixed swap rate of 3.393% per annum. Interest on certain hedged variable rate indebtedness of the University is calculated on the basis of a fixed swap rate of 3.634% per annum.

² Debt Service on the Refunded Bonds is not included.

PART 4 — THE BANK

The following information has been provided by the Bank (at times referred to hereinafter as “RBS Citizens, National Association”) for use in this Official Statement. Such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Authority, the University, the Underwriter or the Remarketing Agent. This information has not been independently verified by the Authority, the University, the Underwriter or the Remarketing Agent. No representation is made by the Authority, the University, the Underwriter or the Remarketing Agent as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Bank

The following information concerning RBS Citizens, National Association (the “Bank”) has been provided by representatives of the Bank and has not been independently certified or verified by the Authority, the University, the Underwriter or the Remarketing Agent.

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

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

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

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

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

Citizens is a Providence-based commercial bank holding company. As of March 31, 2008, Citizens had \$161.8 billion in assets, total equity capital of \$22.1 billion, total deposits of \$97.4 billion, total loans and leases before allowance for loan losses of \$111.0 billion (\$109.8 billion net of allowance) and 22,441 full time equivalent employees.

Based on the annual Summary of Deposits report for June 30, 2007, the Bank had 1,262 branches. As of March 31, 2008 the Bank had total assets of \$130.8 billion, total deposits of \$74.0 billion, total loans and leases before allowance for loan losses of \$91.7 billion (\$90.7 billion net of allowance), and total equity capital of \$17.6 billion.

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

Except as set forth in this “PART 4 – THE BANK,” neither the Bank nor its affiliates make any representations as to the contents of this Official Statement, the suitability of the security instruments for any investor, the feasibility or performance of any project or compliance with any securities or tax laws and regulations.

PART 5 — THE 2008 PROJECT

A portion of the proceeds of the Series 2008 Bonds will be used to finance a variety of improvements and repairs across the University’s campus, including electrical infrastructure, residential refurbishments and campus building repairs and renovations (the “2008 Project”).

PART 6 — THE REFUNDING PLAN

A portion of the proceeds of the Series 2008 Bonds and other available funds will be used to refund the Refunded Bonds. Upon issuance of the Series 2008 Bonds, such moneys are expected to provide moneys that, together with interest earned thereon, will be sufficient to pay the principal and the redemption price of the Refunded Bonds and the interest on such Refunded Bonds to the date fixed for redemption.

Such moneys will be deposited with the trustees for the Refunded Bonds (the “Prior Trustees”) upon the issuance and delivery of the Series 2008 Bonds and will be held in trust solely for the payment of the redemption price of and interest on the Refunded Bonds. At the time of such deposit, the St. Lawrence County Industrial Development Agency will give the Prior Trustees irrevocable instructions to give notice of the redemption of the Refunded Bonds and to apply those moneys to the payment of the redemption price of and interest on the Refunded Bonds. In the opinion of bond counsel for the Refunded Bonds, upon making such deposits with the Prior Trustees and the issuance of certain irrevocable instructions to such Prior Trustees, the Refunded Bonds will, under the terms of the trust indentures under which they were issued, be deemed to have been paid and will no longer be outstanding and the pledge of the revenues or other moneys and securities pledged to the Refunded Bonds and all other rights granted by such trust indentures to the Refunded Bonds shall be discharged and satisfied.

PART 7 — ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

Sources of Funds	
Principal Amount of Series 2008 Bonds	<u>\$47,950,000</u>
Total Sources	<u>\$47,950,000</u>
Uses of Funds	
Deposit to the Construction Fund	\$10,000,000
Deposit to the Refunding Escrow	36,864,900
Costs of Issuance ¹	731,437
Underwriter’s Discount	<u>353,663</u>
Total Uses	<u>\$47,950,000</u>

¹ Includes legal fees, letter of credit fees, state bond issuance charge and associated costs relating to the Series 2008 Bonds.

PART 8 — THE UNIVERSITY

GENERAL INFORMATION

History of the University

Founded by the Universalist Church in 1856, St. Lawrence University (the “University” or “St. Lawrence”) retains the distinction of being the oldest, continuously coeducational institution of higher education in New York State. The University, independent today of religious affiliation, is dedicated to providing an excellent liberal arts education. Its primary mission is to provide an inspiring and demanding undergraduate education in the liberal arts to students selected for their seriousness of purpose and intellectual promise.

Located in St. Lawrence County, in northern New York State, the region contributes greatly to the University’s particular character. In academic affairs, in cultural and recreational pursuits and in social service activities, members of the University community are encouraged to take advantage of the opportunity to explore the ecological, sociological and political problems of the North County region. The University’s rural setting provides an opportunity for all members of the community to develop an awareness of the natural world and their relation and obligations to it. At the same time, the rural location permits living and working in a peaceful atmosphere without the distractions of city living.

The University’s enrollment numbers approximately 2,200 undergraduate students and about 120 graduate students in the University’s Master of Education program. The median class size is 16, with a student-faculty ratio of 11:1. Ninety-eight percent of the University’s faculty members hold the highest professional degree in their field.

Academic Programs

Undergraduate Programs

The University offers 36 major fields of study and 37 minor fields of study. In general, the largest programs are psychology, English, economics, history, and government. Students study for either the Bachelor of Arts or Bachelor of Science degree. Those seeking teacher certification may find programs in subjects taught at the grades 7-12 levels, in physical education and art for K-12 and, through cross-registration with SUNY Potsdam, for elementary education. Cooperative degree programs in engineering and management and pre-professional programs in medicine, law, veterinary science and management are also offered. All freshmen enroll in a team-taught course that stresses research and communications skills; the course links curricular and extracurricular programming to capitalize on the University’s belief that learning happens everywhere. Distribution requirements in place for students entering in the fall of 2001 or later include requirements in arts/expression, humanities, social science, math or foreign language, natural science and diversity.

Graduate Programs

The University offers a Master of Education degree in either educational administration or counseling and a program leading to a certificate of advanced studies in education. Graduates of these programs pursue careers in guidance and public school administration.

Programs Abroad and Off-Campus

St. Lawrence offers international programs in 14 countries; students can choose to enroll directly in foreign universities in more than 35 additional countries through the International Student Exchange Program. St. Lawrence was the first American college to establish a comprehensive, college-run study program in Kenya. Approximately 40 percent of all St. Lawrence students study abroad before graduation. The University uses its unique location to provide additional opportunities to its students. The Adirondack Semester offers students the opportunity to immerse themselves full-time in the natural world at a wilderness camp an hour from the campus. Participating students have the chance to reflect critically upon their conceptions of nature, modern culture, and the most desirable relation between them.

Athletics

In addition to being multi-divisional in the NCAA, St. Lawrence is a member of the Eastern College Athletic Conference and the Liberty League. The intercollegiate athletic program offers 32 varsity teams (15 men's 16 women's and one coeducational). Men's and women's ice hockey are NCAA Division I; the remainder are Division III with the exception of equestrian, which is not an NCAA sport. Nearly a third of the student body participates in intercollegiate sports during the four years at St. Lawrence. The program is always competitive regionally, and teams often challenge for conference titles and regional recognition. For those who do not wish to compete on the varsity level, the University also offers an array of club and intramural teams.

Approximately 74% of the head coaches have attained a master's degree or beyond. The phrase "teaching coach," committed to the students' complete development, best describes our philosophy. Our coaches' mission is to provide the student-athlete with a competitive program and the opportunity to achieve excellence individually or as part of a team. The athletic experience at St. Lawrence is designed to meet students' needs for competition, fitness and fun while maintaining a strong academic profile.

Accreditation

The Middle States Association of Colleges and Schools is the accreditation body for the University. A ten year accreditation review by the Middle States Association of Colleges and Schools is currently in process and will be completed in 2008 with full expectation that the University's accreditation will be reaffirmed.

Governance

Tenure on the University's Board of Trustees is for six years with the option for reappointment. The President of the University serves as a trustee as well as the chief executive officer. The members and officers of the Board are as follows:

Larry Winston* Distribution Alternatives, Inc. Bonita Springs, FL	Mary Bijur Retired Mary Bijur Interior Design, Inc. New York, NY	Jeffery H. Boyd President & CEO Priceline.com Inc. Norwalk, CT
Karen Bruett President Karen Diesl Bruett & Associates Far Hills, NJ	James B. Brush President & CEO Sentry Group Rochester, NY	Jo Ann Campbell VP of Finance Operations Eastman Kodak Co. Rochester, NY
Michael W. Clark President Chilton Investment Co Stamford, CT	George N. Cochran Managing Director Fox-Pett Kelton Cochran Caronia Waller, LLC Chicago, IL	Andre Couture Chairman of the Board Sanimax Montreal, CA
Dekkers Davidson Senior Director Oliver Wyman Boston, MA	Denise Durant, M.D. Orthopedic Surgeon Bennington Hands & Feet Bennington, VT	John Dwight Retired Chairman Dwight Asset Management Co. Burlington, VT
Gregory Charles Ferrero Managing Director Goldman Sachs Group Miami, FL	Sharee M. Freeman Director US Department of the Interior Washington DC	Jordan M. Gray Managing Partner AGS Northwestern, Inc. New York, NY
Carol Hecklinger Retired Government Employee Alexandria, VA	Peter F. Hunt President & CEO Hunt Real Estate Corp Williamsville, NY	Jay W. Ireland President & CEO GE Asset Management Stamford, CT

R. Sheldon Johnson Retired Managing Director Morgan Stanley & Co Naples, FL	Susan MacDonald Johnson Community Volunteer Watertown, NY	Charles Kellogg Chief Executive Office Kellogg Group New York, NY
David B. Laird Jr. President & CEO Minnesota Private College Council St. Paul, MN	Janet K. Langlois Retired Executive Director The Elder Craftsmen, Inc. New York, NY	Melissa Wilson MacGregor VP & Assistant General Counsel Securities Industry Association Washington, DC 2005
Katy B. MacKay Consultant New York, NY	Patrick D. Martin Principal Ashford Advisors, LLC Pittsford, NY	Geoffrey Molson VP of Customer Marketing Molson Canada Montreal, Quebec Canada
Allan Newell Private Investor Hammond, NY	Kenneth Okoth Upper School History Teacher The Potomac School McLean, VA	Barry Phelps Retired Division President Spirent Communications Thousand Oaks, CA
Derrick Pitts Vice President/Chief Astronomer Franklin Institute Science Museum Philadelphia, PA	Sarah Johnson Redlich Private Investor Hillsborough, CA	Joseph P. Richardson Director, Business Development Berkshire Bank Albany, NY
Donald K. Rose** Retired Executive Intel Corporation Palo Alto, CA	Marion Roach Smith Author/Freelance Writer Troy, NY	Daniel F. Sullivan President St. Lawrence University Canton, NY
Elinor “Elly” Tatum Amsterdam News New York, NY	Karen Weir Wachtmeister Educator Warrenton, VA	

* Mr. Winston serves as Chairman of the Board of Trustees.

** Mr. Rose serves as Vice Chair of the Board of Trustees and is Chair elect.

Administration

The management of the University is delegated by the Board of Trustees to the University’s Administration. The Administration is responsible for the day-to-day operation of the University and carrying out the policies established by the Board of Trustees. The President of the University is appointed by the Board of Trustees, and as Chief Executive Officer, is charged with the principal responsibility for administration of the University. The Board of Trustees appoints or elects, on recommendation of the President, various other principal administrative officers of the University. The University’s principal administrative officers include:

Daniel F. Sullivan, President. Dr. Sullivan became the 17th President of the University, his undergraduate alma mater, on July 1, 1996. He previously served as President of Allegheny College for ten years and held various administrative faculty positions from 1981 to 1986 at Carleton College and Cornell University. After graduating from St. Lawrence University in 1965, he received the Ph.D. from Columbia University, where he was an Edward John Noble Fellow and a National Science Foundation Graduate Fellow. While at Columbia, he also served as an instructor in sociology and a Research Associate at Barnard College. Dr. Sullivan has announced his plans to retire at the end of the 2009 fiscal year. A search committee has been created by the Board of Trustees to find a new President following Dr. Sullivan’s retirement.

Michael P. Archibald, Vice President for Advancement. Mr. Archibald has served St. Lawrence since 1991 as Director of Annual Giving, Director of Annual and Special Gifts, Director of Major Gifts, and Interim Vice President for University Advancement. He assumed his current position in 2002. A graduate of Colby College, Mr.

Archibald oversees development and public relations activities for St. Lawrence, and serves as Secretary of the University.

Thomas F. Coakley, Vice President for Administrative Operations. A native of Canton, New York, Mr. Coakley joined the faculty in 1982 and became Vice President of Administrative Operations in 1994, serving in other administrative capacities at the University since 1986. He graduated from Brown University and earned his MBA at The Wharton School at the University of Pennsylvania.

Teresa E. Cowdrey, Vice President and Dean of Admissions and Financial Aid. Ms. Cowdrey became the Dean of Admissions and Financial Aid in July 1997, after seven years in the admissions office at Vanderbilt University where, during her last year, she was Acting Dean. A graduate of Wesleyan University and Yale's School of Management, she has worked in admissions at Wesleyan University, Pomona College and the University of New Hampshire.

Valerie D. Lehr, Vice President of the University and Dean of Academic Affairs. Dr. Lehr became Vice President of the University and Dean of Academic Affairs in 2007, after 19 years on the University faculty. She continues to serve on the faculty as Professor of Government and Gender Studies. A graduate of New College of Florida and the University of Maryland, College Park, her research and teaching are in the areas of political theory, feminist theory, and lesbian and gay politics.

James R. Mattice, Co-CIO for Information Technology and Director of Network Technologies. Mr. Mattice is a member of the St. Lawrence University class of 1993 and holds a B.S. in Mathematics - Computer Science and Economics. Mr. Mattice returned to St. Lawrence in 1995 and has worked in various roles in the Information Technology department ever since. He became a Co-CIO for Information Technology in January 2006 and is responsible for the programming, networking and server staff.

Kathryn L. Mullaney, Vice President for Finance and Treasurer. Ms. Mullaney has been Vice President for Finance since September, 1994 and Treasurer since June, 2000. She joined the University in 1994. A graduate of Union College with a BS in Biology, Ms. Mullaney participated in General Electric's two and a half year Financial Management Program. She held positions of increasing responsibility spanning a twenty-year career at General Electric including the first two years after the acquisition by Martin Marietta. Ms. Mullaney is on the Board of Directors of the Canton Potsdam Hospital and the Canton Day Care Center, Inc.

René M. Thatcher, Co-CIO for Information Technology and Director of Client Services. Ms. Thatcher started in Information Technology in 1990 and has been promoted to Student Services Coordinator, Manager of Microcomputer User Services and Director of Technical Services before she became the Co-CIO for Information Technology in January 2006. She is responsible for the User Services and Office Services units within the Information Technology Division. On behalf of the University, she is an active participant in CLAC, ACM and NYCHES - The New York Computing in Higher Education Symposium.

Sondra R. Smith, Co-CIO for Information Technology and Director of Educational Technologies. Ms. Smith became a Co-CIO for Information Technology in January, 2006, having joined the IT organization in 2000 and having been promoted to Director of Instructional Technologies in 2002. She has been professionally engaged in teaching and technology since 1997, formerly employed by Albany County B.O.C.E.S and also within New York State public school system. On behalf of the University, she is an active participant in EDUCAUSE, CLAC, NERCOMP, NITLE, NMC, and co-founder of the Upstate New York Technology Directors. An alumnus of Potsdam College at SUNY, she holds a M.S. in Instructional Technology.

Joseph A. Tolliver, Vice President and Dean of Student Life. Dr. Tolliver became Vice President and Dean of Student Life in July 2006, after eight years as Dean of the College at Haverford College. He received a Bachelor's and Master's degree from the State University of New York as well as an M.A. and an Ed.D. degree from Columbia University, Teachers College. During the twenty years prior to Haverford College, Dr. Tolliver was either a dean or vice president of student life at Barnard College, Trinity College, Connecticut College and Skidmore College.

Faculty

Ninety-eight percent of the University's faculty have earned the highest terminal degree in their field. Of the 190 faculty, 52 percent are men and 48 percent are women. All classes are taught by faculty members.

Campus Facilities

The University maintains 99 academic, residential, and administrative buildings on 1,000 acres in Canton, New York, with additional buildings at Camp Canaras on Saranac Lake. Two campus buildings are listed on the National Register of Historic Places. Over the last 10 years, the University has invested \$180 million in new and existing facilities. Recently completed projects include the construction of the Johnson Hall of Science, dedicated in the fall of 2007. It has been awarded Leadership in Energy and Environmental Design (LEED) Gold Certification by the U.S. Green Building Council. The \$36.9-million, 115,000-square-foot building is the first Gold-certified building on any college campus in New York State and the first science facility in the state to achieve the Gold certification. Other major projects include the renovation of a residence hall to create a new health and counseling center, construction of 24 five bedroom townhouse units for seniors, and construction of a new student center.

The University's Information Technology department currently supports more than 1900 desktop computers, including more than 325 public access work stations. Every campus room (i.e., residence halls, classrooms, and faculty or administrative offices) is wired for access to the University mainframe computer, providing connections to the Internet and to the University's own voice/data/television network. All first year student residences, both libraries, the student center, and several other buildings currently provide wireless access and a multi-phase wireless networking project is under way to continue the expansion of wireless access across campus.

Together, the Owen D. Young Library and the Lauenders Science Library hold more than 576,000 volumes, 1,900 current serials, 597,000 microform units and 6,100 videos. The University is a repository of United States Government documents. The University's libraries have special collections of works by Nathaniel Hawthorne, Robert Frost, and Edwin Arlington Robinson, as well as works on the Adirondacks, Judaic Studies and the history of science and technology. The libraries also provide access to the world's scholarship by means of a library Web page that connects St. Lawrence students and faculty to collections and resources available through the World Wide Web. It is currently possible to search more than 123 networked bibliographic databases as well as over 20,000 online full-text periodicals.

OPERATING INFORMATION

Admissions

The University seeks to enroll students selected for their seriousness of purpose and intellectual promise. The table below outlines the trends in freshmen admissions for the University over the last five academic years:

ADMISSIONS

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Applications	3,082	2,985	2,988	3,192	4,645
Acceptances	1,767	1,822	1,769	1,878	1,769
Acceptance Rate	57.3%	61.0%	59.2%	58.8%	43.7%
Matriculants	566	568	537	611	537
Yield (1)	32.0%	31.2%	30.4%	32.5%	30.4%
% from Out of State	50.4%	50.4%	57.0%	58.1%	59.8%
Top 10% of Class	35.8%	36.7%	37.8%	32.7%	34.7%
Median Combined SAT	1,150	1,160	1,160	1,195	1,200

(1) Ratio of matriculating students to acceptances.

As of May 1, 2008 admissions results for the fall of 2008 include a new record of 5,418 applications and 1,809 acceptances for an acceptance rate of 33.4%.

Enrollment

The University's enrollment during the last five years is outlined below:

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Undergraduate Full Time/ Equivalents (FTE) Equivalents	2,124	2,112	2,117	2,157	2,176
Undergraduate Head Count	2,148	2,133	2,131	2,182	2,198
Graduate FTE	76	80	77	75	76
Graduate Head Count	129	144	133	121	121
Total Enrollment FTE	2,200	2,192	2,194	2,232	2,252
Total Head Count	2,277	2,277	2,264	2,303	2,319

Comprehensive Fee

The University's comprehensive fee covers tuition, room and board and fees.

