

NEW ISSUE

Moody's: A1
(See "RATING" herein)



\$52,595,000

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
TEACHERS COLLEGE
REVENUE BONDS, SERIES 2009

Dated: Date of Delivery **Due: March 1, as shown below**

Payment and Security: The Teachers College Revenue Bonds, Series 2009 (the "Series 2009 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 December 3, 2008, between Teachers College (the "College") and the Authority, and (ii) all funds and accounts, except the Arbitrage Rebate Fund, established in connection with the Series 2009 Bonds under the Authority's Teachers College Revenue Bond Resolution, adopted December 3, 2008 (the "Resolution") and the Series Resolution Authorizing Up To \$55,000,000 Teachers College Revenue Bonds, adopted December 3, 2008, (the "Series 2009 Resolution" and, together with the Resolution, the "Resolutions").

The Loan Agreement is a general, unsecured obligation of the College and requires the College 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 the Series 2009 Bonds.

The Series 2009 Bonds will not be a debt of the State of New York (the "State") and the State will not be liable on the Series 2009 Bonds. The Authority has no taxing power.

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

The Series 2009 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 2009 Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2009 Bonds, payments of the principal, Redemption Price and Purchase Price of and interest on such Series 2009 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 2009 BONDS – Book-Entry Only System" herein.

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

Tax Exemption: In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Authority and the College described herein, interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2009 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is further of the opinion that, by virtue of the Act, interest on the Series 2009 Bonds is exempt from personal income taxes of the State of New York and its political subdivisions. See "PART 8 - TAX MATTERS" herein regarding certain other tax considerations.

| \$8,435,000 Serial Bonds | | | | | | | | | |
|---|-----------------------------------|--------------------------------|--------------|--|------------------------------|-----------------------------------|--------------------------------|--------------|--|
| <u>Due</u> <u>March 1</u> | <u>Principal</u> <u>Amount</u> | <u>Interest</u> <u>Rate</u> | <u>Yield</u> | <u>CUSIP</u> <u>Number</u> ¹ | <u>Due</u> <u>March 1</u> | <u>Principal</u> <u>Amount</u> | <u>Interest</u> <u>Rate</u> | <u>Yield</u> | <u>CUSIP</u> <u>Number</u> ¹ |
| 2015 | \$1,565,000 | 3.00% | 3.17% | 6499037F2 | 2018 | \$1,745,000 | 5.00% | 3.79% | 6499037J4 |
| 2016 | 1,615,000 | 4.00 | 3.36 | 6499037G0 | 2019 | 1,830,000 | 4.00 | 4.01 | 6499037K1 |
| 2017 | 1,680,000 | 4.00 | 3.57 | 6499037H8 | | | | | |
| \$10,525,000 5.00% Term Bonds Due March 1, 2024, Yield 5.08% CUSIP Number¹ 6499037L9 \$13,530,000 5.375% Term Bonds Due March 1, 2029, Yield 5.49% CUSIP Number¹ 6499037M7 \$20,105,000 5.50% Term Bonds Due March 1, 2039, Yield 5.76% CUSIP Number¹ 6499037N5 | | | | | | | | | |

The Series 2009 Bonds are offered when, as, and if issued and received by the Underwriters. The offer of the Series 2009 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 Nixon Peabody LLP, New York, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the College by its special counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, New York, New York. The Authority expects to deliver the Series 2009 Bonds in definitive form in New York, New York, on or about January 29, 2009.

Morgan Stanley **Ramirez & Co., Inc.**

January 14, 2009

⁽¹⁾ CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2009 Bonds. Neither the Authority nor the Underwriters are responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Series 2009 Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2009 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Series 2009 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 2009 Bonds.

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

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 2009 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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

The College has reviewed the parts of this Official Statement describing the College, the Principal and Interest Requirements, the 2009 Project, the Estimated Sources and Uses of Funds and Appendix B. As a condition to delivery of the Series 2009 Bonds, the College will certify that as of the date of this Official Statement and of delivery of the Series 2009 Bonds, such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The College makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities law, but the Underwriters do not guarantee the accuracy or completeness of such information.

References in this Official Statement to the Act, the Resolution, the Series 2009 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2009 Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2009 Resolution and the Loan Agreement are on file with the Authority and the Trustee.