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Tuition	\$30,270	\$31,935	\$33,690	\$35,375	\$37,675
Room & Board	7,755	8,180	8,630	9,060	9,645
Required Fees	<u>210</u>	<u>215</u>	<u>220</u>	<u>225</u>	<u>240</u>
Total	<u>\$38,235</u>	<u>\$40,330</u>	<u>\$42,540</u>	<u>\$44,660</u>	<u>\$47,560</u>

Financial Aid

The University administers a financial aid program of institutionally funded scholarships and grants, state and federally funded grants, loans, and work opportunities. During the 2007-08 academic year, approximately 82% of the student body received some form of financial aid, with institutionally funded aid totaling over \$32 million. The University has participated in the NACUBO (National Association of College and University Business Officers) Tuition Discounting Task Force in an effort to understand better the driving forces behind financial aid and how to control the escalating cost of financial aid.

The following table illustrates the sources and amounts of financial aid received by the University's students for the last five academic years:

FINANCIAL AID

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Institutional Scholarship	\$27,194,708	\$27,811,719	\$28,255,173	\$29,523,724	\$32,048,541
State Grants:					
TAP, VSAC, RI	1,638,233	1,697,953	1,587,742	1,666,455	1,537,704
HEOP	<u>22,250</u>	<u>26,750</u>	<u>33,125</u>	<u>35,400</u>	<u>34,200</u>
Subtotal	1,660,483	1,724,703	1,620,867	1,701,855	1,571,904
Federal Programs					
PELL/ACT/SMART	1,084,812	1,145,119	1,051,459	1,040,519	1,281,934
SEOG	492,588	492,060	565,756	445,653	433,872
Perkins	758,997	759,320	847,993	768,790	656,574
Stafford/SLS/DL	6,086,821	6,411,910	6,360,682	6,423,956	6,288,128
PLUS	3,044,817	3,990,210	4,710,848	4,949,684	5,000,256
Work Study	<u>427,658</u>	<u>481,706</u>	<u>466,030</u>	<u>359,396</u>	<u>347,803</u>
Subtotal	11,895,693	13,174,465	13,900,718	13,987,998	13,928,267
Total	<u>\$40,750,884</u>	<u>\$42,710,887</u>	<u>\$43,776,758</u>	<u>\$45,213,577</u>	<u>\$47,548,712</u>

Budgeting Process

The University's financial planning cycle starts with a 5-year financial projection based on the objective of operating in a state of financial equilibrium characterized by balanced operating budgets, retention of the value of the University's physical plant facilities, maintenance of the purchasing power of its endowment resources, and investment in the University's human resources. The most recent year of the 5-year projection is expanded to the required level of detail to provide budget parameters to the Deans and Vice Presidents. A process of prioritizing program requirements with available resources starts in the fall and proceeds to a draft budget being presented to the President's Senior Staff in January for the following academic year.

The process continues with a budget proposal that includes a comprehensive fee recommendation, the recommended endowment spending rate, and a salary adjustment assumption presented to the Board of Trustees at the February meeting. Upon that approval, the detailed budget is created. After first year student deposits are known at the beginning of May, the final budget, including salary adjustments, is presented to the Board of Trustees for final approval.

The University's fiscal year begins July 1. Detailed monthly budget reports are furnished to all department heads at the end of the second month of the year. Management financial reports comparing actual revenues and expenses to budget are generated monthly for internal distribution as well as review by the Chairman of the Budget and Finance Committee of the Board of Trustees. In the fall and spring of each year, the University's department heads are asked to generate a report entitled "Latest Revised Estimate" (LRE) projecting what the respective department's revenues and expenditures are expected to be at the end of the year given the latest available information. The management financial report includes the LRE for comparison purposes as soon as it is available.

In 1996-97, the University experienced a peak of several years of flat net student revenues driven by growing discount rates, higher than desired attrition and general weakness in market demand. In the context of multi-year strategic planning, integrated with a master facilities plan and financial planning, the University embarked on a period of significant investment in people, programs and facilities, and will have spent over \$182 million in all types of facilities including academic buildings, athletic facilities, residential and other student related facilities through 2007-08 and adding 20 faculty positions and several majors and programs throughout the curriculum. The spending

was funded by cash in hand of \$21 million, gifts of \$27 million, new debt of \$93 million and cash from operations of \$41 million. The investments have resulted in the desirable outcomes - increasing applications, reducing the acceptance rate, improving retention and graduate rates, reducing the discount rate and increasing net student revenues. Estimated results for fiscal year 2007-08 show total unrestricted operating revenues are expected to have grown 92% from \$54.2 million in fiscal year 1996-97 to approximately \$103.8 million in fiscal year 2007-08, with endowment spending climbing 86% to approximately \$12.1 million over the same period. In addition, fundraising and unrestricted operating gifts will have grown 375% since fiscal year 1996-97 to an estimated \$18 million in fiscal year 2007-08.

Labor Relations

The University's faculty and administrative officers are not subject to any collective bargaining agreements. The University has had a history of satisfactory labor negotiations. The University currently has collective bargaining contracts with the Civil Service Employees Association, Local 630 for its clerical and secretarial employees and the Service Employees' International Union, Local 200-b for its groundskeepers, electricians, carpenters, painters, plumbers, custodians, food service employees and equipment attendants. Both unions are affiliates of the AFL-CIO. The Professional Campus Public Safety Officers Affiliated, an independent union, was certified in 1997. Contracts with all three unions have been negotiated for the three year period July 1, 2007 through June 30, 2010. The University considers its relationship with the unions and with its faculty, staff and other employees to be good.

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ANNUAL FINANCIAL STATEMENT INFORMATION

Selected Financial Data

The University's most recent financial statements, together with the report of the University's independent accountants with respect thereto, are included as Appendix B to the Official Statement. The following table summarizes the consolidated revenues, expenses, and changes in net assets for the University for each of the last five years. For a complete statement of financial activities for the University for the fiscal years ended June 30, 2007 and 2006, see the Financial Statements and accompanying notes included in Appendix B.

Selected Condensed Financial Summary Of Consolidated Statements of Activities (Year Ended June 30,)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Operating activities					
Tuition and Fees	\$ 58,655,105	\$ 61,941,252	\$ 66,465,150	\$ 70,560,546	\$ 75,785,522
Room and board revenues	14,432,554	14,895,599	14,952,432	16,075,888	17,078,126
Less:					
Student financial aid-institutional	(27,194,708)	(27,811,719)	(28,255,173)	(29,523,724)	(32,048,541)
Student financial aid-government SEOG	<u>(492,588)</u>	<u>(492,060)</u>	<u>(565,756)</u>	<u>(445,653)</u>	<u>(433,872)</u>
Net student revenues	45,400,363	48,533,072	52,596,653	56,667,057	60,381,235
Auxiliary enterprises	7,767,569	7,876,687	8,074,461	8,167,893	8,635,132
Government grants	2,344,341	4,662,720	2,767,231	2,523,508	6,854,942
Private gifts - annual	10,321,179	7,882,772	10,974,530	11,691,158	13,143,887
Private gifts - nonrecurring	4,241,503	1,695,905	2,415,316	2,932,431	4,077,127
Endowment spending formula income	10,925,656	10,044,367	9,645,341	9,908,384	11,065,819
Investment income	830,635	330,185	501,010	501,207	718,119
Other	<u>1,065,449</u>	<u>1,095,873</u>	<u>1,092,244</u>	<u>1,306,252</u>	<u>1,244,704</u>
Total operating revenues	<u>82,896,695</u>	<u>82,121,581</u>	<u>88,066,786</u>	<u>93,697,890</u>	<u>106,120,965</u>
Instruction	27,362,165	27,540,920	29,396,048	30,389,836	31,423,679
Research	462,843	508,780	427,011	422,452	253,703
Public service	2,068,180	2,111,793	1,876,243	1,806,133	1,848,090
Academic support	7,754,844	8,508,789	8,372,496	8,937,541	8,678,479
Student services	12,669,401	13,076,065	13,880,897	16,049,951	16,121,174
Institutional support	11,999,558	13,313,823	14,347,038	14,240,851	15,718,305
Auxiliary enterprises	<u>19,876,125</u>	<u>20,286,992</u>	<u>20,418,389</u>	<u>22,218,328</u>	<u>22,460,988</u>
Total operating expenses	<u>82,193,116</u>	<u>85,347,162</u>	<u>88,718,122</u>	<u>94,065,092</u>	<u>96,504,418</u>
Net operating activities	<u>703,579</u>	<u>(3,225,581)</u>	<u>(651,336)</u>	<u>(367,202)</u>	<u>9,616,547</u>
Nonoperating activities					
Total investment return, net of spending formula	(6,966,307)	25,748,385	8,977,044	13,687,812	33,418,320
Change in fair value of swap assets				985,972	822,980
Contributions for long-term investment	3,748,999	2,812,308	6,312,053	4,683,269	4,262,553
Deferred giving net activity	(573,665)	578,878	108,318	51,361	298,835
Other	<u>(148,204)</u>	<u>(959,560)</u>	<u>(319,687)</u>	<u>(100,886)</u>	<u>547,847</u>
Net nonoperating activities	<u>(3,939,177)</u>	<u>28,180,011</u>	<u>15,077,728</u>	<u>19,307,528</u>	<u>39,350,535</u>
Increase (decrease) in net assets, before changes in accounting principles and minimum pension liability adjustment	(3,235,598)	24,954,430	14,426,393	18,940,326	48,967,082
Changes in accounting principle	-	-	-	<u>(4,187,301)</u>	<u>(1,043,588)</u>
Increase (decrease) in net assets, before minimum pension liability adjustment	(3,235,598)	24,954,430	14,426,393	14,753,025	47,923,494
(Increase) decrease in minimum pension liability	<u>(485,139)</u>	<u>539,968</u>	<u>(108,324)</u>	<u>815,661</u>	<u>-</u>
Increase (decrease) in net assets	(3,720,737)	25,494,398	14,318,068	15,568,686	47,923,494
Net assets at beginning of year	<u>239,079,176</u>	<u>235,358,439</u>	<u>260,852,837</u>	<u>275,170,905</u>	<u>290,739,591</u>
Net Assets at End of Year	<u>\$235,358,439</u>	<u>\$260,852,837</u>	<u>\$275,170,905</u>	<u>\$290,739,591</u>	<u>\$338,663,085</u>

Selected Condensed Financial Summary
Of Statements of Financial Position
(As of June 30,)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Assets					
Cash and cash equivalents	\$ 4,999,067	\$ 5,336,486	\$ 6,451,998	\$ 12,330,995	\$ 4,067,134
Deposits with trustees of debt obligations	-	-	1,373,319	1,903,310	1,500,000
Investment receivable	-	-	-	-	6,525,000
Accounts receivable, net	2,031,251	1,374,770	1,288,898	1,167,880	2,463,552
Accrued investment income	549,892	449,119	480,699	194,178	138,173
Inventories	1,681,239	1,643,975	1,647,647	1,737,448	1,828,500
Prepaid expenses and other assets	3,482,814	3,521,145	1,054,074	3,439,427	3,813,276
Contributions receivable	23,720,525	23,714,180	27,014,763	23,621,226	22,530,238
Loans receivable, net	3,048,341	3,177,003	3,231,499	3,172,716	3,168,842
Fair value of swap assets	-	-	-	985,972	1,780,000
Investments, at fair value	187,791,040	203,494,652	212,709,672	230,748,209	263,150,681
Funds held for deferred giving	10,583,911	12,577,732	13,006,912	13,007,170	14,112,403
Land, building and equipment, net	114,780,287	121,688,910	123,469,891	136,781,243	151,568,623
Deferred financing costs	-	-	-2,231,107	2,972,256	2,838,639
Total assets	<u>\$352,668,367</u>	<u>\$376,977,972</u>	<u>\$393,960,479</u>	<u>\$432,062,030</u>	<u>\$479,485,061</u>
Liabilities					
Accounts payable and accrued expenses	\$ 11,279,798	\$ 10,340,730	\$ 11,549,701	\$ 13,515,331	\$ 11,713,328
Deposits and deferred revenues	2,324,079	2,473,562	2,233,016	2,776,586	2,937,185
Annuities and deferred giving obligations	5,364,592	6,271,904	6,544,675	6,643,652	7,095,549
Federal student loan funds	3,177,531	3,168,583	3,160,903	3,170,565	3,048,012
Accrued postretirement benefits	7,776,782	7,903,848	8,422,937	9,377,367	10,131,068
Conditional asset retirement obligations	-	-	-	4,233,030	4,245,837
Debt obligations	<u>87,387,146</u>	<u>85,966,508</u>	<u>86,878,342</u>	<u>101,605,908</u>	<u>101,650,997</u>
Total liabilities	117,309,928	116,125,135	118,789,574	141,322,439	140,821,976
Net assets:					
Unrestricted	132,308,862	152,089,695	159,199,467	173,194,862	216,012,877
Temporarily restricted	29,372,408	29,670,741	31,555,816	27,715,025	28,050,783
Permanently restricted	<u>73,677,169</u>	<u>79,092,401</u>	<u>84,415,622</u>	<u>89,829,704</u>	<u>94,599,425</u>
Total net assets	<u>235,358,439</u>	<u>260,852,837</u>	<u>275,170,905</u>	<u>290,739,591</u>	<u>338,663,085</u>
Total liabilities and net assets	<u>\$352,668,367</u>	<u>\$376,977,972</u>	<u>\$393,960,479</u>	<u>\$432,062,030</u>	<u>\$479,485,061</u>

Gifts

The following table sets forth the amounts received by the University as gifts, grants and bequests:

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Unrestricted	\$ 6,331,044	\$ 7,384,403	\$ 7,659,354	\$ 8,990,711	\$10,654,883
Temporarily Restricted	8,231,638	2,194,274	5,730,492	5,632,878	6,566,131
Permanently Restricted	<u>3,748,999</u>	<u>2,812,308</u>	<u>6,312,053</u>	<u>4,683,269</u>	<u>4,262,553</u>
Total	<u>\$18,311,681</u>	<u>\$12,390,985</u>	<u>\$19,701,899</u>	<u>\$19,306,858</u>	<u>\$21,483,567</u>

Capital Campaign

Campaign St. Lawrence completed on December 31, 2002 with \$132 million given or pledged toward a \$130 million goal. Campaign St. Lawrence received nearly 200 gifts of \$100,000 or more, and over 450 gifts of \$25,000 or more. Total cash giving grew from less than \$5.9 million in 1996 to \$18.8 million in 2002. Trustees led by example by giving over 27% of the total funds, over \$36 million, as did faculty and staff with over 80% participation at the time of the public launch. For the first time in the history of the University, the University received a gift of \$1 million from a living individual; the Campaign totals included 39 gifts of a million dollars or more overall.

Upon the completion of Campaign St. Lawrence, the University quickly began working on its next campaign and the public phase of Momentum St. Lawrence, named to take advantage of the momentum that had been created by the success of the previous campaign, was launched in October, 2006. The campaign goals include \$100 million for endowment, \$50 million for scholarships, and \$45 million for enhancement of facilities for student benefit. As of November, 2007, the campaign has raised more than 60% of its \$200 million goal, with the trustees exceeding their \$65 million portion of the goal. In 2006, the University set an all-time fundraising record of \$22.6 million, surpassing the previous all-time high set in 2002 by 20%. And in the fiscal year 2007, the University had a second straight all-time best fund-raising year, with \$22.9 million in cash gifts.

Investment Policy

The primary objective of the University's investment philosophy is to maintain the purchasing power of its endowment. In concert with this philosophy, the objective for long-term total return on the University's endowment is to meet annual inflation plus a minimum of 5% per year.

The endowment is overseen by the Investment Committee of the Board of Trustees, staffed by the University and supported by both SEI, consultant for traditional investments, and Cambridge Associates, consultant for alternative investments. The Committee has the responsibility for maintaining the investment policy including the spending policy, asset allocation and rebalancing, and hiring managers and consultants. The Committee meets monthly with its consultants to review performance, asset allocation and any other issues. The Committee also meets with its investment managers to review performance, investment style consistency with mandate, and personnel and organizational changes. The University currently has approximately \$111 million invested in six different SEI managed funds and the remaining part of the endowment is invested with 10 other managers. The overall target allocation is 22% domestic equity, 24% hedge funds, 21% international, 11% private equity, 9% real assets/real estate, and 13% fixed income.

Endowment spending for the University's operating purposes is calculated by applying a spending rate against the three-year moving average market value of the endowment. The spending rate in recent years has been based on 5.5%.

The following table details the market value of the investments for the past five fiscal years:

	<u>INVESTMENTS</u>				
	(In Thousands of Dollars)				
	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Total Investments	<u>\$187,791</u>	<u>\$203,495</u>	<u>\$212,709</u>	<u>\$230,748</u>	<u>\$263,151</u>

Long-Term Indebtedness

Long-term debt obligations outstanding at June 30, 2006 and 2007 were \$101,605,908 and \$101,650,997, respectively. Details can be found in Appendix B on page 11, footnote 6 of the financial statements.

Retirement Plan

Faculty, administrative, and non-exempt employees are participants in retirement plans administered by the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF). The University's policy is to accrue the costs of these defined contribution plans currently. The University's contribution under these plans was approximately \$3,139,000 and \$2,977,000 in 2007 and 2006, respectively.

The University has a supplemental retirement pension plan which was frozen on October 5, 1990. Actuarial review is conducted annually, and the plan is funded currently according with ERISA regulations. Further detail on the obligation can be found in Appendix B on page 13, footnote 8 of the financial statements.

LITIGATION

There is no material litigation pending or threatened against the University which would result in a recovery that is not covered by applicable insurance programs less deductible provisions and which would adversely affect the ability of the University to meet its obligations under the Loan Agreement relating to the Series 2008 Bonds.

PART 9 — 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 June 30, 2008, the Authority had approximately \$35.8 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 June 30, 2008 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Bonds and Notes Outstanding</u>
State University of New York Dormitory Facilities.....	\$ 2,120,821,000	\$ 873,355,000	\$ 0	\$ 873,355,000
State University of New York Educational and Athletic Facilities.....	11,757,912,999	4,850,693,949	0	4,850,693,949
Upstate Community Colleges of the State University of New York.....	1,397,910,000	589,930,000	0	589,930,000
Senior Colleges of the City University of New York.....	8,609,563,549	2,894,666,270	0	2,894,666,270
Community Colleges of the City University of New York.....	2,194,081,563	500,053,730	0	500,053,730
BOCES and School Districts.....	1,872,641,208	1,420,320,000	0	1,420,320,000
Judicial Facilities.....	2,161,277,717	738,632,717	0	738,632,717
New York State Departments of Health and Education and Other.....	4,233,285,000	2,835,385,000	0	2,835,385,000
Mental Health Services Facilities.....	5,682,130,000	3,558,845,000	0	3,558,845,000
New York State Taxable Pension Bonds.....	773,475,000	0	0	0
Municipal Health Facilities Improvement Program.....	<u>985,555,000</u>	<u>802,230,000</u>	<u>0</u>	<u>802,230,000</u>
Totals Public Programs.....	<u>\$ 41,788,653,036</u>	<u>\$ 19,064,111,666</u>	<u>\$ 0</u>	<u>\$ 19,064,111,666</u>

<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Bonds and Notes Outstanding</u>
Independent Colleges, Universities and Other Institutions.....	\$ 15,529,321,020	\$ 7,462,147,344	\$184,725,000	\$ 7,646,872,344
Voluntary Non-Profit Hospitals.....	13,397,904,309	8,064,170,000	0	8,064,170,000
Facilities for the Aged.....	1,996,020,000	1,043,980,000	0	1,043,980,000
Supplemental Higher Education Loan Financing Program.....	<u>95,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals Non-Public Programs.....	<u>\$ 31,018,245,329</u>	<u>\$ 16,570,297,344</u>	<u>\$184,725,000</u>	<u>\$ 16,755,022,344</u>
Grand Totals Bonds and Notes.....	<u>\$ 72,806,898,365</u>	<u>\$ 35,634,409,010</u>	<u>\$184,725,000</u>	<u>\$ 35,819,134,010</u>

Outstanding Indebtedness of the Agency Assumed by the Authority

At June 30, 2008, the Agency had approximately \$401 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency's bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at June 30, 2008 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Mental Health Services Improvement Facilities.....	<u>\$ 3,817,230,725</u>	<u>\$ 0</u>

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

Governance

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

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

The current members of the Authority are as follows:

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

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

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

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

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

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

BRIAN RUDER, Scarsdale.

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

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on April 26, 2004. A certified public accountant with more than 37 years of experience, Mr. Martino is a retired partner of the Buffalo CPA firm Lumsden & McCormick, LLP. He began his career at Price Waterhouse where he worked in the firm's Buffalo and Washington, DC, offices. He is a member of the Board of Directors of Natural Health Trends Inc., a public company, where he chairs the Audit Committee. Mr. Martino is a member of the American Institute of CPAs and the New York State Society of CPAs. Long involved in community organizations, he serves on the boards of the Buffalo Niagara Medical Campus as Vice Chairman, Mount Calvary Cemetery as Chair of the Investment Committee, Cradle Beach Camp of which he is a former Chair, the Kelly for Kids Foundation and Key Bank. Mr. Martino received a Bachelor of Science degree in accounting from the University at Buffalo. Mr. Martino's current term expired on August 31, 2007 and by law he continues to serve until a successor shall be chosen and qualified.

SANDRA M. SHAPARD, Delmar.

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

ROMAN B. HEDGES, Ph.D., Delmar.

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

KEVIN R. CARLISLE, Averill Park.

Mr. Carlisle was appointed as a Member of the Authority by the Temporary President of the Senate on January 29, 2007. After a career in public housing and business consulting, Mr. Carlisle retired in 2003 as Assistant Commissioner of the state Division of Housing and Community Renewal ("DHCR") and Vice President of the New York State Housing Trust Fund Corporation. He was responsible for capital development programs which financed

approximately 4,000 units annually, with a total development cost of \$500 million. He conceived the state's Homes for Working Families Program, which received the 1999 Award for Program Excellence from the National Council of State Housing Finance Agencies. Similarly, Mr. Carlisle implemented the Rural Leveraging Partnership Program, which was cited as a national model by U.S. Rural Housing Services. He also served at DHCR as Director of Underwriting, Deputy Director of the Office of Rural Development, and designed the housing strategy that met the state's off-site commitment to induce the U.S. Army's 10th Mountain Division to locate at Fort Drum. Before he joined DHCR in 1982, Mr. Carlisle was a partner in Barrett Carlisle & Co., a real estate development and consulting firm, and served the City of Troy and the City of Cohoes in economic planning and real estate project management. Mr. Carlisle earned both a Bachelor's degree in Economics and a Master's degree in Urban and Environmental Studies from Rensselaer Polytechnic Institute.

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

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

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

Ms. Anglin was appointed Budget Director on January 1, 2008. As Budget Director, she is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio, as well as pensions and employee benefits. Ms. Anglin previously served as First Deputy Budget Director from January 2007 to December 2007. She was appointed Deputy Comptroller of the Division of Retirement Services in January 2003 and was responsible for overseeing the administration and managing the operations of the New York State and Local Retirement System. From 1996-2003, Ms. Anglin worked in the New York State Assembly where she served as Director of Budget Studies for the Assembly Ways and Means Committee and as First Deputy Fiscal Director for the Committee. Ms. Anglin has also held the position of Econometrician in the Department of Taxation and Finance from 1992-1996 and began her career as an Economist for the Department of Environmental Conservation. Ms. Anglin holds a Bachelor of Arts degree and a Masters degree in Economics from the State University of New York at Albany.

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

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

The principal staff of the Authority is as follows:

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

MICHAEL T. CORRIGAN is the Deputy Executive Director of the Authority, and assists the Executive Director in the administration and operation of the Authority. Mr. Corrigan came to the Authority in 1995 as Budget Director, and served as Deputy Chief Financial Officer from 2000 until 2003. He began his government service career in 1983 as a budget analyst for Rensselaer County, and served as the County's Budget Director from 1986 to 1995. Immediately before coming to the Authority, he served as the appointed Rensselaer County Executive for a short period. Mr. Corrigan holds a Bachelor's degree in Economics from the State University of New York at Plattsburgh and a Master's degree in Business Administration from the University of Massachusetts.

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

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

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

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

Claims and Litigation

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

Other Matters

New York State Public Authorities Control Board

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

Legislation

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

Environmental Quality Review

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

Independent Auditors

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

PART 10 — LEGALITY OF THE SERIES 2008 BONDS FOR INVESTMENT AND DEPOSIT

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

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

PART 11 — NEGOTIABLE INSTRUMENTS

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

PART 12 — TAX MATTERS

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law (i) interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series 2008 Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2008 Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of (i) certain representations and certifications, and compliance with certain covenants, of the Authority and the University to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2008 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax

purposes and (ii) the opinions of Counsel to the University regarding, among other things, the current qualification of the University as an organization described in section 501(c)(3) and exempt from taxation under section 501(a) of the Code. Bond Counsel has not given any opinion or assurance concerning Section 513(a) of the Code or the effect of any future activities of the Authority or the University. Failure of the University to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Series 2008 Bonds in a manner that is substantially related to the University's charitable purpose under Section 513(a) of the Code, may cause interest on the Series 2008 Bonds to be included in gross income retroactively to the date of the issuance of the Series 2008 Bonds. Bond Counsel will not independently verify the accuracy of the Authority's and the University's certifications and representations or the continuing compliance with the Authority's and the University's covenants and will not independently verify the accuracy of the opinion of the University's counsel.

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 2008 Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("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.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income purposes, some of which, require future or continued compliance after issuance of the Series 2008 Bonds in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the Authority or the University may cause the interest on the Series 2008 Bonds to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to the date of their issuance. The Authority and the University have each covenanted to take the actions required of it for the interest on the Series 2008 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2008 Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2008 Bonds or the market value of the Series 2008 Bonds.

A portion of the interest on the Series 2008 Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Series 2008 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2008 Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2008 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2008 Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Miscellaneous

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress, and legislation affecting the exemption of interest thereon for purposes of taxation by the State may be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Series 2008 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2008 Bonds will not have an adverse effect on the tax status of interest on the Series 2008 Bonds or the market value of the Series 2008 Bonds.

Prospective purchasers of the Series 2008 Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series 2008 Bonds at other than their original issuance at the price indicated on the 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 2008 Bonds ends with the issuance of the Series 2008 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the University or the owners of the Series 2008 Bonds regarding the tax status of interest thereon 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 includable in gross income for federal income tax purposes. If the IRS does audit the Series 2008 Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2008 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 2008 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 value of the Series 2008 Bonds.

PART 13 — STATE NOT LIABLE ON THE SERIES 2008 BONDS

The Act provides that notes and bonds of the Authority are not a debt of the State, that the State is not liable on them and that such notes and bonds are not payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 2008 Bonds are not a debt of the State and that the State is not liable on them.

PART 14 — 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 15 — LEGAL MATTERS

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

Certain legal matters will be passed upon for the University by its Counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Hiscock & Barclay, LLP, Albany, New York. Certain legal matters will be passed upon for the Bank by its counsel, Lombardi Walsh Wakeman Harrison Amodeo & Davenport PC, Albany, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2008 Bonds or questioning or affecting the validity of the Series 2008 Bonds or the proceedings and authority under which they are to be issued.

PART 16 — UNDERWRITING

RBC Capital Markets Corporation (the “Underwriter”), will agree, subject to certain conditions, to purchase the Series 2008 Bonds from the Authority at an aggregate purchase price of \$47,596,337.50 and to make a public offering of Series 2008 Bonds at par. The Underwriter will be obligated to purchase all such Series 2008 Bonds if any are purchased.

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

RBC Capital Markets Corporation is also serving as Remarketing Agent with respect to the Series 2008 Bonds.

PART 17 — VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore, Inc., a firm of independent public accountants, will issue a report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the amounts deposited with the Prior Trustees for the Refunded Bonds to pay the principal, interest and redemption price coming due on the Refunded Bonds on and prior to their respective maturity or redemption dates as described in “PART 6 — THE REFUNDING PLAN.” Causey Demgen & Moore, Inc., will express no opinion on the reasonableness of the assumptions provided to it, the likelihood that the principal of and interest on the Series 2008 Bonds will be paid as described in the schedules provided to it, or the exclusion of the interest on the Series 2008 Bonds from gross income for federal income tax purposes.

PART 18 — CONTINUING DISCLOSURE

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

PART 19 — RATINGS

Subject to the issuance of the Letter of Credit by the Bank, the Series 2008 Bonds are expected to be assigned a long-term rating of “Aaa” by Moody’s Investors Service, Inc. (“Moody’s”) and a long-term rating of “AAA” by Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc. (“Standard & Poor’s”). The long-term ratings are based upon a joint correlation of the credit of the University and the Bank. The Series 2008 Bonds are expected to be assigned a short-term rating of “VMIG1” by Moody’s and a short-term rating of A-1+ by Standard & Poor’s. The short-term ratings are based on the Letter of Credit issued by the Bank. 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: Moody’s, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; and Standard & Poor’s, 55 Water Street, New York, New York 10041. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by 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 2008 Bonds.

PART 20 — MISCELLANEOUS

References in this Official Statement to the Act, the Resolution, the Series 2008 Resolution, the Bond Series Certificate, the Loan Agreement, the Intercreditor Agreements, the Reimbursement Agreement, and the Letter of Credit do not purport to be complete. Refer to the Act, the Resolution, the Series 2008 Resolution, the Bond Series Certificate, the Loan Agreement, the Intercreditor Agreements, the Reimbursement Agreement and the Letter of Credit for full and complete details of their provisions. Copies of the Resolution, the Series 2008 Resolution, the

Bond Series Certificate, the Loan Agreement, the Reimbursement Agreement and the Letter of Credit are on file with the Authority and the Trustee.

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

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

The information regarding the University was supplied by the University. The Authority believes that this information is reliable, but the Authority makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

The information regarding 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 as to the accuracy or completeness of this information.

The information regarding the Bank and the Letter of Credit has been furnished by the Bank. No representation is made herein by the Authority, the University, the Underwriter or the Remarketing Agent as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. None of the Authority, the University, the Underwriter or the Remarketing Agent has made any independent investigation of the Bank or its Letter of Credit.

"Appendix A — Certain Definitions," "Appendix C — Summary of Certain Provisions of the Loan Agreement," "Appendix D — Summary of Certain Provisions of the Resolutions and the Bond Series Certificate" and "Appendix F — Form of Approving Opinion of Bond Counsel" have been prepared by Squire, Sanders & Dempsey L.L.P., New York, New York, Bond Counsel.

"Appendix B — Financial Statements of St. Lawrence University and Report of Independent Auditors" contains the audited financial statements of the University as of and for the years ended June 30, 2007 and 2006 and the report of the University's independent accountants, PricewaterhouseCoopers LLP, on such financial statements.

"Appendix E — Summary of Certain Provisions of the Reimbursement Agreement" has been prepared by Lombardi Walsh Wakeman Harrison Amodeo & Davenport PC, Albany, New York, Bank Counsel.

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

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

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

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

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

CERTAIN DEFINITIONS

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CERTAIN DEFINITIONS

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

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

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

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

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

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

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

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

Authorized Officer means (i) in the case of the Authority, the Chair, the Vice-Chair, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Managing Director of Public Finance and Portfolio Monitoring, the Managing Director of Construction and the General Counsel, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of the Authority to perform such act or execute such document; (ii) in the case of the Institution, when used with reference to any act or document, means the person or persons authorized by a resolution or the by-laws of the Institution to perform such act or execute such document; and (iii) in the case of the Trustee, any officer within the corporate trust department of the Trustee having direct

Appendix A

responsibility for the administration of the applicable series of Bonds, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject.

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

Bond Counsel means Squire, Sanders & Dempsey L.L.P. or an attorney or other law firm appointed by the Authority with respect to a Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

- (i) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank or a saving and loan association;
- (ii) an insurance company or association chartered or organized under the laws of any state of the United States of America
- (iii) the Government National Mortgage Association or any successor thereto;
- (iv) the Federal National Mortgage Association or any successor thereto; or
- (v) any other federal agency or instrumentality approved by the Authority.

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

With respect to the Series 2008 Bonds, “Credit Facility” is the Letter of Credit issued by RBS Citizens, National Association as used in connection with Series 2008 Bonds in the face amount of sufficient to pay the principal amount of Series 2008 Bonds and number of days of interest thereon as required by any Rating Agency rating the Series 2008 Bonds, in the form attached to the Reimbursement Agreement, or any Substitute Credit Facility delivered in accordance with the Bond Series Certificate. Any Credit Facility may also be a Liquidity Facility and the term “Credit Facility” as used in the 2008 Bond Series Certificate in connection with the purchase of Tendered Bonds shall be deemed to mean “Liquidity Facility” when the Credit Facility shall also serve as a Liquidity Facility. The initial Credit Facility for the Series 2008 Bonds is also the initial Liquidity Facility.

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

Defeasance Security means:

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

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

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

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

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

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

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

Exempt Obligation means:

(i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Code and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as

“+” or “-” and numerical notation, no lower than the second highest rating category for such obligation by at least two Rating Services;

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

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

Federal Agency Obligation means:

(i) an obligation issued by any federal agency or instrumentality approved by the Authority;

(ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by a federal agency approved by the Authority;

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

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

Government Obligation means:

(i) a direct obligation of the United States of America;

(ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment of 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.

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

Insurance Consultant means a person or firm which is qualified to survey risks and to recommend insurance coverage for Institution facilities and services and organizations engaged in like operations and which is selected by the Institution.

Interest Commencement Date means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond, after which interest accruing on such Bond shall be payable on the interest payment date immediately succeeding such Interest Commencement Date and semiannually thereafter on July 1 and January 1 of each Bond Year.

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

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

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

- (i) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank or a savings and loan association;
- (ii) an insurance company or association chartered or organized under the laws of any state of the United States of America;
- (iii) the Government National Mortgage Association or any successor thereto;
- (iv) the Federal National Mortgage Association or any successor thereto; or
- (v) any other federal agency or instrumentality approved by the Authority.

A Liquidity Facility may also be a Credit Facility. The Credit Facility on the Series 2008 Bonds is also the Liquidity Facility for such Bonds.

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

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

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

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

of the Holder thereof in accordance with the Series Resolution authorizing such Bonds or the Bond Series Certificate related to such Bonds.

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

- (i) any Bond canceled by the Trustee at or before such date;
- (ii) any Bond deemed to have been paid in accordance with the Resolution;
- (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; and
- (iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond.

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

Permitted Collateral means:

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

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

- (i) The lien of taxes and assessments which are not delinquent;
- (ii) The lien of taxes and assessments which are delinquent but the validity of which is being contested in good faith unless thereby the property or the interest of the Authority therein may be in danger of being lost or forfeited;
- (iii) Minor defects and irregularities in the title to such property which do not in the aggregate materially impair the use of such property for the purposes for which it is or may be reasonably be expected to be held;

Appendix A

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

(v) Any instrument recorded pursuant to Section 21 of the Loan Agreement summarized in Appendix C under the heading “**Restrictions on Religious Use**”; and

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

Permitted Investments means:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

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

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

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

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

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

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

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

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

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

the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

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

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; **provided, however,** that no short term rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

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

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

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

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

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

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

Appendix A

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

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

Resolution means the Authority's St. Lawrence University Revenue Bond Resolution, adopted by the Authority June 25, 2008, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

Revenues means, with respect to a Series of Bonds, all payments received or receivable by the Authority that pursuant to the applicable Loan Agreement are required to be paid to the Trustee for such Series of Bonds (except payments to the Trustee for the administrative costs and expenses or fees of the Trustee and payments to the Trustee for deposit to the Arbitrage Rebate Fund).

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

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

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

Series 2008 Resolution means the Series 2008 Resolution Authorizing Up To \$52,000,000 St. Lawrence University Revenue Bonds, Series 2008.

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

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

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

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

State means the State of New York.

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

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

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

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

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

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

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

(i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times; or

(ii) a stated interest rate that may be changed from time to time as provided in such Series Resolution or Bond Series Certificate;

provided, however, that in each case such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate as provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, and that Series Resolution or Bond Series Certificate shall also specify either (x) the particular period or periods of time or manner of determining such period or periods of time for which each variable interest rate shall remain in effect or (y) the time or times at which any change in such variable interest rate shall become effective or the manner of determining such time or times.

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

2008 Bond Series Certificate Definitions

The following section of this Appendix A contains definitions of certain terms used in the forepart of this Official Statement, primarily under the caption “PART 3 – THE SERIES 2008 BONDS.” The definitions have been taken from the 2008 Bond Series Certificate and are not to be considered a full statement of all terms used in the 2008 Bond Series Certificate and, accordingly, are qualified by reference to and are subject to the 2008 Bond Series Certificate, a copy of which is on file with the Authority and the Trustee.

Authorized Denominations means (i) during any Daily Rate Period or any Weekly Rate Period, \$100,000 or any integral multiple of \$5,000 in excess thereof, and (ii) during any Term Rate Period or the Fixed Rate Period, \$5,000 or any integral multiple thereof.

Available Moneys means, (a) whenever a Liquidity Facility is required by the 2008 Bond Series Certificate to be maintained for the Series 2008 Bonds:

(i) proceeds of any Series of Bonds, including, without limitation, Refunding Bonds, or proceeds of other bonds, notes or obligations, issued to refund the Series 2008 Bonds expressly available to pay the principal or Redemption Price of or interest on the Series 2008 Bonds, provided that, as to such proceeds, an opinion of counsel experienced in bankruptcy matters is delivered to the Trustee and each Rating Service then rating the Series 2008 Bonds to the effect that the payment of such proceeds to the holders of the Series 2008 Bonds would not constitute transfers avoidable under 11 U.S.C. § 547(b) and recoverable from the holders of the Series 2008 Bonds under 11 U.S.C. § 550(a) if the Authority or the Institution were the debtor in a case under the Bankruptcy Code;

(ii) money derived from drawings under any Credit Facility or Liquidity Facility relating to the Series 2008 Bonds and the investment earnings thereon that are not commingled with any other moneys,

(iii) with respect to Option Bonds, moneys derived from the remarketing of such Bonds that are directly paid to or held by the Tender Agent for the payment of the Purchase Price of such Bonds in accordance herewith,

(iv) money held by the Trustee (other than in the Arbitrage Rebate Fund or the Credit Facility Repayment Fund) and subject to a first-priority perfected lien under the Resolution for a period of at least 123 days (or, in the case of any money provided by a person that is an “insider” of the Institution under 11 U.S.C. §101(31), one year) and not commingled with any moneys so held for less than said period and during which period no petition in bankruptcy was filed by or against, and no receivership, insolvency, assignment for the benefit of creditors or other similar proceeding has been commenced by or against, the Authority or any Institution unless such petition or proceeding was dismissed and all applicable appeal periods have expired without an appeal having been filed, and the investment earnings thereon, that are not commingled with any other moneys, or

(v) any money as to which an opinion of counsel experienced in bankruptcy matters is delivered to the Trustee and each Rating Service then rating the Bonds to the effect that the payment of such moneys to the holders of the Bonds as debt service or as the Purchase Price would not constitute transfers avoidable under 11 U.S.C. § 547(b) and recoverable from the holders of the Bonds under 11 U.S.C. § 550(a) if the Authority or the Institution were the debtor in a case under the Bankruptcy Code,

and (b) at any other time, any moneys.

Business Day in addition to the meaning set forth above, also means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange is closed or on which banks are authorized to be closed in the City of New York, New York, or the cities in which the principal office of the Trustee, the Provider, the Tender Agent or the Remarketing Agent are located.