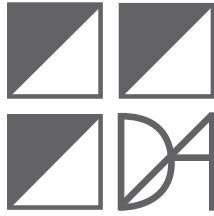
The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

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 College have remained unchanged after the date of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2009 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2009 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

| <u>Part</u> | <u>Page</u> | <u>Part</u> | <u>Page</u> |
|--|-------------|--|-------------|
| 1. INTRODUCTION | 1 | Government Contract and Grants | 20 |
| Purpose of the Official Statement | 1 | Fundraising | 20 |
| Purpose of the Issue | 1 | Investments | 21 |
| Authorization of Issuance | 1 | Plant Assets | 21 |
| The Authority | 1 | Outstanding Indebtedness | 22 |
| The College | 2 | Benefit Plans | 22 |
| The Series 2009 Bonds | 2 | Future Capital Plans | 23 |
| Payment of the Series 2009 Bonds | 2 | College's Financial Advisor | 23 |
| Security for the Series 2009 Bonds | 2 | LITIGATION | 23 |
| Covenants | 2 | 7. THE AUTHORITY | 23 |
| The 2009 Project | 3 | Background, Purposes and Powers | 23 |
| 2. SOURCE OF PAYMENT AND SECURITY FOR THE | | Outstanding Indebtedness of the Authority (Other than | |
| SERIES 2009 BONDS | 3 | Indebtedness Assumed by the Authority) | 24 |
| Payment of the Series 2009 Bonds | 3 | Outstanding Indebtedness of the Agency | |
| Security for the Series 2009 Bonds | 3 | Assumed by the Authority | 25 |
| Covenants | 4 | Governance | 26 |
| Events of Default and Acceleration | 5 | Claims and Litigation | 29 |
| Issuance of Additional Bonds | 5 | Other Matters | 30 |
| General | 5 | 8. LEGALITY OF THE SERIES 2009 BONDS FOR | |
| 3. THE SERIES 2009 BONDS | 6 | INVESTMENT AND DEPOSIT | 30 |
| Description of the Series 2009 Bonds | 6 | 9. NEGOTIABLE INSTRUMENTS | 30 |
| Redemption and Purchase in Lieu of Redemption Provisions | 6 | 10. TAX MATTERS | 30 |
| Book-Entry Only System | 9 | Federal Income Taxes | 30 |
| Principal and Interest Requirements | 11 | State Taxes | 31 |
| 4. THE 2009 PROJECT | 12 | Original Issue Discount | 31 |
| 5. ESTIMATED SOURCES AND USES OF FUNDS | 12 | Original Issue Premium | 31 |
| 6. THE COLLEGE | 12 | Ancillary Tax Matters | 31 |
| GENERAL INFORMATION | 12 | Changes in Tax Law and Post Issuance Events | 32 |
| Introduction | 12 | 11. STATE NOT LIABLE ON THE SERIES 2009 BONDS | 32 |
| Academic Programs | 13 | 12. COVENANT BY THE STATE | 32 |
| Governance | 14 | 13. LEGAL MATTERS | 32 |
| Administration | 15 | 14. UNDERWRITING | 33 |
| Facilities | 16 | 15. CONTINUING DISCLOSURE | 33 |
| OPERATING INFORMATION | 16 | 16. RATING | 34 |
| Admissions | 16 | 17. MISCELLANEOUS | 35 |
| Enrollment | 16 | Appendix A – Certain Definitions | A-1 |
| Tuition and Fees | 17 | Appendix B – Financial Statements of Teachers College | |
| Other Student Expenses | 17 | and Independent Auditors' Report | B-1 |
| Sources of Financial Aid | 17 | Appendix C – Summary of Certain Provisions of the Loan Agreement | C-1 |
| Faculty | 18 | Appendix D – Summary of Certain Provisions of the Resolution | D-1 |
| Employee Relations | 18 | Appendix E – Form of Approving Opinion of Bond Counsel | E-1 |
| ANNUAL FINANCIAL STATEMENT INFORMATION | 18 | | |
| Financial Statement Information | 18 | | |



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

515 BROADWAY, ALBANY, NY 12207
GAIL H. GORDON, ESQ – CHAIR

OFFICIAL STATEMENT RELATING TO

\$52,595,000

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
TEACHERS COLLEGE
REVENUE BONDS, SERIES 2009

PART 1 — INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Authority and the College, in connection with the offering by the Authority of \$52,595,000 aggregate principal amount of its Teachers College Revenue Bonds, Series 2009 (the “Series 2009 Bonds”).

The following is a brief description of certain information concerning the Series 2009 Bonds, the Authority and the College. A more complete description of such information and additional information that may affect decisions to invest in the Series 2009 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 2009 Bonds are being issued for the purpose of providing funds which, together with other available moneys, will be used (i) to redeem the Authority’s outstanding Teachers College Insured Revenue Bonds, Series 2007 (the “Series 2007 Bonds”), (ii) to pay a portion of the Costs of the 2009 Project and (ii) to pay the Costs of Issuance of the Series 2009 Bonds. See “PART 4 — THE 2009 PROJECT” and “PART 5 — ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

The Resolution authorizes the issuance of Bonds pursuant to separate Series Resolutions for the benefit of the College. The Series 2009 Bonds will be issued pursuant to the Act, the Resolution, and the Series 2009 Resolution. The Series 2009 Bonds are the first Series of Bonds to be issued under the Resolution. In addition to the Series 2009 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 College. 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 after the scheduled delivery date of the Series 2009 Bonds. See “PART 3 — THE SERIES 2009 BONDS.”