Certificate of Determination means a certificate of an Authorized Officer of the Authority executed upon the Conversion of Series 2008 Bonds out of a Rate Mode to an Initial Rate Period, if any, prior to the Conversion of Series 2008 Bonds to a Daily Rate Mode or a Weekly Rate Mode, setting forth the Initial Rate, the Initial Rate

Period, the first Interest Payment Date if other than a date on which interest would otherwise be payable hereunder, and the matters required by the 2008 Bond Series Certificate relating to a Credit Facility, if applicable.

Conversion means a change in the Rate Mode of a Series 2008 Bond made in accordance with the provisions of the 2008 Bond Series Certificate.

Conversion Date means the day on which a Series 2008 Bond is converted from one Rate Mode to a different Rate Mode or was proposed to be converted from one Rate Mode to another Rate Mode in accordance with the provisions of the 2008 Bond Series Certificate.

Conversion Notice means a notice given pursuant to the 2008 Bond Series Certificate.

Daily Rate shall have the meaning given such term in the 2008 Bond Series Certificate.

Daily Rate Mode means a Rate Mode during which the Series 2008 Bonds bear interest at the Daily Rate.

Daily Rate Period means a period beginning on a Conversion Date or on a Business Day and extending to, but not including, the next succeeding Business Day, during which Series 2008 Bonds in the Daily Rate Mode bear interest at the Daily Rate.

Fixed Rate shall have the meaning given such term in the 2008 Bond Series Certificate.

Fixed Rate Mode means a Rate Mode during which the Series 2008 Bonds bear interest at the Fixed Rate.

Fixed Rate Period means the period from and including the Conversion Date and extending to and including the date of maturity of a Series 2008 Bonds in the Fixed Rate Mode.

Initial Rate means the rate per annum at which a Series 2008 Bond will bear interest during the Initial Rate Period, as set forth in a Certificate of Determination.

Initial Rate Period means with respect to any Conversion in which one Rate Mode ends and another Rate Mode begins, the period commencing on a Conversion Date and extending to and including the date set forth in a Certificate of Determination as the last day of such Initial Rate Period.

Interest Payment Date means (i) during any Daily Rate Period or Weekly Rate Period, the first Business Day of each month, and (ii) during any Term Rate Period or the Fixed Rate Period, each January 1 and July 1; **provided, however**, that if so provided in a Certificate of Determination the first Interest Payment Date may be a date that is different from the date on which interest would otherwise be payable; **provided, further**, that interest on Pledged Bonds will be payable at the times required by the Reimbursement Agreement. If any such date is not a Business Day, the Interest Payment Date shall be the succeeding Business Day.

Liquidity Facility has the meaning given such term in the Resolution. A Liquidity Facility may also be a Credit Facility. The initial Credit Facility is also the initial Liquidity Facility.

Mandatory Tender Date means any date on which a Series 2008 Bond is required to be tendered for purchase in accordance with the 2008 Bond Series Certificate.

Maximum Rate means the lesser of 12% per annum and the Maximum Lawful Rate calculated in the same manner as interest is calculated for the particular interest rate on the Series 2008 Bonds.

Maximum Lawful Rate means the maximum rate of interest on the relevant obligation permitted by applicable law.

Optional Tender Date means any Business Day during a Daily Rate Period or a Weekly Rate Period.

Appendix A

Pledged Bond has the meaning given such term in the Reimbursement Agreement.

Pledged Bond Rate means the per annum rate of interest applicable to Pledged Bonds as provided in the Reimbursement Agreement.

Provider when used in connection with any particular Series 2008 Bonds means the provider of a Liquidity Facility for such Series 2008 Bonds delivered in accordance with the provisions of the 2008 Bond Series Certificate.

Purchase Account means the account so designated and established within the Purchase and Remarketing Fund pursuant to the 2008 Bond Series Certificate.

Purchase and Remarketing Fund means the Purchase and Remarketing Fund established pursuant to the Series 2008 Resolution and the 2008 Bond Series Certificate.

Purchase Price means:

(i) when used in relation to Tendered Bonds, other than Series 2008 Bonds tendered upon a Conversion from a Term Rate Mode, an amount equal to

(a) 100% of the principal amount of any Series 2008 Bond tendered or deemed tendered to the Tender Agent for purchase pursuant to the 2008 Bond Series Certificate or

(b) the amount payable to the registered owner of a Pledged Bond following receipt by such owner of a purchase notice from the Remarketing Agent; and

(ii) when used in relation to Tendered Bonds mandatorily tendered pursuant to the 2008 Bond Series Certificate upon Conversion from a Term Rate Mode on a date other than a Reset Date, an amount equal to the Redemption Price that would be payable if such Series 2008 Bonds had been called for redemption on the Conversion Date;

plus in each case accrued and unpaid interest thereon to the date of purchase; **provided, however**, that, in each case, if the date of purchase is an Interest Payment Date, then the Purchase Price shall not include accrued and unpaid interest, which shall be paid to the Holder of record on the applicable Record Date.

Rate means any Initial Rate, Daily Rate, Weekly Rate, Term Rate, Pledged Bond Rate or Fixed Rate.

Rate Mode means the Daily Rate Mode, Weekly Rate Mode, Term Rate Mode or Fixed Rate Mode.

Rate Period means any Initial Rate Period, Daily Rate Period, Weekly Rate Period, Term Rate Period or Fixed Rate Period.

Reimbursement Agreement means the agreement pursuant to which the provider of a Credit Facility (and Liquidity Facility, if applicable) has agreed to provide the Credit Facility (and Liquidity Facility, if applicable), and initially means the Reimbursement Agreement dated as of July 1, 2008 between RBS Citizens, National Association and the Institution, pursuant to which the initial Provider has agreed to provide the initial Credit Facility and the initial Liquidity Facility.

Remarketing Agent when used in connection with the Series 2008 Bonds in the Daily Rate Mode, the Weekly Rate Mode or the Term Rate Mode means the remarketing agent for such Series 2008 Bonds appointed and serving in such capacity pursuant to the 2008 Bond Series Certificate and initially means RBC Capital Markets Corporation or any successor remarketing agent.

Remarketing Agreement when used in connection with the Series 2008 Bonds means the Remarketing Agreement by and between the Authority, the Institution and the Remarketing Agent for such Series 2008 Bonds, as the same may be amended or supplemented from time to time in accordance with the provisions thereof, and initially

means the Remarketing Agreement dated as of July 17, 2008 between RBC Capital Markets Corporation, the Authority and the Institution, or any subsequent agreement relating to the powers, duties and obligations of a successor remarketing agent.

Remarketing Proceeds Account means the account so designated and established within the Purchase and Remarketing Fund pursuant to the 2008 Bond Series Certificate.

Reset Date means, with respect to the Series 2008 Bonds in a Daily Rate Mode, a Weekly Rate Mode or a Term Rate Mode, the date on which the interest rate borne by such Series 2008 Bond is to be determined in accordance with the provisions of the 2008 Bond Series Certificate, provided however, that with respect to the Series 2008 Bonds in the Term Rate Mode, a Reset Date at the end of a Term Rate Period must be an Interest Payment Date.

SIFMA Municipal Index means the SIFMA Municipal Swap Index disseminated by Municipal Market Data, a Thomson Financial Services Company or its successor; or, if at the time a Rate is to be determined, Municipal Market Data has not provided the relevant information on the SIFMA Municipal Swap Index for the most recent Thursday, then the rate determined by Municipal Market Data on the Wednesday next preceding the beginning of the Rate Period for which such Rate is to be determined.

Tender Date means each Optional Tender Date or Mandatory Tender Date.

Tendered Bond means a Series 2008 Bond or portion thereof in an Authorized Denomination mandatorily tendered or tendered at the option of the Holder thereof for purchase in accordance with the 2008 Bond Series Certificate, including a Series 2008 Bond or portion thereof deemed tendered, but not surrendered on the applicable Tender Date.

Term Rate shall have the meaning given such term in the 2008 Bond Series Certificate.

Term Rate Mode means a Rate Mode designated as such in a Conversion Notice in which a Series 2008 Bond in such Rate Mode bears interest at a Term Rate.

Term Rate Period means a period commencing on the Conversion Date or a Reset Date and extending to and including the next succeeding Reset Date, which Reset Date must be a Business Day at least 365 days from such Conversion Date or Reset Date.

2008 Bond Series Certificate means the Bond Series Certificate made and executed pursuant to Section 2.03 of the Series 2008 Resolution.

Weekly Rate shall have the meaning given such term in the 2008 Bond Series Certificate.

Weekly Rate Mode means a Rate Mode in which a Series 2008 Bond in such Rate Mode bears interest at a Weekly Rate.

Weekly Rate Period means a period commencing on a Conversion Date or the Thursday of a calendar week and extending to and including the next succeeding Wednesday.

**FINANCIAL STATEMENTS OF ST. LAWRENCE UNIVERSITY,
AND INDEPENDENT AUDITORS' REPORT**

Appendix B

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Report of Independent Auditors

To the Board of Trustees
St. Lawrence University
Canton, New York

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of activities and of cash flows present fairly, in all material respects, the consolidated financial position of St. Lawrence University, ("the University") at June 30, 2007 and 2006, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the University adopted Statement of Financial Accounting Standards No. 158, *Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans* in 2007 and the University adopted Financial Accounting Standards Board Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations, an Interpretation of Financial Accounting Standards Board Statement No. 143* in 2006.



October 1, 2007

St. Lawrence University
Consolidated Statements of Financial Position
June 30, 2007 and 2006

	2007	2006
Assets		
Cash and cash equivalents	\$ 4,067,134	\$ 12,330,995
Deposits with trustees of debt obligations	1,500,000	1,903,310
Investment receivable	6,525,000	-
Accounts receivable, net	2,463,552	1,167,880
Accrued investment income	138,173	194,178
Inventories	1,828,500	1,737,448
Prepaid expenses and other assets	3,813,276	3,439,427
Contributions receivable	22,530,238	23,621,226
Loans receivable, net	3,168,842	3,172,716
Fair value of swap assets	1,780,000	985,972
Investments, at fair value	263,150,681	230,748,209
Funds held for deferred giving	14,112,403	13,007,170
Land, building and equipment, net	151,568,623	136,781,243
Deferred financing costs	2,838,639	2,972,256
Total assets	<u>\$ 479,485,061</u>	<u>\$ 432,062,030</u>
Liabilities		
Accounts payable and accrued expenses	\$ 11,713,328	\$ 13,515,331
Deposits and deferred revenues	2,937,185	2,776,586
Annuities and deferred giving obligations	7,095,549	6,643,652
Federal student loan funds	3,048,012	3,170,565
Accrued pension and postretirement benefits	10,131,068	9,377,367
Debt obligations	101,650,997	101,605,908
Conditional asset retirement obligations	4,245,837	4,233,030
Total liabilities	<u>140,821,976</u>	<u>141,322,439</u>
Net assets		
Unrestricted	216,012,877	173,194,862
Temporarily restricted	28,050,783	27,715,025
Permanently restricted	94,599,425	89,829,704
Total net assets	<u>338,663,085</u>	<u>290,739,591</u>
Total liabilities and net assets	<u>\$ 479,485,061</u>	<u>\$ 432,062,030</u>

The accompanying notes are an integral part of the consolidated financial statements.

St. Lawrence University
Consolidated Statement of Activities
Year Ended June 30, 2007
(with comparative totals for the year ended June 30, 2006)

	2007			Total	2006 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Operating activities					
Tuition and fees	\$ 75,785,522	\$ -	\$ -	\$ 75,785,522	\$ 70,560,546
Room and board revenues	17,078,126	-	-	17,078,126	16,075,888
Less:					
Student financial aid-institutional	(32,048,541)	-	-	(32,048,541)	(29,523,724)
Student financial aid-government SEOG	(433,872)	-	-	(433,872)	(445,653)
Net student revenues	60,381,235	-	-	60,381,235	56,667,057
Auxiliary enterprises	8,635,132	-	-	8,635,132	8,167,893
Government grants	6,854,942	-	-	6,854,942	2,523,508
Private gifts-annual	7,293,748	5,850,139	-	13,143,887	11,691,158
Private gifts-nonrecurring	3,361,135	715,992	-	4,077,127	2,932,431
Endowment spending formula income	10,500,256	565,563	-	11,065,819	9,908,384
Investment income	683,432	34,687	-	718,119	501,207
Other	1,241,396	3,308	-	1,244,704	1,306,252
Restrictions released	7,140,113	(7,140,113)	-	-	-
Total operating revenues	106,091,389	29,576	-	106,120,965	93,697,890
Instruction	31,423,679	-	-	31,423,679	30,389,836
Research	253,703	-	-	253,703	422,452
Public service	1,848,090	-	-	1,848,090	1,806,133
Academic support	8,678,479	-	-	8,678,479	8,937,541
Student services	16,121,174	-	-	16,121,174	16,049,951
Institutional support	15,718,305	-	-	15,718,305	14,240,851
Auxiliary enterprises	22,460,988	-	-	22,460,988	22,218,328
Total operating expenses	96,504,418	-	-	96,504,418	94,065,092
Net operating activities	9,586,971	29,576	-	9,616,547	(367,202)
Nonoperating activities					
Total investment return, net of spending formula	32,892,686	338,489	187,145	33,418,320	13,687,812
Change in fair value of swap assets	822,980	-	-	822,980	985,972
Contributions for long-term investment	-	-	4,262,553	4,262,553	4,683,269
Deferred giving net activity	-	249,901	48,934	298,835	51,361
Other	558,966	(282,208)	271,089	547,847	(100,886)
Net nonoperating activities	34,274,632	306,182	4,769,721	39,350,535	19,307,528
Increase in net assets, before changes in accounting principles and minimum pension liability adjustment	43,861,603	335,758	4,769,721	48,967,082	18,940,326
Changes in accounting principles	(1,043,588)	-	-	(1,043,588)	(4,187,301)
Increase in net assets, before minimum pension liability adjustment	42,818,015	335,758	4,769,721	47,923,494	14,753,025
Decrease in minimum pension liability	-	-	-	-	815,661
Increase in net assets	42,818,015	335,758	4,769,721	47,923,494	15,568,686
Net assets at beginning of year	173,194,862	27,715,025	89,829,704	290,739,591	275,170,905
Net assets at end of year	\$ 216,012,877	\$ 28,050,783	\$ 94,599,425	\$ 338,663,085	\$ 290,739,591

The accompanying notes are an integral part of the consolidated financial statements.

St. Lawrence University
Consolidated Statement of Activities
Year Ended June 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating activities				
Tuition and fees	\$ 70,560,546	\$ -	\$ -	\$ 70,560,546
Room and board revenues	16,075,888	-	-	16,075,888
Less:				
Student financial aid-institutional	(29,523,724)	-	-	(29,523,724)
Student financial aid-government SEOG	(445,653)	-	-	(445,653)
Net student revenues	<u>56,667,057</u>	<u>-</u>	<u>-</u>	<u>56,667,057</u>
Auxiliary enterprises	8,167,893	-	-	8,167,893
Government grants	2,523,508	-	-	2,523,508
Private gifts-annual	7,149,737	4,541,421	-	11,691,158
Private gifts-nonrecurring	1,840,974	1,091,457	-	2,932,431
Endowment spending formula income	9,406,978	501,406	-	9,908,384
Investment income	464,405	36,802	-	501,207
Other	1,296,966	9,286	-	1,306,252
Restrictions released	<u>10,328,493</u>	<u>(10,328,493)</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>97,846,011</u>	<u>(4,148,121)</u>	<u>-</u>	<u>93,697,890</u>
Instruction	30,389,836	-	-	30,389,836
Research	422,452	-	-	422,452
Public service	1,806,133	-	-	1,806,133
Academic support	8,937,541	-	-	8,937,541
Student services	16,049,951	-	-	16,049,951
Institutional support	14,240,851	-	-	14,240,851
Auxiliary enterprises	<u>22,218,328</u>	<u>-</u>	<u>-</u>	<u>22,218,328</u>
Total operating expenses	<u>94,065,092</u>	<u>-</u>	<u>-</u>	<u>94,065,092</u>
Net operating activities	<u>3,780,919</u>	<u>(4,148,121)</u>	<u>-</u>	<u>(367,202)</u>
Nonoperating activities				
Total investment return, net of spending formula	13,532,820	98,738	56,254	13,687,812
Change in fair value of swap asset	985,972	-	-	985,972
Contributions for long-term investment	-	-	4,683,269	4,683,269
Deferred giving net activity	-	30,389	20,972	51,361
Other	<u>(932,676)</u>	<u>178,203</u>	<u>653,587</u>	<u>(100,886)</u>
Net nonoperating activities	<u>13,586,116</u>	<u>307,330</u>	<u>5,414,082</u>	<u>19,307,528</u>
Increase (decrease) in net assets, before changes in accounting principles and minimum pension liability adjustment	17,367,035	(3,840,791)	5,414,082	18,940,326
Changes in accounting principles	<u>(4,187,301)</u>	<u>-</u>	<u>-</u>	<u>(4,187,301)</u>
Increase (decrease) in net assets, before minimum pension liability adjustment	13,179,734	(3,840,791)	5,414,082	14,753,025
(Increase) decrease in minimum pension liability	<u>815,661</u>	<u>-</u>	<u>-</u>	<u>815,661</u>
Increase (decrease) in net assets	13,995,395	(3,840,791)	5,414,082	15,568,686
Net assets at beginning of year	<u>159,199,467</u>	<u>31,555,816</u>	<u>84,415,622</u>	<u>275,170,905</u>
Net assets at end of year	<u>\$ 173,194,862</u>	<u>\$ 27,715,025</u>	<u>\$ 89,829,704</u>	<u>\$ 290,739,591</u>

The accompanying notes are an integral part of the consolidated financial statements.

St. Lawrence University
Consolidated Statements of Cash Flows
Years Ended June 30, 2007 and 2006

	2007	2006
Cash flows from operating activities		
Change in net assets	\$ 47,923,494	\$ 15,568,686
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation, amortization and accretion	8,912,134	8,913,578
Changes in accounting principles	1,043,588	4,187,301
Realized and unrealized gains on investments	(40,644,210)	(21,089,401)
Gain on sale of buildings and equipment	(283,833)	-
Contributions for long-term investment and long-lived assets	(9,115,021)	(8,322,948)
Change in value of deferred gifts	(428,162)	360,607
Change in fair value of interest rate swap	(794,028)	(985,972)
Minimum pension liability adjustment	-	(815,661)
Changes in assets and liabilities:		
Accounts receivable	(83,489)	121,018
Accrued investment income	56,005	286,521
Inventories	(91,052)	(89,801)
Prepaid expenses and other assets	(373,849)	(1,786,781)
Contributions receivable	1,090,988	3,393,537
Accounts payable and accrued expenses	(340,722)	1,965,630
Deposits and deferred revenues	160,599	543,570
Accrued pension and postretirement benefits	(289,887)	1,171,519
Conditional asset retirement obligations	(189,376)	-
Net cash provided by operating activities	<u>6,553,179</u>	<u>3,421,403</u>
Cash flows from investing activities		
Purchases of buildings and equipment, net	(24,290,689)	(21,948,488)
Proceeds from sale of buildings and equipment	415,136	96,147
Proceeds from student loan collections	828,298	963,395
Student loans issued	(824,424)	(904,612)
Purchase of investments	(338,980,379)	(146,705,269)
Proceeds from sales and maturities of investments	340,697,117	149,756,133
Additions to deposits with trustee	(1,500,000)	(691,949)
Use of deposits with trustee	1,903,310	161,958
Net cash used in investing activities	<u>(21,751,631)</u>	<u>(19,272,685)</u>
Cash flows from financing activities		
Proceeds from borrowing	1,500,000	20,850,000
Payments on line of credit	-	(2,000,000)
Contributions for long-term investment	4,660,000	4,507,227
Contributions for long-lived assets	2,531,958	3,333,833
(Decrease) increase in federal student loan funds	(122,553)	9,662
Payments on long-term debt	(1,634,814)	(4,122,434)
Deferred financing costs	-	(848,009)
Net cash provided by financing activities	<u>6,934,591</u>	<u>21,730,279</u>
Net (decrease) increase in cash and cash equivalents	(8,263,861)	5,878,997
Cash and cash equivalents		
Beginning of year	12,330,995	6,451,998
End of year	<u>\$ 4,067,134</u>	<u>\$ 12,330,995</u>
Supplemental data		
Interest expense paid, net of interest capitalized of \$656,628 and \$248,567 in 2007 and 2006, respectively	\$ 3,589,648	\$ 3,623,193
Gifts in kind	485,706	220,000
Asset retirement cost	35,380	45,729
Non-cash financing activities		
Change in construction related payables	(1,461,281)	582,707
Equipment acquired under capital lease agreement	179,903	-
Stock gifts	1,212,183	-

The accompanying notes are an integral part of the consolidated financial statements.

St. Lawrence University
Notes to Consolidated Financial Statements
June 30, 2007 and 2006

1. Summary of Significant Accounting Policies

St. Lawrence University (the "University") was chartered by the Legislature of the State of New York in 1856 and is the oldest continuously coeducational institution of higher learning in the state. The University is committed to excellence in undergraduate liberal arts studies and graduate studies in education. The University's enrollment is approximately 2,100 full-time students, with nearly an equal number of men and women from most U. S. states and fifty-one other countries.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting and include the accounts of the University and Laurentian Properties, LLC ("LP"), a wholly owned subsidiary. All material transactions between the University and its subsidiary have been eliminated.

Net assets having similar characteristics have been classified in the following categories:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted - Net assets whose use by the University is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled by actions of the University pursuant to those stipulations.

Permanently Restricted - Net assets whose use by the University is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled by actions of the University. Generally, the donors of these assets permit the University to use all or part of the investment return on these assets to support program activities.

Subsidiary

LP operates a hotel and restaurant facility in Canton, New York. The following activity of LP is included in the Statements of Activities as Revenues and Expenses of Auxiliary Enterprises for the years ended June 30:

	2007	2006
Total LP revenues	\$ 3,278,913	\$ 3,044,939
Total LP expenses	<u>(2,940,967)</u>	<u>(2,984,672)</u>
Net income	<u>\$ 337,946</u>	<u>\$ 60,267</u>

Cash and Cash Equivalents

Cash equivalents include short-term, highly liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents are reported at cost which approximates fair value.

Inventories

Inventories are recorded at the lower of cost (primarily average cost) or market.

St. Lawrence University
Notes to Consolidated Financial Statements
June 30, 2007 and 2006

Contributions

The University records contributions, including unconditional promises to give, as revenues when donors' commitments are received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Unconditional promises to give are recognized at their estimated net present value, net of an allowance for uncollectible amounts, and are classified as either permanently restricted or temporarily restricted. Gifts whose restrictions are met in the same fiscal year as their receipt are reported as unrestricted contributions.

Costs incurred by the University in obtaining donor contributions were approximately \$3,583,000 and \$3,117,000 for the years ended June 30, 2007 and 2006, respectively.

Student Accounts and Loans Receivable

Student account and loan receivables at June 30, 2007 and 2006 are reported net of provisions for doubtful accounts of approximately \$549,000 and \$503,000, respectively. The provision is intended to provide for accounts, both in repayment status and not yet in repayment status (borrowers still in school or in the grace period following graduation), that may not be collected.

Deposits with Trustee of Debt Obligations

Deposits with trustee of debt obligations represent debt service and certain reserve funds required by the trustee and includes unexpended bond proceeds of \$1,500,000 and \$247,000 at June 30, 2007 and 2006, respectively.

Investments

The University accounts for its investments at fair value. The fair value of publicly traded fixed income and equity securities is based upon quoted market prices and exchange rates, if applicable. Limited partnership interest valuations are recorded primarily at fair value as determined by the general partners and approved by a valuation committee of the partnership based upon judgments which include, among other factors, restrictions affecting marketability, operating results, financial condition of the issuers and the price of the most recent financing transactions. Private equities and certain other nonmarketable securities are valued using current information obtained from the general partner or investment manager for the respective funds. Investment return is reported net of management and custodial fees of approximately \$2,441,000 and \$2,587,000 for 2007 and 2006, respectively.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in investments in the near term would materially affect the amounts reported in the consolidated statement of financial position and the consolidated statement of activities.

Annuities and Deferred Giving Arrangements

The University's deferred giving arrangements consist primarily of gift annuity, pooled life income and charitable remainder trusts. Deferred giving assets are managed by external investment managers. University management monitors investment performance achieved by the respective investment managers. Contribution revenues are recognized at the date the trusts are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets and changes in the estimated present value of future cash outflows and other changes in the estimates of future benefits. The annuities and deferred giving obligations represent the net present value of estimated future cash outflows over the beneficiary's life expectancy as required by the deferred gift agreements. Discount rates are used to calculate the net present value of the obligations and are based on risk free rates commensurate with the beneficiary life expectancy at fiscal year end.

St. Lawrence University
Notes to Consolidated Financial Statements
June 30, 2007 and 2006

Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost at the date of acquisition or, in the case of gifts, at fair value at the date of donation, less accumulated depreciation, computed on a straight-line basis over the estimated useful lives of buildings (50 years), building and land improvements (10 -20 years) and equipment and books (3-10 years). Depreciation and operation and maintenance expense is included in the statement of activities and allocated to functional classifications based on facility space used within each functional category. Interest expense is capitalized during periods of construction.

Asset Retirement Obligation

The University accounts for asset retirement obligations in accordance with SFAS No. 143, *Accounting for Asset Retirement Obligations*, and FAS Interpretation No. 47 ("FIN 47"), *Accounting for Conditional Asset Retirement Obligations - An Interpretation of FASB Statement No. 143*. This standard primarily affects the way the University accounts for asbestos-related removal costs. The University accrues for asset retirement obligations in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability recorded.

Upon adoption of FIN 47 on June 30, 2006, the University recognized a \$4,187,301 cumulative effect change in accounting principle in the statement of activities. Accretion of the liability for the year ended June 30, 2007 was approximately \$202,000.

Benefit Plans

In September 2006, the Financial Accounting Standards Board issued SFAS No. 158, *Employer's Accounting for Defined Benefit Pension and Other Post-Retirement Plans* ("SFAS 158") which is an amendment of SFAS No.'s 87, 88, 106 and 132(R). SFAS 158 requires employers to recognize the over-funded or under-funded status of defined benefit pension and post-retirement plans as assets or liabilities in its consolidated balance sheet and to recognize changes in that funded status in the year in which the changes occur through changes in unrestricted net assets. The University has adopted the balance sheet recognition provisions of SFAS 158 as of June 30, 2007. The impact of adoption resulted in a decrease of \$1,043,588 in unrestricted net assets, which was recorded as an adjustment to unrestricted net assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. The University's significant estimates include, but are not limited to, valuation of its investments, estimation of its conditional asset retirement obligations, the useful lives of fixed assets and estimated net realizable value of accounts and contribution receivable. Actual results could differ from these estimates.

Internal Revenue Code Status

The University has been granted tax-exempt status as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code. LP is organized as an LLC, therefore all income passes through to the University as sole member and is subject to unrelated business income taxes.

St. Lawrence University
Notes to Consolidated Financial Statements
June 30, 2007 and 2006

2. Contributions Receivable

Unconditional pledges at June 30 are expected to be realized in the following periods:

	2007	2006
Less than one year	\$ 4,812,002	\$ 5,873,273
One year to five years	10,947,246	6,352,484
Over five years	<u>16,191,379</u>	<u>15,815,609</u>
	31,950,627	28,041,366
Less: Present value discount	<u>(12,837,688)</u>	<u>(7,472,209)</u>
	19,112,939	20,569,157
Charitable remainder trusts	<u>3,417,299</u>	<u>3,052,069</u>
	<u>\$ 22,530,238</u>	<u>\$ 23,621,226</u>

As of June 30, 2007, the University has received and not recognized conditional promises and bequests with a future value of approximately \$14,624,000.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30:

	2007	2006
Contributions receivable	\$ 16,893,519	\$ 16,911,088
Charitable remainder trusts receivable	1,652,199	1,248,592
Annuity and life income funds	5,238,260	4,774,200
Gifts and other unexpended revenues for capital projects	1,003,161	2,072,149
Gifts and other unexpended revenues for operations	<u>3,263,644</u>	<u>2,708,996</u>
	<u>\$ 28,050,783</u>	<u>\$ 27,715,025</u>

4. Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at June 30:

	2007	2006
Contributions and charitable remainder trusts receivable	\$ 3,984,520	\$ 5,354,784
Annuity and life income funds	1,709,488	1,575,942
Loan funds	639,466	612,117
Donor-restricted contributions	<u>88,265,951</u>	<u>82,286,861</u>
	<u>\$ 94,599,425</u>	<u>\$ 89,829,704</u>

St. Lawrence University
Notes to Consolidated Financial Statements
June 30, 2007 and 2006

5. Land, Buildings, and Equipment

Land, buildings, and equipment at June 30 are summarized as follows:

	2007	2006
Land	\$ 2,654,737	\$ 2,654,737
Land improvements	14,821,289	14,688,075
Buildings and improvements	156,151,446	154,066,567
Equipment, art and books	40,603,890	44,126,243
	<u>214,231,362</u>	<u>215,535,622</u>
Less: Accumulated depreciation	<u>(101,028,685)</u>	<u>(101,106,558)</u>
	113,202,677	114,429,064
Construction in progress	38,365,946	22,352,179
	<u>\$ 151,568,623</u>	<u>\$ 136,781,243</u>

Depreciation expense for the years ended June 30, 2007 and 2006 was approximately \$8,576,000 and \$8,807,000, respectively.

Construction in progress includes certain projects started but not completed at June 30, 2007, the most significant of which is the construction of the Science Center. The estimated cost to complete this and other projects included in construction in progress is approximately \$1,049,000 at June 30, 2007.

6. Investments

Investments are stated at fair value. Investments by type include the following at June 30:

	2007		2006	
	Cost	Fair Value	Cost	Fair Value
Short-term investments	\$ 8,000,000	\$ 8,000,000	\$ 4,055,291	\$ 4,055,291
Stocks	4,414,558	14,046,592	67,975,190	82,512,869
Alternative investments/ limited partnerships	25,328,630	47,648,103	30,578,435	60,530,881
Fixed income securities	-	-	1,841,143	1,854,064
Mutual funds - fixed income	-	-	10,642,575	10,094,604
Mutual funds - equities	9,679,490	14,374,244	54,871,490	70,879,136
Institutional class mutual funds - fixed income	38,789,771	39,349,377	-	-
Institutional class mutual funds - equities	125,039,638	138,576,659	-	-
Real estate and other	1,155,706	1,155,706	821,364	821,364
	<u>\$ 212,407,793</u>	<u>\$ 263,150,681</u>	<u>\$ 170,785,488</u>	<u>\$ 230,748,209</u>

St. Lawrence University
Notes to Consolidated Financial Statements
June 30, 2007 and 2006

Certain investments are pooled on a fair value basis. The unit fair value is used to account for income distributed and pool transactions. The following table summarizes changes in relationship between cost and fair value of pooled assets:

	Fair Value	Cost	Unrealized Appreciation	Fair Value Per Unit	Number of Units
End of year	253,078,306	205,543,300	47,535,006	4,405.66	57,444
Beginning of year	214,993,079	163,085,338	<u>51,907,741</u>	3,718.97	57,810
Unrealized net gain for the year			(4,372,735)		
Realized net gain for the year			<u>43,670,168</u>		
Net gain for the year			<u>\$ 39,297,433</u>		

The University recognizes for spending purposes endowment income equal to 5.5% of a three-year moving average of the fair value of pooled assets for the years ended June 30, 2007 and 2006, respectively.

The University's return on investments was as follows for the years ended June 30:

	2007	2006
Dividends and interest	\$ 4,558,048	\$ 2,552,513
Net realized and unrealized gains	<u>40,644,210</u>	<u>21,544,890</u>
Total return on investments	45,202,258	24,097,403
Investment return designated for current operations	<u>(11,783,938)</u>	<u>(10,409,591)</u>
Investment return in excess of amounts designated for current operations	<u>\$ 33,418,320</u>	<u>\$ 13,687,812</u>

7. Debt Obligations

Debt obligations outstanding at June 30 are as follows:

	2007	2006
University		
Capital lease obligation (a)	\$ 440,997	\$ 795,908
St. Lawrence County Industrial Development - Agency Civic Facility Revenue Bonds		
1996 Series (b)	2,145,000	2,555,000
1998A Series (c)	31,100,000	31,100,000
1998B Series (d)	6,135,000	6,665,000
2001A Series (e)	41,400,000	41,400,000
2005 Series (f)	<u>18,450,000</u>	<u>18,450,000</u>
Total University Obligations	<u>99,670,997</u>	<u>100,965,908</u>
LP		
Term loan (g), (h)	<u>1,980,000</u>	<u>640,000</u>
Total debt obligations outstanding	<u>\$ 101,650,997</u>	<u>\$ 101,605,908</u>

St. Lawrence University
Notes to Consolidated Financial Statements
June 30, 2007 and 2006

The University has a \$5,000,000 operating line of credit that is uncollateralized and renewed annually. There were no outstanding balances on this line as of June 30, 2007 and 2006.

- (a) The University has entered into capital lease obligations for computer equipment. The original amounts of the capital lease obligations were \$806,709. One lease requires a monthly payment of \$11,455 through October 2009 and the other requires an annual lease payment of \$52,081 through November 2009. The lease obligations bear interest at rates ranging from 3.69% to 4.37%.
- (b) In June 1996, the University issued \$11,580,000 of Series 1996 St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds. The purpose of the bond issue was for campus renovations and refinancing of the 1985 Series Pooled Cap B and St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds. The bonds bear interest at rates ranging from 4.25% to 5.625% and mature in varying amounts through 2013.
- (c) In August 1998, the University issued \$31,100,000 of Series 1998A St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds. The purpose of the bond issue was for the construction of the new bookstore, renovations of the dining hall, library and athletic facilities, and other campus wide improvements. The 1998A bonds bear interest at rates ranging from 5% to 5.5% and mature in varying amounts through 2029.
- (d) In October 1998, the University issued \$9,030,000 of Series 1998B St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds. The purpose of the bonds was to advance refund \$6,010,000 of outstanding Series 1996 bonds and outstanding 1985 Series Pooled Cap B bonds. The bonds bear interest at rates ranging from 3.55% to 4.75% and mature in varying amounts through 2026.
- (e) In October 2001, the University issued \$41,400,000 of Series 2001A St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds. The proceeds of the bonds were used to finance the construction of a new student center, student townhouses, science facilities, and other campus wide improvements. The bonds were issued as Auction Rate bonds and the interest rate is determined each month at auction. Interest is payable every 28 days and the rates paid during the fiscal year ended June 30, 2007 ranged from 3.25% to 3.6%. The bonds mature in 2031.
- (f) In December 2005, the University issued \$20,850,000 of Series 2005 St. Lawrence County Industrial Development Agency Civic Facility Revenue Bonds. The proceeds of the bonds are being used to finance the construction of a new science center. The bonds were issued as Auction Rate bonds and the interest rate is determined every 7 days at auction. Interest is payable every 7 days and the rates paid during the fiscal year ended June 30, 2007 ranged from 3.25% to 3.7%. The bonds mature in 2035.
- (g) In 2001, LP borrowed \$1,600,000 from a financial institution for renovations to the facility. The interest rate on the loan is LIBOR plus 200 basis points. Monthly principal payments of \$13,333 commenced August 2001 and continue through July 2011. The obligation includes a material adverse change clause which permits the lender to call its debt in the event of a material adverse change in the business. Management does not anticipate any such adverse change in the next twelve months, however, there can be no assurances. The obligation is guaranteed by the University.
- (h) In June 2007, LP borrowed \$1,500,000 from a financial institution to finance the construction of a pool and fitness center. The interest rate on the loan is LIBOR plus 65 basis points. Monthly principal payments of approximately \$16,500 commenced July 2007 and will continue through June 2022. The obligation is guaranteed by the University.

St. Lawrence University
Notes to Consolidated Financial Statements
June 30, 2007 and 2006

The estimated fair value of the University's bonds payable at June 30, 2007 is approximately \$99,915,000 based on rates currently available to the University for debt with similar terms and remaining maturities.

Annual principal requirements, including sinking fund deposits, over the next five years for the debt described below are as follows:

2008	\$ 2,417,436
2009	2,469,178
2010	2,439,383
2011	2,410,000
2012	3,875,000
Thereafter	<u>88,040,000</u>
	<u>\$ 101,650,997</u>

Interest expense was \$4,009,180 and \$3,340,454 net of interest capitalized of \$656,628 and \$248,567 for the years ended June 30, 2007 and 2006, respectively.

Interest Rate Swap

In October 2005, the University entered into an interest rate swap agreement with an expiration date of October 2031. Neither the University nor the counterparty, which is a financial institution, are required to collateralize their respective obligations under this swap. The purpose of this swap is to fix the interest rate on a portion of variable rate debt and reduce certain exposures to interest rate fluctuations. As of June 30, 2007, the notional amount of the swap was \$41,400,000. Under the agreement, the University will pay the counterparty interest at a fixed rate of 3% through October 2007 and 3.64% for the remaining life of the bond. The notional amount does not represent an amount exchanged by the parties, and is thus not a measure of exposure of the University. The amounts exchanged are based on the notional amounts and other terms of the swap. The University has recognized an increase in net assets of \$28,952 at June 30, 2007, which represents the net cash payment received for the difference between the University's and the counterparty's payments under the swap. For the years ended June 30, 2007 and 2006, respectively, the University recognized a (decrease) increase in net assets of (\$208,972) and \$985,972 in the value of this swap and a year end asset value of \$777,000 and \$985,972 on the statement of financial position as of June 30, 2007 and 2006, respectively.

In March 2007, the University entered into an interest rate swap agreement with an expiration date of July 1, 2028. Neither the University nor the counterparty, which is a financial institution, are required to collateralize their respective obligations under this swap. The purpose of this swap is to fix the interest rate on an anticipated refunding of the University's Series A and Series B bonds in April 2008. As of June 30, 2007, the notional amount of the swap was \$38,350,000. Under the agreement, the University will pay the counterparty interest at a fixed rate of 3.805% for the remaining life of the bond. The notional amount does not represent an amount exchanged by the parties, and is thus not a measure of exposure of the University. The amounts exchanged are based on the notional amounts and other terms of the swap. As of June 30, 2007, the University recognized an increase in net assets of \$1,003,000 and a related increase in assets on the statement of financial position.

In June 2007, LP entered into an interest rate swap agreement with an expiration date of June 2022. The purpose of this swap is to fix the interest rate on a variable rate term loan. As of June 30, 2007, the notional amount of the swap was \$1,500,000 and there was no asset value as of June 30, 2007. Under the agreement, the University will pay the counterparty interest at a fixed rate of 6.55%.