The Authority

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

The College

The College is an independent, coeducational, nonsectarian, not-for-profit institution of higher education chartered by the Regents of the University of the State of New York. The College is located in New York City in Morningside Heights. See “PART 6 - THE COLLEGE” and “Appendix B - Financial Statements of Teachers College and Independent Auditors’ Report.”

The Series 2009 Bonds

The Series 2009 Bonds are dated their date of delivery and bear interest from such date (payable September 1, 2009 and on each March 1 and September 1 thereafter) at the rates and will mature at the times set forth on cover page of this Official Statement. See “PART 3 - THE SERIES 2009 BONDS - Description of the Series 2009 Bonds.”

Payment of the Series 2009 Bonds

The Series 2009 Bonds are special obligations of the Authority payable solely from the Revenues which consist of certain payments to be made by the College under the Loan Agreement, which payments are pledged and assigned to the Trustee. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS - Payment of the Series 2009 Bonds.”

Security for the Series 2009 Bonds

The Series 2009 Bonds are secured by the pledge of the Revenues, the proceeds of the Series 2009 Bonds and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution and the Series 2009 Resolution in connection with the Series 2009 Bonds, other than the Arbitrage Rebate Fund.

The Loan Agreement is a general, unsecured obligation of the College. No security interest in any revenues or assets of the College has been granted by the College to the Authority under the Loan Agreement. However, the College may grant and has granted security interests in certain revenues and assets of the College to secure certain of the College’s outstanding indebtedness other than the Series 2009 Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS - Security for the Series 2009 Bonds” and “- Issuance of Additional Bonds” and “PART 6 – THE COLLEGE – Outstanding Indebtedness.”

The Series 2009 Bonds will not be a debt of the State nor will the State be liable thereon. The Authority has no taxing power. Neither the State nor the Authority has any responsibility to make payments with respect to the Series 2009 Bonds except for the Authority’s responsibility to make payments from moneys received from the College pursuant to the Loan Agreement and from amounts held in the funds and accounts under the Resolution and pledged therefor.

Covenants

The College covenants in the Loan Agreement that, so long as the Series 2009 Bonds remain Outstanding, it will demonstrate at the end of each Fiscal Year that (i) Operating Income Available for Debt Service for such Fiscal Year then ended was at least equal to 1.25 times its Annual Debt Service for such Fiscal Year, and (ii) commencing with the College’s Fiscal Year ending in 2010, Unrestricted Resources as of the end of such Fiscal Year are at least equal to 30% of outstanding Long-Term Indebtedness. The requirement pertaining to Unrestricted Resources continues at 30% through Fiscal Year 2011, increases to 50% for the College’s Fiscal Year 2012 through Fiscal Year 2014, and increases to 75% for all subsequent Fiscal Years. The College is required to demonstrate compliance with such covenants by filing annual certificates with the Authority. Failure by the College to comply with the foregoing covenants will not constitute an event of default under the Loan Agreement or the Resolution if the College complies with the provisions relating to a Management Consultant. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS – Covenants – *Maintenance Covenants.*”

The College also covenants in the Loan Agreement that, except to the extent permitted under the Loan Agreement, it will not issue, incur, assume or guarantee any Indebtedness without the prior written consent of the Authority. For a summary of the circumstances in which the College may incur such Indebtedness, see “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS – Financial Covenants – *Additional Indebtedness.*”

The 2009 Project

The 2009 Project consists of (i) the refinancing of the costs of construction of a dormitory residence, and (ii) various improvements and renovations to existing facilities. See “PART 4 - THE 2009 PROJECT.”

PART 2 — SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2009 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 and the Series 2009 Resolution. Copies of the Loan Agreement, the Resolution and the Series 2009 Resolution are on file with the Authority and the Trustee. See also “Appendix C — Summary of Certain Provisions of the Loan Agreement” and “Appendix D — Summary of Certain Provisions of the Resolution” for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2009 Bonds

The Series 2009 Bonds will be special obligations of the Authority. The principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Series 2009 Bonds are payable solely from the Revenues, which consist of payments to be made by the College pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Series 2009 Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Bondholders.