St. Lawrence University
Notes to Consolidated Financial Statements
June 30, 2007 and 2006

8. **Benefit Plans**

The University has the following benefit plans:

- (a) Faculty, administrative, and non-exempt employees are participants in retirement plans administered by the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF). The University accrues the costs of these defined contribution plans currently. The University's contribution under these plans was approximately \$3,139,000 and \$2,977,000 in 2007 and 2006, respectively.
- (b) The University has a supplemental retirement pension plan, which was frozen on October 5, 1990. The measurement date of the plan is June 30 and information with respect to this plan is as follows:

	2007	2006
Change in benefit obligation		
Benefit obligation at beginning of period	\$ 4,691,745	\$ 5,101,091
Interest cost	289,156	247,161
Benefits paid	(235,193)	(400,198)
Actuarial gains	(35,693)	(256,309)
Benefit obligation at end of period	<u>\$ 4,710,015</u>	<u>\$ 4,691,745</u>
Change in plan assets at fair value		
Plan assets at fair value at beginning of fiscal year	\$ 4,753,632	\$ 4,794,955
Actual return on assets	708,884	358,875
Benefits paid	(235,193)	(400,198)
Plan assets at fair value at end of fiscal year	<u>\$ 5,227,323</u>	<u>\$ 4,753,632</u>
Reconciliation of funded status		
Funded status at the end of the year	\$ 517,308	\$ 61,887
Unrecognized actuarial losses	-	536,685
Net amount recognized in statement of financial position (before SFAS 158)	<u>N/A</u>	<u>\$ 598,572</u>
Change in net assets due to the adoption of SFAS 158		
Cumulative employer contributions in excess of net periodic benefit cost	\$ 685,120	\$ 598,572
Net amount recognized in statement of financial position	<u>517,308</u>	<u>598,572</u>
Net decrease in net assets due to SFAS 158	<u>\$ 167,812</u>	<u>\$ -</u>
Assumptions to determine benefit obligation		
Discount rate	6.25%	6.50%
Assumptions to determine net periodic benefit cost		
Discount rate	6.50%	5.25%
Expected return on assets	8.50%	8.50%
Components of net periodic pension benefit		
Interest cost	\$ 289,156	\$ 247,161
Expected return on assets	(383,388)	(374,402)
Amortization of unrecognized net loss	7,684	38,194
Net periodic pension benefit	<u>\$ (86,548)</u>	<u>\$ (89,047)</u>

St. Lawrence University
Notes to Consolidated Financial Statements
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Plan Assets

The Company's pension plan weighted average allocation, by asset categories is as follows at June 30:

	2007	2006
Domestic equity securities	46%	50%
Debt securities	38%	40%
International equity securities	16%	10%
	<u>100%</u>	<u>100%</u>

The plan's administrator consults with the Investment Committee and the University's investment advisor regarding appropriate investment and allocation of the plan assets.

The University consults with and considers the opinions of financial and other professionals in developing an appropriate expected rate of return.

Cash Flow - Contributions

The University expects that there will be no contributions to the plan in 2008.

Estimated Future Benefit Payments

The following estimated benefit payments, which reflect future service are expected to be paid:

July 1, 2007 - June 30, 2008	\$ 422,000
July 1, 2008 - June 30, 2009	745,000
July 1, 2009 - June 30, 2010	507,000
July 1, 2010 - June 30, 2011	427,000
July 1, 2011 - June 30, 2012	370,000
Thereafter	1,534,565

The estimated transition obligation, prior service cost, and net loss that will be amortized into net periodic benefit cost over the next fiscal year are \$0, \$0 and \$0, respectively.

St. Lawrence University
Notes to Consolidated Financial Statements
June 30, 2007 and 2006

- (c) The University also provides health and life insurance benefits for eligible retired employees and their dependents. The measurement date of the plan is June 30 and information with respect to this plan is as follows:

	2007	2006
Change in benefit obligation		
Benefit obligation at beginning of period	\$ 11,611,287	\$ 11,029,694
Effect of remeasurement (i)	<u>2,216,097</u>	<u>-</u>
Benefit obligation at beginning of period	\$ 13,827,384	\$ 11,029,694
Service cost	779,674	781,899
Interest cost	539,935	651,363
Plan participants' contributions	173,151	172,996
Benefits paid	(419,386)	(515,254)
Amendments (ii)	(5,316,065)	(12,437)
Medicare Part D subsidy	86,525	-
Actuarial loss (gain)	<u>459,850</u>	<u>(496,974)</u>
Benefit obligation at end of period	<u>\$ 10,131,068</u>	<u>\$ 11,611,287</u>

- (i) A remeasurement of the benefit obligation at the beginning of the year is the result of a change in actuarial assumptions and estimates.
- (ii) An amendment to the plan in 2007 changed the eligibility requirements from age 62 with ten years of service to ten years of service after age 52 (or age 62 with ten consecutive years of service).

	2007	2006
Reconciliation of funded status		
Funded status at end of the year	\$ (10,131,068)	\$(11,611,287)
Unrecognized prior service gain	(4,602,662)	(1,264,946)
Unrecognized actuarial losses	<u>5,478,438</u>	<u>3,498,866</u>
Net amount recognized in statement of financial position (before SFAS 158)	<u>\$ (9,255,292)</u>	<u>\$ (9,377,367)</u>
Change in net assets due to the adoption of SFAS 158		
Cumulative employer contributions in excess of net periodic benefit cost	\$ (9,255,292)	\$ (9,377,367)
Net amount recognized in the statement of financial position	<u>(10,131,068)</u>	<u>(9,377,367)</u>
Net decrease in net assets due to adoption of SFAS 158	<u>\$ 875,776</u>	<u>\$ -</u>
Assumptions to determine year end benefit obligation		
Discount rate	6.25%	6.50%
Assumptions to determine net periodic benefit cost		
Discount rate	6.50%	5.25%
Salary increase	5.00%	5.00%

St. Lawrence University
Notes to Consolidated Financial Statements
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	2007	2006
Components of net periodic benefit cost		
Service cost	\$ 779,674	\$ 781,899
Interest cost	539,935	651,363
Amortization of prior service credit	(909,111)	(92,825)
Amortization of actuarial losses	696,375	262,386
Net periodic benefit cost	<u>\$ 1,106,873</u>	<u>\$ 1,602,823</u>
Effect of curtailment	<u>(1,069,238)</u>	<u>-</u>
Total postretirement benefit cost	<u>\$ 37,635</u>	<u>\$ 1,602,823</u>

The estimated transition obligation, prior service cost, and net loss that will be amortized into net periodic benefit cost over the next fiscal year are \$0, \$(909,000) and \$640,000, respectively.

For measurement purposes, a 9%, 7% and 11% annual rate of increase in the per capita cost of pre-65 and post-65 covered medical and prescription drug benefits, respectively, was assumed for fiscal year 2007. These rates were assumed to decrease gradually to 5.00% by fiscal year 2014 for medical and prescription drug benefits and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amount reported for the health care plans. A one-percentage point change in the assumed health care cost trend rates would have the following effects:

	1% Point Increase	1% Point Decrease
Effect on total service and interest cost components	\$ 181,092	\$ (150,418)
Effect on postretirement benefit obligation	1,150,390	(972,424)

Cash Flow – Contributions

Contributions to the postretirement benefit plans net of employee contributions for fiscal year 2008 are estimated to be approximately \$432,000.

Estimated Future Benefit Payments

Expected benefit payments, which reflect expected future service for fiscal year, and expected amount of subsidy receipts:

	Gross Payments	Subsidy Receipts
2008	\$ 522,200	\$ (89,800)
2009	627,300	(99,300)
2010	718,600	(111,200)
2011	813,400	(124,200)
2012	890,800	(142,100)
Thereafter	6,079,600	(966,600)

St. Lawrence University
Notes to Consolidated Financial Statements
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9. Contingencies

- (a) The University is subject to various actions arising out of its operations. The claims are in various stages of development. The University and legal counsel are unable to conclude as to the ultimate outcome of certain actions due to the actions being in various stages of discovery. It is the opinion of the University's management that the ultimate liability, if any, resulting from these actions will not have a material impact on the University's financial position, statement of activities, or cash flows.
- (b) The University is involved in the Guaranteed Access to Education (GATE) loan program. Under this program, the University recognizes future residual cash flows as an asset. Based on historical default rates and other assumptions, the residual receivables are \$2,126,900 and \$1,818,804 as of June 30, 2007 and 2006, respectively. This amount has been recorded in the consolidated financial statements in prepaid expenses and other assets. The discounted estimated pledge contribution liability is \$2,838,833 and \$2,351,202 as of June 30, 2007 and 2006, respectively. This amount has been recorded in the consolidated financial statements in accounts payable and accrued expenses.

10. Insured Risks

- (a) The University participates in the New York College and University Risk Management Group Trust (the "Trust"). The Trust pays claims and judgments relating to workers' compensation. The Trust charges the University an annual amount based upon the overall experience of the Trust, including University specific experience. The amount of the University's liability for estimated workers' compensation claims is \$180,675 and \$179,300 at June 30, 2007 and 2006, respectively.
- (b) The University is self-insured for medical insurance. It is the University's policy to reserve for anticipated claims and record this amount as an accrued liability based on claim history and management's estimate. This liability amounted to approximately \$872,000 as of June 30, 2007 and 2006 and is recorded within accounts payable and accrued expenses in the statement of financial position. The University has stop loss coverage on individual claims in excess of \$100,000 and aggregate claims in excess of 125% of expected claims.

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

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

Construction or Acquisition of the Project

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

(Section 5)

Amendment of the Project

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

(Section 6)

Financial Obligations

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

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

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

Appendix C

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

(iv) On the tenth (10th) day of each month commencing on the tenth (10th) day of the sixth (6th) month immediately preceding the date on which interest on Outstanding Bonds that are not Variable Interest Rate Bonds becomes due, one-sixth (1/6) of the interest coming due on such Bonds on the immediately succeeding interest payment date on such Bonds; provided, however, that, if with respect to such Outstanding Bonds there are more or less than six (6) such payment dates prior to the first interest payment on such Bonds, on each payment date prior to such interest payment date the Institution shall pay with respect to such Bonds an amount equal to the interest coming due on such Bonds on such interest payment date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to the first interest payment date on such Bonds;

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

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

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

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

the number of calendar months or parts thereof remaining in such Bond Year and the denominator of which is twelve (12);

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

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

(xi) Promptly upon demand by the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Bonds or otherwise available therefor under the Resolution and the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds;

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

(xiii) Promptly after notice from the Trustee, the Authority or the Bank, if the amount on deposit in the Credit Facility Repayment Fund (as such term is defined in the Bond Series Certificate relating to the Bonds) is insufficient to reimburse the Bank for an amount drawn upon the Credit Facility, the amount required to reimburse the Bank; and

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

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

Appendix C

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

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

(c) The obligations of the Institution to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the Institution may otherwise have against the Authority, the Trustee or any Holder of Bonds for any cause whatsoever including, without limiting the generality of the foregoing, failure of the Institution to complete the Project or the completion thereof with defects, failure of the Institution to occupy or use the Project, any declaration or finding that the Bonds are or the Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; **provided, however**, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part contained in the Loan Agreement or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the Institution may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the Institution for, or to pay, the Costs of the Project beyond the extent of moneys in the Construction Fund established for such Project available therefor.

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

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

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

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

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

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

(Section 9)

Warranty of Title; Utilities and Access

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

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

(Section 13)

Additional Representation and Covenants

The Institution warrants and represents that (i) it has the requisite power and authority (A) to authorize, execute and deliver, and to perform its obligations under, the Loan Agreement and the Related Agreements, and (B) to incur the indebtedness contemplated by the Loan Agreement and thereby, (ii) the Loan Agreement and the Related Agreements constitute valid and binding obligations of the Institution enforceable in accordance with their terms and (iii) the execution and delivery of, consummation of the transaction contemplated by and performance of the Institution’s obligations under the Loan Agreement and each of the Related Agreements, do not violate, conflict with or constitute a default under the charter or by-laws of the Institution or any indenture, mortgage, trust, or other commitment or agreement to which the Institution is a party or by which it or any of its properties are bound, or any

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existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the Institution or any of its properties.

(Section 15)

Tax-Exempt Status of Institution

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

(Section 16)

Securities Acts Status

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

(Section 17)

Maintenance of Corporate Existence

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

Agreements, and furnishes to the Authority (x) a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation will be in compliance with each of the provisions of the Loan Agreement and of the Related Agreements, and will meet the requirements of the Act, and (y) such other certificates and documents as the Authority may reasonably require to establish compliance with the Loan Agreement.

(Section 18)

Environmental Quality Review and Historic Preservation

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

(Section 19)

Use and Possession of the Project

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

(Section 20)

Restrictions on Religious Use

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

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disposition of the Project or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Section 21)

Sale of the Project

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

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

(Section 22)

Maintenance, Repair and Replacement

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

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

(Section 23)

Covenant as to Insurance

(a) The Institution agrees to maintain or cause to be maintained insurance with insurance companies or by means of self-insurance, insurance of such type, against such risks and in such amounts as are customarily carried by private colleges and universities located in the State of a nature similar to that of the Institution, which insurance shall include property damage, fire and extended coverage, public liability and property damage liability insurance in amounts estimated to indemnify the reasonably anticipated damage, loss or liability, subject to reasonable deductible provisions. The Institution shall at all times also maintain worker's compensation coverage and disability benefits insurance coverage as required by the laws of the State.

(b) The Institution shall furnish to the Authority annually (1) a certificate or report of an Insurance Consultant that the insurance coverage maintained by the Institution is adequate and in accordance with the standards above, and (2) any certificates of workers' compensation insurance and disability benefits insurance coverage required by the New York State Workers' Compensation Board.

(c) If the Authority shall so request in writing, the Institution shall provide to the Authority summaries or other evidence of its insurance coverage and shall obtain endorsements reasonably requested by the Authority.

(Section 24)

Damage or Condemnation

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

(i) If within one hundred twenty (120) days (or such longer period as the Authority and the Institution may agree) after the Authority receives actual notice or knowledge of the taking or damage, the Institution and the Authority agree in writing that the property or the affected portion thereof shall be repaired, replaced or restored, the Institution shall proceed to repair, replace or restore the same, or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible with such changes and additions as shall be appropriate to the needs of the Institution and approved in writing by the Authority. The funds required for such repair, replacement or restoration shall be paid, subject to such conditions and limitations as the Authority may impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the Institution.

(ii) If no agreement for the repair, restoration or replacement of the property or affected portion shall have been reached by the Authority and the Institution within such period, the proceeds then held by the Institution shall be paid the Trustee for deposit in the Debt Service Fund and the proceeds then held in the Construction Fund shall be transferred to the Debt Service Fund, whereupon such proceeds shall be applied to the purchase or redemption of Outstanding Bonds.

(Section 25)

Taxes and Assessments

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

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the date payment was made by the Authority at a rate equal to the highest rate of interest payable on any investment held for the Debt Service Fund on the date such payment was made by the Authority.

(Section 26)

Defaults and Remedies

As used in the Loan Agreement the term “**Event of Default**” shall mean:

(i) the Institution shall (A) default in the timely payment of any amount payable pursuant to the Loan Agreement (other than as described in subsection (B) below, or the payment of any other amounts required to be delivered or paid by or on behalf of the Institution in accordance with the Loan Agreement or with the Resolution or Series Resolution, and such default continues for a period in excess of seven (7) days or (B) default in the timely payment of interest payable on Outstanding Variable Interest Rate Bonds or the purchase price of Option Bonds tendered for purchase, in accordance with the terms of the Loan Agreement; or

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

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

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

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

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

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

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

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

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

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

(xii) the giving of notice by the Bank to the Authority and the Trustee of an Event of Default under and as defined in the Reimbursement Agreement.

Upon the occurrence of an Event of Default the Authority shall provide the Bank with written notice thereof upon obtaining actual knowledge thereof and may take any one or more of the following actions; provided, however, in the case of an Event of Default summarized in paragraph (a)(xii) above accompanied by a written notice from the Bank to the Trustee directing the Trustee to cause an acceleration of the Bonds, the Authority shall take the action set forth in (i) below:

(i) declare all sums payable by the Institution under the Loan Agreement immediately due and payable;

(ii) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of Bonds or the Construction Fund or otherwise to which the Institution may otherwise be entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or moneys for such purposes as are authorized by the Resolution;

(iii) withhold any or all further performance under the Loan Agreement;

(iv) maintain an action against the Institution under the Loan Agreement to recover any sums payable by the Institution or to require its compliance with the terms of the Loan Agreement;

(v) to the extent permitted by law, (A) enter upon the Project and complete the construction thereof in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the Institution, consent to such entry being by the Loan Agreement given by the Institution, (B) at any time discontinue any work commenced in respect of the construction of

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the Project or change any course of action undertaken by the Institution and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (C) assume any construction contract made by the Institution in any way relating to the construction of the Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the Institution, whether or not previously incorporated into the construction of such Project, and (D) in connection with the construction of the Project undertaken by the Authority pursuant to the provisions summarized in this subparagraph (v), (1) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of such Project, (2) pay, settle or compromise all bills or claims which may become liens against the Project or against any moneys of the Authority applicable to the construction of such Project, or which have been or may be incurred in any manner in connection with completing the construction of the Project or for the discharge of liens, encumbrances or defects in the title to the Project or against any moneys of the Authority applicable to the construction of such Project, and (3) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The Institution shall be liable to the Authority for all sums paid or incurred for construction of the Project whether the same shall be paid or incurred pursuant to the provisions summarized in this subparagraph (v) or otherwise, and all payments made or liabilities incurred by the Authority under the Loan Agreement of any kind whatsoever shall be paid by the Institution to the Authority upon demand. The Institution irrevocably constitutes and appoints the Authority its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the Institution for the purpose of exercising the rights granted to the Authority by provisions summarized in this subparagraph (v) during the term of the Loan Agreement;

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

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

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

(Section 30)

Investment of Moneys

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

(Section 32)

Limitation on Agreements

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

(Section 34)

Arbitrage; Tax Exemption

Each of the Institution and the Authority covenants that it shall take no action, nor shall it approve the Trustee's taking any action or making any investment or use of the proceeds of the Bonds, which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Bonds at the time of such action, investment or use. Neither the Institution nor any "related person" (as such term is defined in Section 147(a)(2) of the Code) shall purchase Bonds other than for delivery to and cancellation by the Trustee, unless the Trustee shall receive an opinion of Bond Counsel to the effect that the purchase by the Institution or by a related person of Bonds will not cause interest on the Bonds to be included in the gross income of the owners of such Bonds for purposes of federal income taxation.

The Institution covenants that it will not take any action or fail to take any action which would cause any representation or warranty of the Institution contained in the Tax Certificate then to be untrue and shall comply with all covenants and agreements of the Institution contained in the Tax Certificate, in each case to the extent required by and otherwise in compliance with such Tax Certificate.

The Authority has undertaken full responsibility for performing rebate calculations that may be required to be made from time to time with respect to the Bonds. Upon request, the Institution covenants that it will provide such information as the Authority deems necessary to calculate the yield on the Bonds and any other information as may be necessary to prepare the rebate calculation to the Authority or an entity which the Authority has designated no less than once a year measured from the date of issuance of the Bonds. The Institution shall be obligated to pay the costs in connection therewith in accordance with the Loan Agreement. The Authority shall retain in its possession, so long as required by the Code, copies of all documents, reports and computations made by it in connection with the calculation of excess earnings and the rebate of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable times to the inspection of the Institution and its agents and representatives, any of whom may make copies thereof. Upon written request from the Institution, the Authority shall as soon as practicable provide the Institution with a copy of such documents, reports and computations.

(Section 35)

Limitation on Authority Rights

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

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Bonds shall bear interest at a particular rate or to convert such Variable Interest Rate Bonds to bear interest at a fixed rate to their maturity.

(Section 36)

Certificate as to Representations and Warranties

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

(Section 39)

Further Assurances

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

(Section 42)

Amendments to Loan Agreement and Reimbursement Agreement; Substitute Credit Facility

(a) The Loan Agreement may be amended only in accordance with the Resolution and the Intercreditor Agreement and each amendment shall be made by an instrument in writing signed by the Institution and the Authority, an executed counterpart of which shall be filed with the Trustee. The Institution covenants that (i) it shall not amend or supplement any Reimbursement Agreement (which covenant shall not apply to waivers) nor shall it execute a reimbursement agreement to provide for a Substitute Credit Facility, in either case, without the prior written consent of the Authority, which shall not be unreasonably withheld or delayed and (ii) it shall promptly provide a copy of any amendment or supplement to any Reimbursement Agreement to the Trustee.

(b) Unless a Credit Facility shall no longer be required pursuant to and in accordance with the terms of the Bond Series Certificate, the Institution shall use its best efforts to obtain an extension of any Credit Facility or Substitute Credit Facility not later than the 90th day prior to the expiration date of such Credit Facility or such earlier day if required by the terms of the then-existing Credit Facility.

(Section 43)

Termination

The Loan Agreement shall remain in full force and effect until no Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the Institution shall have been made or provision made for the payment thereof; **provided, however**, that the liabilities and the obligations of the Institution under the Loan Agreement relating to the prompt payment of arbitrage rebate and to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to provisions of the Loan Agreement summarized under the headings “**Covenant as to Insurance**” and “**Taxes and Assessments**” above and provisions of the Loan Agreement related to indemnity by the Institution and disclaimer of personal liability shall nevertheless survive any such termination. Upon such termination, the Authority shall promptly deliver such documents as may be reasonably requested by the Institution to evidence such termination and the discharge of the Institution’s duties

under the Loan agreement and the release or surrender of any security interests granted by the Institution to the Authority pursuant to the Loan Agreement.

(Section 44)

Covenant as to Credit Facility and Liquidity Facility

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

(Section 49)

**SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTIONS AND THE BOND SERIES CERTIFICATE**

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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

Resolution and Bonds Constitute a Contract

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

(Section 1.03)

Assignment of Certain Rights and Remedies

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

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

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

(Section 1.04)

Refunding Bonds

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

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

- (a) If the Bonds to be refunded are to be redeemed, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a redemption date specified in such instructions;
- (b) Irrevocable instructions to the Trustee, satisfactory to it, to duly give the notice provided for in the defeasance provisions of the Resolution to the Holders of the Bonds being refunded;
- (c) Either (i) money in an amount sufficient to effect payment of the principal at maturity or the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which money shall be held by the Trustee or any one or more of the Paying Agents in a separate fund or account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as shall be necessary to comply with the defeasance provisions of the Resolution, which Defeasance Securities and money shall be held in trust and used only as provided in the defeasance provisions of the Resolution; and
- (d) A certificate of an Authorized Officer of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements summarized herein.

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

(Section 2.04)

Additional Obligations

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

(Section 2.05)

Redemption and Purchase of Bonds

Authorization of Redemption

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

(Section 4.01)

Redemption at the Election or Direction of the Authority

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

(Section 4.02)

Redemption Other Than at Authority's Election or Direction

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

(Section 4.03)

Selection of Bonds to Be Redeemed

Unless otherwise provided in the Series Resolution authorizing the issuance of Bonds of a Series or the Bond Series Certificate relating to such Bonds, in the event of redemption of less than all of the Outstanding Bonds of like Series, maturity and tenor, the Trustee shall assign to each Outstanding Bond of the Series, maturity and

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

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

(Section 4.04)

Notice of Redemption

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

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

notice shall not affect the validity of the proceedings for the redemption of the Bonds. If directed in writing by an Authorized Officer of the Authority, the Trustee shall also give such notice by publication thereof once in an Authorized Newspaper, such publication to be not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date or, in the case of Variable Interest Rate Bonds or Option Bonds, such shorter period as shall be established by the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, but in no event less than fifteen (15) days prior to the redemption date; **provided, however**, that such publication shall not be a condition precedent to such redemption, and failure to so publish any such notice or a defect in such notice or in the publication thereof shall not affect the validity of the proceedings for the redemption of the Bonds.

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

(Section 4.05)

Payment of Redeemed Bonds

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

(Section 4.06)

Purchase of Purchased Bonds

Whenever Bonds are to be purchased at the election of the Institution, written notice thereof and of the Bonds of the Series and maturity to be so purchased having been given by the Institution to the Authority, the Trustee, and each applicable Provider, the Trustee shall select the particular Bonds of such Series and maturity to be so purchased in the same manner as provided in the Resolution for the selection of Bonds to be redeemed in part. Promptly thereafter the Trustee shall give notice of the purchase of the Bonds at the times and in the manner provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate related thereto. The Trustee

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

(Section 4.07)

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

Pledge of Revenues

The proceeds from the sale of a Series of Bonds, the applicable Revenues and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution, other than the Arbitrage Rebate Fund, are pursuant to the Resolution subject to the adoption of a Series Resolution pledged and assigned to the Trustee as security for the payment of the principal and Redemption Price of and interest on such Series of Bonds, all in accordance with the Resolution and the Series Resolution. The pledge made pursuant to the Resolution shall relate only to the Bonds of a Series authorized by such Series Resolution and no other Series of Bonds and such pledge shall not secure any such other Series of Bonds. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of a Series of Bonds, the applicable Revenues and all funds and accounts established by the Resolution and by a Series Resolution which are pledged by the Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds of each Series shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the applicable Revenues and the funds and accounts established by the Resolution and a Series Resolution and which are pledged by the Resolution as provided in the Resolution, which pledge shall constitute a first lien thereon. In the event that (i) the principal of and interest on the Bonds has become immediately due and payable because an event of default has occurred and is continuing under the Resolution, or (ii) the Trustee shall draw against the Credit Facility in connection with the redemption, in whole, of the Series 2008 Bonds, and in either such case the Provider shall have provided the Trustee with funds pursuant to the Credit Facility for the payment in full of the principal of and the interest on the Bonds then, and in such event, the Provider shall be subrogated to all rights theretofore possessed under the Resolution and the Loan Agreement by the Trustee and the Holders of the Bonds in respect of which such principal and interest shall have been paid with funds provided by the Provider (to the extent such funds provided by the Provider pursuant to the Credit Facility shall not have been reimbursed to the Provider). After the payment in full of all Bonds owned by the Holders thereof, any reference in the Bond Series Certificate relating to the Series 2008 Bonds to the Holders of the Bonds or to the Bondholders shall mean the Provider to the extent of its subrogation rights resulting from payments made pursuant to the Credit Facility.

(Section 5.01 of the Resolution and Section 7.08 of the Bond Series Certificate relating to the Series 2008 Bonds)

Establishment of Funds and Accounts

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

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

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

(Section 5.02)

Debt Service Fund and the Credit Facility Repayment Fund

There is pursuant to the Bond Series Certificate established in the Debt Service Fund (i) a Credit Facility Account, (ii) a Redemption Account, and (iii) an Institution Payments Account. There is also pursuant to the Bond Series Certificate relating to the Series 2008 Bonds established a Credit Facility Repayment Fund.

(Section 5.03 of the Bond Series Certificate relating to the Series 2008 Bonds)

Credit Facility Repayment Fund

The Credit Facility Repayment Fund is to be held by the Trustee for the exclusive benefit of the Provider with respect to the Bonds. On the day that amounts drawn under the Credit Facility are received by the Trustee and deposited in the Credit Facility Account of the Debt Service Fund, the Trustee shall withdraw from the Institution Payments Account of the Debt Service Fund an amount sufficient to reimburse the applicable Provider for the amount of such draw under the Credit Facility and for any other previously unreimbursed draw on the Credit Facility, and shall transfer such amounts to the Credit Facility Repayment Fund. Subject to the succeeding sentence, on any day on which the Trustee has received amounts drawn under a Credit Facility, the Trustee shall withdraw from the Credit Facility Repayment Fund an amount sufficient to reimburse the Provider under whose Credit Facility funds were drawn for the amount of such draw and shall transfer such amount to the Provider. The Trustee shall not transfer moneys from the Debt Service Fund or any other fund or account to reimburse the Provider for amounts drawn on such Credit Facility until after the amounts drawn on the Credit Facility shall have been deposited into the Credit Facility Account. The Trustee shall notify the Institution in writing promptly following each payment to the Provider with amounts in the Credit Facility Repayment Fund.

(Section 5.05 of the Bond Series Certificate relating to the Series 2008 Bonds)

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Purchase and Remarketing Fund

Pursuant to the Series Resolution relating to the Series 2008 Bonds, under the Bond Series Certificate relating to the Series 2008 Bonds there is established the Purchase and Remarketing Fund. The following Accounts shall be established within the Purchase and Remarketing Fund: (i) the Purchase Account, (ii) the Remarketing Proceeds Account and (iii) the Authority Available Moneys Account. The Purchase Account, the Remarketing Proceeds Account, the Authority Available Moneys Account and the moneys derived from the remarketing of the Series 2008 Bonds or from a Credit Facility from time to time on deposit therein are pledged by the Authority pursuant to the Bond Series Certificate relating thereto, and the Authority pursuant to such Bond Series Certificate grants a security interest therein to the Trustee, to secure payment of the Purchase Price of Tendered Bonds and the obligations of the Institution to the Provider under the Reimbursement Agreement. Amounts in the Purchase Account, the Remarketing Proceeds Account and the Authority Available Moneys Account shall, except as otherwise described below, be held separate and apart from and not be commingled with amounts held in any other fund or account established under the Resolution or with any other moneys of the Authority, the Tender Agent or the Trustee. The moneys in such accounts within the Purchase and Remarketing Fund shall be held uninvested and without liability on the part of the Trustee for interest thereon.

All amounts received by the Tender Agent from a Remarketing Agent representing the proceeds from the remarketing of Tendered Bonds shall be deposited in the Remarketing Proceeds Account and shall be used only for the payments of the Purchase Price of Tendered Bonds so remarketed as provided in the Bond Series Certificate relating to the Series 2008 Bonds. All amounts derived from a drawing on a Credit Facility to pay the Purchase Price of Tendered Bonds that are not remarketed shall be deposited in the Purchase Account and used only for the payment of the Purchase Price of Tendered Bonds in the manner at the times specified in such Bond Series Certificate. All other Available Moneys, including moneys transferred from the Credit Facility Account to pay accrued interest on the Tendered Bonds, to be applied to the payment of the Purchase Price of Tendered Bonds shall be deposited in the Authority Available Moneys Account and used only for the payment of the Purchase Price of Tendered Bonds in the manner specified in such Bond Series Certificate. No moneys, other than moneys transferred as described in the preceding sentence, provided by the Authority or the Institution shall be accepted for deposit to the credit of the Purchase Account, the Remarketing Proceeds Account or the Authority Available Moneys Account, nor shall any such moneys, if deposited by mistake or otherwise, be used to pay the Purchase Price of Tendered Bonds. Moneys in the Purchase and Remarketing Fund shall be held uninvested and without liability for interest thereon. The Tender Agent shall hold all moneys delivered to it hereunder for the purchase of Bonds in trust as agent and bailee of, and in escrow for the benefit of, the person or entity which shall have so delivered such moneys until such Bonds are purchased with such moneys. Notwithstanding anything contained in this paragraph to the contrary, moneys on deposit in the Remarketing Proceeds Account, not needed to pay the Purchase Price of Tendered Bonds shall be transferred to the Credit Facility Account to reimburse the Credit Facility Account for transfers necessary to pay accrued interest on the Tendered Bonds as provided in this paragraph.

The Purchase Price of Tendered Bonds shall be paid solely with available moneys on deposit in the accounts within the Purchase and Remarketing Fund in the following order of priority:

- First: From Available Moneys in the Remarketing Proceeds Account;
- Second: From Available Moneys in the Purchase Account; and
- Third: From Available Moneys in the Authority Available Moneys Account.

(Section 5.02 of the Bond Series Certificate relating to the Series 2008 Bonds)

Application of Money in the Construction Fund

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

Resolution summarized under the heading “**Deposit of Certain Money in the Construction Fund**” below, and all amounts paid by the Institution which by the terms of the Loan Agreement are required to be deposited therein.

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

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

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

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

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

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

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

(Section 5.04)

Deposit of Revenues and Allocation Thereof

Notwithstanding the provisions of the Resolution, the Revenues and any other moneys that, by any of the provisions of the Loan Agreement, are required to be paid to the Trustee (other than moneys paid to the Trustee for deposit in the Construction Fund pursuant to the Series Resolution relating to the Series 2008 Bonds) shall upon receipt thereof be deposited or paid by the Trustee as follows and in the following order of priority:

First: To the Institution Payments Account of the Debt Service Fund, the amount, if necessary, to make the amount in the Debt Service Fund equal to:

- (i) one-sixth (1/6) of the interest coming due on the Series 2008 Bonds on the immediately succeeding Interest Payment Date for such Series 2008 Bonds; *provided, however,*

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that, if there are less than six (6) such payment dates prior to the first such interest payment date on the Series 2008 Bonds, on each payment date prior to such interest payment date the Institution shall pay with respect to such Series 2008 Bonds an amount equal to its proportionate share of the interest coming due on such Series 2008 Bonds on such interest payment date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to the first interest payment date on the Series 2008 Bonds; *provided, further*, that while the Series 2008 Bonds are in the Daily Rate Mode or the Weekly Rate Mode, such transfer will be made by the third Business Day preceding the first day of each month in an amount at least equal to the interest which will accrue to the first Business Day of such month on the Series 2008 Bonds;

(ii) One-twelfth (1/12) of the principal and Sinking Fund Installments on the Series 2008 Bonds coming due on such July 1; *provided, however*, that, if there are less than twelve (12) such payment dates prior to the July 1 on which principal or Sinking Fund Installments come due on the Series 2008 Bonds, on each payment date prior to such July 1 the Institution shall pay with respect to such Series 2008 Bonds an amount equal to the principal and Sinking Fund Installments of the Series 2008 Bonds coming due on such July 1 multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such July 1; *provided, however*, with respect to Sinking Fund Installments of Option Bonds or Variable Interest Rate Bonds that come due in the months other than July, the terms of this subparagraph shall apply except that references to July shall be replaced with the applicable month(s) in which the related Sinking Fund Installment comes due;

Second: To reimburse the Provider for amounts drawn under the Credit Facility and not reimbursed from funds in the Credit Facility Repayment Fund summarized under the paragraph titled Credit Facility Repayment Fund.

Third: Upon the written direction of an Authorized Officer of the Authority, to the Arbitrage Rebate Fund for such Series in the amount set forth in such direction; and

Fourth: To the Institution Payments Account of the Debt Service Fund for disbursement to the Authority upon receipt by the Trustee of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable, unless otherwise paid, such amounts as are payable to the Authority for:

(i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee and Paying Agents, all as required in this paragraph,

(ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of the Project, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement in accordance with the terms thereof, and

(iii) any fees of the Authority.

(Section 5.04 of the Bond Series Certificate relating to the Series 2008 Bonds)

Debt Service Fund

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

(i) the interest due and payable on all Outstanding Bonds of a Series on such interest payment date;

(ii) the principal amount due and payable on all Outstanding Bonds of a Series on such interest payment date; and

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

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

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

(c) Any Term Bond so delivered to the Trustee shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Authority. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date, provided, however, that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

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

(Section 5.06)

Arbitrage Rebate Fund

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

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

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

(Section 5.07)

Application of Money in Certain Funds for Retirement of Bonds

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

(Section 5.08)

Transfer of Investments

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

(Section 5.09)

Security for Deposits and Investment of Funds

Security for Deposits

All money held under the Resolution by the Trustee shall be continuously and fully secured, for the benefit of the Authority and the Holders of a Series of Bonds, by direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America of a market value

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

(Section 6.01)

Investment of Funds and Accounts

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

(b) In lieu of the investments of money in obligations authorized in paragraph (a) summarized above, the Trustee shall, to the extent permitted by law, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority, invest money in the Construction Fund in any Permitted Investment; **provided, however,** that each such investment shall permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes of the Resolution; **provided, further,** that (x) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the Permitted Collateral shall be free and clear of claims of any other person.

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

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

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

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

(Section 6.02)

Particular Covenants

Payment of Principal and Interest

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

(Section 7.01)

Further Assurance

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

(Section 7.04)

Accounts and Audits

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to a Series of Bonds including but not limited to the objects and purposes for which proceeds of such Bonds were expended and the respective amounts expended for such objects and purposes. Such books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the Institution, the Trustee or of any Holder of a Bond of a Series or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, to each Provider and to the Institution. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Resolution and the applicable Series Resolution; a statement of the Revenues collected in connection with the Resolution and each Series Resolution; and complete and correct entries of the Authority’s transactions relating to each Series of Bonds. A copy of such report shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond of a Series or any beneficial owner of a Book Entry Bond requesting the same.

(Section 7.05)

Creation of Liens

Except as permitted by the Resolution or a Series Resolution, the Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds of a Series on the proceeds from the sale of such Bonds, the applicable Revenues, the rights of the Authority to receive payments to be made under a Loan Agreement that are to be deposited with the Trustee or the funds and accounts established by the Resolutions or by any Series Resolution which are pledged by the Resolution; **provided, however,** that nothing

contained in the Resolution shall prevent the Authority from (i) issuing bonds, notes or other obligations or otherwise incurred indebtedness under another and separate resolution so long as the charge or lien created by such resolution is not prior to the charge or lien created by the Resolution and the Series Resolution and (ii) incurring obligations with respect to a Credit Facility or a Liquidity Facility which are secured by a lien upon and pledge of the applicable Revenues of equal priority with the lien created and the pledge made by the Resolution and by the applicable Series Resolution.

(Section 7.06)

Enforcement of Duties and Obligations of the Institution

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

(Section 7.07)

Deposit of Certain Money in the Construction Fund

In addition to the proceeds of Bonds of a Series to be deposited in the Construction Fund, any moneys paid to the Authority for the acquisition, construction, reconstruction, renovation or equipment of a Project, including the proceeds of any insurance or condemnation award to be so applied shall be deposited in the Construction Fund.

(Section 7.08)

Offices for Payment and Registration of Bonds

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

(Section 7.09)

Amendment of Loan Agreement

The Loan Agreement may not be amended, changed, modified, altered or terminated nor may any provision thereof be waived if any such amendment, change, modification, alteration, termination or waiver would adversely affect the interest of the Holders of Outstanding Bonds of the applicable Series in any material respect unless consented to in writing by the Holders of at least a majority in aggregate principal amount of the Bonds of such Series then Outstanding; provided, however, that no such amendment, change, modification, alteration, or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds of a Series the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the Institution under the Loan

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Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Any consent given pursuant to the paragraph summarized herein by the Holders of Bonds shall, except as otherwise provided in the paragraph summarized herein, be given in the same manner required by the portion of the Resolution addressing amendments of the Resolution.

The Loan Agreement may be amended, changed, modified or altered (i) to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of any facilities constituting a part of any Project or to otherwise amend the Project or (ii) with the consent of the Trustee, to cure any ambiguity, or to correct or supplement any provisions contained in the Loan Agreement which may be defective or inconsistent with any other provisions contained in the Resolution or in the Loan Agreement. Except as otherwise provided in the paragraph summarized herein, the Loan Agreement may be amended, changed, modified or altered without the consent of the Holders of Outstanding Bonds or the Trustee. Prior to execution by the Authority of any amendment, a copy thereof certified by an Authorized Officer of the Authority shall be filed with the Trustee.

For the purposes of the paragraph summarized herein, the purchasers of Bonds of a Series, whether purchasing as underwriters, Remarketing Agent or otherwise for resale, may upon such purchase consent to an amendment, change, modification, alteration, termination or waiver permitted by the paragraph summarized herein in the manner provided in the Resolution, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or Remarketing Agent or for resale, the nature of the amendment, change, modification, alteration, termination or waiver and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the initial offering, reoffering or resale of the Bonds of such Series.

In addition, the Holder of an Outstanding Auction Rate Bond of a Series shall be deemed to have consented to an amendment, change, modification, alteration or termination permitted by this Section if (i) the Trustee has mailed notice of such proposed amendment to the Holder of such Bonds in the same manner required by the portion of the Resolution addressing amendments of the Resolution for an amendment to the Resolution, (ii) on the first Auction Date for such Bond occurring at least twenty (20) days after the date on which the aforementioned notice is given by the Trustee the interest rate determined on such date is the Winning Bid Rate and (iii) there is delivered to the Authority and the Trustee an opinion of Bond Counsel to the effect that such amendment shall not adversely affect the validity of such Auction Rate Bond or any exemption from federal income tax to which the interest on such Auction Rate Bond would otherwise be entitled. The following terms shall have the respective meanings: "Auction Rate Bond" means a Variable Interest Rate Bond of a Series that is not an Option Bond, and that bears interest at rates determined by periodic auctions in accordance with procedures therefore established by the Series Resolution authorizing such Bond or the Bond Series Certificate related thereto; "Auction Date" means, with respect to particular any Auction Rate Bond, the date on which an auction is held or required to be held for such Bond in accordance with the procedures established therefore; and "Winning Bid Rate" when used with respect to an auction held for any particular Auction Rate Bond, shall have the meaning given to such term in the Series Resolution authorizing such Auction Rate Bond or the Bond Series Certificate related thereto, or, if not otherwise defined, means the lowest rate specified in any purchase bid submitted in such auction, which, if selected, would cause the aggregate principal amount of Auction Bonds offered to be sold in such auction to be subject to purchase bids at rates no greater than the rate specified in such purchase bid.

For the purposes of the paragraph summarized herein, a Series of Bonds shall be deemed to be adversely affected by an amendment, change, modification, alteration or termination of the Loan Agreement or the waiver of any provision thereof if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any particular Series would be adversely affected in any material respect by any amendment, change, modification, alteration, termination or waiver and any such determination shall be binding and conclusive on the Institution, the Authority and all Holders of Bonds of such Series.

For all purposes of the paragraph summarized herein, the Trustee shall be entitled to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee, with respect to whether any amendment, change, modification, alteration, termination or waiver adversely affects the interests of any Holders of Bonds of a Series then Outstanding in any material respect.

(Section 7.11)

Notice as to Event of Default under Loan Agreement

The Authority shall notify the Trustee in writing that an “Event of Default” under the Loan Agreement, as such term is defined in the Loan Agreement, has occurred and is continuing, which notice shall be given as soon as practicable after the Authority has obtained actual knowledge thereof.

(Section 7.12)

Series Resolutions and Supplemental Resolutions

Modification and Amendment without Consent

Notwithstanding any other provisions of the Resolution, the Authority may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority:

- (a) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;
- (b) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds of a Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;
- (c) To prescribe further limitations and restrictions upon the issuance of Bonds of a Series and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;
- (d) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;
- (e) To confirm, as further assurance, any pledge under the Resolution and under the Series Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution and by the provisions of a Series Resolution, of the Revenues, or any pledge of any other money, securities or funds;
- (f) To modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions;
- (g) To modify or amend the Project; or

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

(Section 9.01)

Supplemental Resolutions Effective With Consent of Bondholders

The provisions of the Resolution and of a Series Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of Bondholders of the applicable Series in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 9.02)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

The Resolution or a Series Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Resolution. Nothing contained the Resolution shall affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Resolution summarized under the heading “**Further Assurance**” above, or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere provided in the Resolution or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by the Authority, when filed with the Trustee, shall be accompanied by an opinion of Bond Counsel stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution and the applicable Provider upon its becoming effective.

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

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

(Section 9.03)

Amendments of Resolution

Powers of Amendment

Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution or of any Series Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution and summarized in the following paragraph, (i) of the Holders of at least a majority in principal amount of the Bonds of a Series

Outstanding at the time such consent is given or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond of a Series or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of the provisions of the Resolution summarized in this paragraph, a Series shall be deemed to be affected by a modification or amendment if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds of such Series. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution summarized in the preceding paragraph to take effect when and as provided in the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders of a Series for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to such Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds of a Series specified in the Resolution as summarized in the preceding paragraph and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution as summarized below. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds of a Series with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds of a Series described in the certificate or certificates of the Trustee.

Any consent given by the a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Bondholder and of any Bonds of a Series issued in exchange therefor (whether or not such subsequent Insurer or Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee provided for in the Resolution is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds of a Series shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed.

At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds of a Series and will be effective

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as provided in the Resolution, shall be given to such Bondholders by the Authority by mailing such notice to such Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds of a Series shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee provided for in the Resolution is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in the Resolution). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted by the Resolution to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent, and the Holders of all Bonds of such Series upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; **provided, however**, that the Authority, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

For the purposes of the provisions of the Resolution relating to amendments of the Resolution, the purchasers of the Bonds of a Series, whether purchasing as underwriters or Remarketing Agent, for resale or otherwise, upon such purchase, may consent to a modification or amendment permitted by the Resolution in the manner provided in the Resolution, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; **provided, however**, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series by the Authority.

(Section 10.02)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds of a Series may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority of a copy of a Supplemental Resolution certified by an Authorized Officer of the Authority and the consent of the Holders of all of the Bonds of a Series then Outstanding, such consent to be given as provided in the Resolution, except that no notice to the Bondholders either by mailing or publication shall be required.

(Section 10.03)

Consent of Provider

Whenever by the terms of the Resolution relating to amendments of the Resolution the consent of any of the Holders of the Bonds of a Series to a modification or amendment hereof made by a Series Resolution or Supplemental Resolution is required, such modification or amendment shall not become effective until the written consent of each applicable Provider has been obtained. No modification or amendment hereof which adversely affects a Provider shall be made without the written consent thereto of the Provider affected thereby. Notice of the adoption of any such Series Resolution or Supplemental Resolution and of the effectiveness of the modification or amendment made thereby shall be given to each applicable Provider by mail at the times and in the manner provided herein with respect to notices thereof required to be given to the Holders of the Bonds of a Series. Notice thereof shall also be given to each Rating Service as soon as practical after adoption of such Series Resolution or Supplemental Resolution and of the effectiveness thereof.

(Section 10.04)

Defaults and Remedies

Events of Default

An event of default shall exist under the Resolution and under a Series Resolution (referred to in the Resolution as an “event of default”) if:

(a) With respect to a Series of Bonds, payment of the principal, Sinking Fund Installments or Redemption Price of any Bond shall not be made by the Authority when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) With respect to a Series of Bonds, payment of an installment of interest on any Bond shall not be made by the Authority when the same shall become due and payable; or

(c) With respect to a Series of Bonds, the Authority shall default in the due and punctual performance of any covenants contained in the Series Resolution authorizing the issuance thereof to the effect that the Authority shall comply with the provisions of the Code applicable to such Bonds necessary to maintain the exclusion of interest therein from gross income under Section 103 of the Code and shall not take any action which would adversely affect the exclusion of interest on such Bonds from gross income under Section 103 of the Code and, as a result thereof, the interest on the Bonds of such Series shall no longer be excludable from gross income under Section 103 of the Code; or

(d) With respect to a Series of Bonds, the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Resolution or in such Bonds or in any series resolution on the part of the Authority to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of such Series, or if such default is not capable of being cured within thirty (30) days, if the Authority fails to commence within said thirty (30) days and diligently prosecute the cure thereof; or

(e) With respect to a Series of Bonds, the Authority shall have notified the Trustee that an “Event of Default” as defined in the Loan Agreement, shall have occurred and be continuing and all sums payable by the Institution under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default specified in the Resolution, other than an event of default specified in the Resolution as summarized in paragraph (c) under the heading “**Events of Default**” above, then and in every such case the Trustee may, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of a Series shall, by notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds of such Series to be immediately due and payable. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in a Series Resolution or in the Bonds of a Series to the contrary notwithstanding. At any time after the principal of such Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds of such Series not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) money shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding

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Bonds of such Series (except the interest accrued on such Bonds since the last interest payment date); (ii) money shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution and under the Series Resolution (other than principal amounts payable only because of a declaration and acceleration under the Resolution) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in the Series Resolution or in such Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration and acceleration under the Resolution) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

Acceleration Under Resolution

Notwithstanding anything in the Resolution to the contrary, if the principal and interest on all Series 2008 Bonds shall be declared immediately due and payable under the Resolution, such principal and interest shall become immediately due and payable on the date of such declaration and interest shall cease to accrue on the Series 2008 Bonds.

(Section 7.11 of the Bond Series Certificate relating to the Series 2008 Bonds)

Enforcement of Remedies

Upon the happening and continuance of any event of default specified in the Resolution, then and in every such case, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall proceed (subject to the provisions of the Resolution relating to the compensation of the Trustee or any Paying Agent) to protect and enforce its rights and the rights of the Bondholders under the Resolution or under the applicable Series Resolution 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 Resolution or under the Series Resolution or in aid or execution of any power in the Resolution or 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 shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Resolution and under a Series Resolution the Trustee shall be entitled to 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 Resolution or of a Series Resolution or of the Bonds of a Series, with interest on overdue payments of the principal of or interest on the Bonds 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 Resolution and under a Series Resolution 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 judgment or decree against the Authority but solely as provided in the Resolution, in a Series Resolution 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 money adjudged or decreed to be payable.

(Section 11.04)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds of a Series shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution unless such Holder previously shall have 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 of a Series affected thereby shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have

accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Resolution or for any other remedy under the Resolution and in equity or at law. It is understood and intended that no one or more Holders of the Bonds of a Series secured by the Resolution and by a Series Resolution shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution or of a Series Resolution or to enforce any right under the Resolution or a Series Resolution except in the manner in the Resolution and any Series Resolution provided, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds of such Series. Notwithstanding any other provision of the Resolution, the Holder of any Bond of a Series shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

(Section 11.08)

Defeasance

(a) If the Authority shall pay or cause to be paid to the Holders of Bonds of a Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the applicable Series Resolution and Bond Series Certificate, then the pledge of the Revenues or other money and securities pledged to such Bonds and all other rights granted by the Resolution to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Authority, and all money or securities held by it pursuant to the Resolution and to the applicable Series Resolution which are not required for the payment or redemption of Bonds of such Series shall be paid or delivered by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to the applicable Provider the Provider Payments which have not been repaid, pro rata based upon the respective Provider Payments then unpaid to each such Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(b) Bonds for the payment or redemption of which money shall have been set aside and shall be held in trust by the Trustee (through deposit of money for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the Resolution. All Outstanding Bonds of any Series or any maturity within such Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph (a) if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will, provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received the written consent to such defeasance of each applicable 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 Provider, and (iv) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses, appearing on the registration books, and, if directed by the Authorized Officer

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of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Resolution and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds. The Authority shall give written notice to the Trustee of its selection of the Series and maturity the payment of which is to be made in accordance with the Resolution. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with the Resolution in the manner provided in the Resolution. Neither Defeasance Securities nor money deposited with the Trustee pursuant to the provisions of the Resolution summarized in this paragraph nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; **provided, however**, that any money received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be; **provided, further**, that money and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required by the Resolution to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each applicable Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

(c) For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of money, or Defeasance Securities and money, if any, in accordance with the provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b), the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; **provided, however**, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of money and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy the provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b), the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each applicable Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution.

(d) Option Bonds of a Series shall be deemed to have been paid in accordance with the provisions of the Resolution summarized in clause (ii) of the second sentence of the paragraph (b) of this section only if, in addition to satisfying the requirements of clauses (i) and (iii) of such sentence, there shall have been deposited with the Trustee money in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; **provided, however,** that if, at the time a deposit is made with the Trustee pursuant to the provisions of the Resolution summarized in the preceding paragraph (b), the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of the provisions summarized in this paragraph. If any portion of the money deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each applicable Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution.

(e) Anything in the Resolution to the contrary notwithstanding, any money held by the Trustee or a Paying Agent in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for one (1) year after the date when all of the Bonds of such Series have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such money were held by the Trustee or Paying Agent at such date, or for one (1) year after the date of deposit of such money if deposited with the Trustee or Paying Agent after said date when all of the Bonds of such Series become due and payable, shall, at the written request of the Authority, be repaid by the Trustee or Paying Agent to the Authority as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds shall look only to the Authority for the payment of such Bonds; **provided, however,** that, before being required to make any such payment to the Authority, the Trustee or Paying Agent may, at the expense of the Authority, cause to be published in an Authorized Newspaper a notice that such money remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after the date of publication of such notice, the balance of such money then unclaimed shall be returned to the Authority.

(Section 12.01)

Provider Provisions

Consent Rights of the Credit Facility Issuer

If no Credit Facility Issuer Default is occurring, the Provider, and not the actual Holders of the Series 2008 Bonds, shall be deemed to be the Holder of the Series 2008 Bonds payable from such Credit Facility for the purpose of exercising any right or power, consenting to an amendment, supplement, modification or waiver, or requesting or directing the Trustee to take or not to take any action under the Resolutions; provided, however, that the provisions of this paragraph shall not apply to any 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, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

(Section 7.09 of the Bond Series Certificate relating to the Series 2008 Bonds)

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

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SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

The following is a summary of certain provisions of the Reimbursement Agreement to which reference is made for the complete provisions thereof. All terms used in this summary and not defined in this Official Statement have the respective meanings ascribed to such terms in the Reimbursement Agreement.

The occurrence of any one or more of the following events shall constitute an “Event of Default” as said term is used herein:

(1) Failure of the University (i) (A) to make any principal payment when due, (B) to pay any interest within five (5) days after the date when due, or (C) to observe or perform any of the other covenants or conditions by the University to be performed under the terms of the Reimbursement Agreement or any Credit Document concerning the payment of money, for a period of five (5) days after written notice from the Bank that the same is due and payable; or (ii) for a period of thirty (30) days after written notice from the Bank, to observe or perform any non monetary covenant or condition contained in the Reimbursement Agreement; provided further that if a different notice or grace period is specified under any other subsection of Article 10 of the Reimbursement Agreement (“Article 10”) with respect to a particular breach, or if another subsection of Article 10 applies to a particular breach and does not expressly provide for a notice or grace period, the specific provision shall control.

(2) If any representation or warranty or statement made or deemed made by the University in the Reimbursement Agreement or which is contained in any certificate, document, financial or other statement furnished at any time under or in connection with the Reimbursement Agreement shall prove to have been false or misleading in any material respect when made.

(3) Any breach or default following applicable notice and cure periods of any payment with respect to any indebtedness or guaranty of the University, when due, in excess of \$500,000.00, or the performance of any other obligation of the University incurred in connection with any indebtedness or guaranty in excess of \$500,000.00.

(4) The University shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of any of its assets; (ii) admit in writing its inability to pay its debts as they mature; (iii) make a general assignment for the benefit of creditors; (iv) be adjudicated bankrupt or insolvent; or (v) file a voluntary petition in bankruptcy, or a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation by law or statute, or an answer admitting the material allegations of a petition filed against the University in any proceeding under any such law or the filing of an involuntary bankruptcy against the University, or if corporate action shall be taken by the University for the purpose of effecting any of the foregoing.

(5) An order, judgment or decree shall be entered, without the application, approval or consent of the University, by any court of competent jurisdiction, approving a petition seeking reorganization of the University, or of all or a substantial part of any of its respective properties or assets or appointing a receiver, trustee or liquidator of the University and such order, judgment or decree shall continue unstayed and in effect for a period of 60 days.

(6) A Reportable Event shall occur under ERISA.

(7) A default or an Event of Default occurs with respect to any of the Credit Documents or Bond Documents.

(8) The University shall cease to conduct business or shall be dissolved.

(9) The Liens created by the Pledge Agreement shall for any reason cease to be valid, perfected security interests or mortgage liens of the required priority in favor of the Bank (except with respect to UCC filings that have lapsed because the Bank has failed to timely file a continuation statement).

**FORM OF APPROVING OPINION
OF BOND COUNSEL**

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FORM OF APPROVING OPINION OF BOND COUNSEL

Squire, Sanders & Dempsey L.L.P.
350 Park Avenue
New York, New York 10022

_____, 2008

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$47,950,000 aggregate principal amount of St. Lawrence University Revenue Bonds, Series 2008 (the “Series 2008 Bonds”) by the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York, created and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof (the “Act”). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2008 Bonds are issued under and pursuant to the Act, and the St. Lawrence University Revenue Bond Resolution and the Series 2008 Resolution Authorizing Up To \$52,000,000 St. Lawrence University Revenue Bonds, Series 2008, both adopted on June 25, 2008 (collectively, the “Resolution”). The Series 2008 Bonds are being issued for the purposes set forth in the Resolution. Capitalized terms used and not otherwise defined herein have the respective meanings given to them in the Resolution or the Loan Agreement (as defined herein) or the Bond Series Certificate (as defined herein).

The Series 2008 Bonds are issued as Variable Interest Rate Bonds dated their date of delivery, initially issued in the Weekly Rate Mode and bearing interest at a Weekly Rate as determined by the Remarketing Agent. While in the Weekly Rate Mode, interest is payable on the first Business Day of each month. The Series 2008 Bonds mature on the date and in the year and amounts and are subject to conversion to a different Rate Mode, optional and mandatory tender, and redemption and purchase in lieu of redemption prior to maturity, as set forth in the Bond Series Certificate executed in connection therewith (the “Bond Series Certificate”).

The Authority and St. Lawrence University (the “Institution”) have entered into a Loan Agreement, dated as of June 25, 2008 (the “Loan Agreement”), providing, among other things, for a loan to the Institution for the

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purposes permitted thereby and by the Resolution. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal and Sinking Fund Installments, if any, and the redemption price of, and interest on the Series 2008 Bonds, which payments have been pledged by the Authority to the Trustee for the benefit of the Holders of the Series 2008 Bonds.

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolution and to issue the Series 2008 Bonds thereunder.

2. The Resolution has been duly and lawfully adopted by the Authority. The Resolution is in full force and effect, and is a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

3. The Series 2008 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act, and in accordance with the Resolution. The Series 2008 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the equal benefits of the Resolution and the Act.

4. The Authority has the right and lawful authority and power to enter into the Loan Agreement and the Loan Agreement has been duly authorized, executed and delivered by the Authority and constitutes the legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

5. Assuming compliance by the Authority and the Institution with the covenants described below, interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes. The interest on the Series 2008 Bonds will not be treated as a specific preference item for purposes of computing the federal alternative minimum tax. However, we note a portion of the interest on Series 2008 Bonds earned by certain corporations may be subject to the federal alternative minimum tax, which is based in part on adjusted current earnings.

6. We are also of the opinion that interest on the Series 2008 Bonds is exempt, under existing law, from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

With respect to the opinions in paragraphs 5 and 6, the Internal Revenue Code of 1986 (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2008 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2008 Bonds to be included in gross income retroactively to the date of issue of the Series 2008 Bonds. The Authority and the Institution have covenanted to take all actions necessary to maintain, and to avoid taking any actions that would impair, the exclusion of the interest on the Series 2008 Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In rendering the opinion set forth in paragraphs 5 and 6, we have relied upon representations made by the Institution with respect to certain material facts within their knowledge and also upon the opinion of Bond, Schoeneck & King, PLLC, counsel to the Institution, and we have made no independent investigation thereof regarding, among other matters, the current qualification of the Institution as an organization described in Section 501(c)(3), and exempt from federal income tax pursuant to Section 501(a) of the Code. We note that such opinion is subject to a number of qualifications and limitations. Failure of the Institution to be organized and operated in accordance with the Internal Revenue Service's requirements for maintenance of its status as an organization described in Section 501(c)(3), and exempt from federal income tax pursuant to Section 501(a), of the Code may result in interest on the Series 2008 Bonds being included in gross income for federal income tax purposes, possibly retroactively from the original delivery of the Series 2008 Bonds.

We have examined an executed Series 2008 Bond and, in our opinion, the form of said bond and its execution are regular and proper.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to any other federal or state tax consequences of the ownership or disposition of the Series 2008 Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2008 Bonds, or the interest thereon, if any action is taken with respect to the Series 2008 Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolution, the Series 2008 Bonds and the Loan Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the Institution. We have assumed the due authorization, execution and delivery of the Loan Agreement by the Institution.

We express no opinion in this letter as to the accuracy, completeness, fairness or sufficiency of the Official Statement, or any appendices thereto.

Very truly yours,