The Loan Agreement obligates the College to make payments to satisfy the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on all Outstanding Series 2009 Bonds. Payments made by the College in respect of interest on the Series 2009 Bonds are to be made on the 10th day of each February immediately preceding the March 1 and on the 10th day of each August immediately preceding the September 1 on which interest is payable, in each case in an amount equal to the interest coming due on the next succeeding interest payment date. Payments by the College in respect of principal are to be made on the 10th day of each February immediately preceding the March 1 on which such principal becomes due. The Loan Agreement also obligates the College to pay, at least 15 days prior to a redemption date or purchase date of Series 2009 Bonds called for redemption or contracted to be purchased, the amount, if any, required to pay the Purchase Price or Redemption Price of such Bonds. See “PART 3 - THE SERIES 2009 BONDS - Redemption and Purchase in Lieu of Redemption Provisions.”

The Authority has directed, and the College has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal and Redemption Price of and interest on the Series 2009 Bonds.

Security for the Series 2009 Bonds

The Series 2009 Bonds are secured by the pledge of the Revenues, the proceeds of the Bonds and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution and the Series 2009 Resolution in connection with the Series 2009 Bonds, other than the Arbitrage Rebate Fund. Each Series of Bonds issued pursuant to the Resolution will be separately secured from each other Series.

The Series 2009 Bonds will not be a debt of the State nor will the State be liable thereon. The Authority has no taxing power. Neither the State nor the Authority has any responsibility to make payments with respect to the Series 2009 Bonds except for the Authority’s responsibility to make payments from moneys received from the College pursuant to the Loan Agreement and from amounts held in the funds and accounts under the Resolution and the Series 2009 Resolution and pledged therefor.

The Loan Agreement and the obligation of the College to make payments under the Loan Agreement are general, unsecured obligations of the College. The obligations of the College to make payments or cause the same to be made under the Loan Agreement are absolute and unconditional and the amount, manner and time of making such payments are not to be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the College may otherwise have against the Authority, the Trustee or any Bondholder for any cause whatsoever.

No security interest in any revenues or assets of the College has been granted by the College to the Authority under the Loan Agreement. However, the College may grant and has granted security interests in certain revenues and assets of the College to secure certain of the College's outstanding indebtedness other than the Bonds. See "PART 6 - THE COLLEGE - ANNUAL FINANCIAL STATEMENT INFORMATION - Outstanding Indebtedness," for a description of such indebtedness of the College secured by certain pledged revenues. In the event of a default under any debt instrument secured by such pledged revenues, the holder or trustee under such debt instrument (including the Authority) will have the right to collect a portion or all of such pledged revenues, and apply the revenues so collected to the payment of amounts due under such debt instrument. Any revenues so collected and applied will not be available for satisfying any of the College's obligations under the Loan Agreement.

Covenants

The Loan Agreement contains certain covenants of the College wherein the College agrees to the following:

Maintenance Covenants

The College covenants to charge and maintain during each Fiscal Year, student tuition, fees and other charges sufficient to provide a Debt Service Coverage Ratio of 1.25:1. On or prior to each Reporting Date, the College shall file with the Authority a certificate of an Authorized Officer of the College stating whether at the immediately preceding Testing Date the Debt Service Coverage Ratio requirement is satisfied and setting forth the calculation upon which such statement is based. If on two consecutive Testing Dates the College does not satisfy the Debt Service Coverage Ratio requirement, or in the event the Debt Service Coverage Ratio falls below 1:1 on any Testing Date, the Authority may require the College to retain a Management Consultant. As of August 31, 2008 (prior to the issuance of the Series 2009 Bonds and the redemption of the Series 2007 Bonds), the College's Debt Service Coverage Ratio was reported at 1.54:1.

Commencing with the College's Fiscal Year ending in 2010, the College also covenants to maintain an Unrestricted Resources to Debt Ratio of at least .30:1. This requirement remains at .30:1 for the College's Fiscal Year 2011, increases to .50:1 for the College's Fiscal Year 2012 through Fiscal Year 2014, and increases to .75:1 for all subsequent Fiscal Years. On or prior to each Reporting Date, the College shall file with the Authority a certificate of an Authorized Officer of the College stating whether at the immediately preceding Testing Date the Unrestricted Resources to Debt Ratio requirement is satisfied and setting forth the calculation upon which such statement is based. If on any Testing Date the College does not satisfy the Unrestricted Resources to Debt Ratio requirement, the Authority may require the College to retain a Management Consultant. As of August 31, 2008 (prior to the issuance of the Series 2009 Bonds and the redemption of the Series 2007 Bonds), the College's Unrestricted Resources to Debt Ratio was reported at 1.24:1. For a discussion of certain changes to the College's unrestricted net assets since August 31, 2008, see "PART 6 – THE COLLEGE."

Additional Indebtedness

Except as otherwise described below, the College covenants that it will not issue, incur, assume or guarantee any Indebtedness without the prior written consent of the Authority.

The College may issue, incur, assume or guarantee Indebtedness without the consent of the Authority provided that (i) it maintains a debt rating in the "A" category without regard for "+" or "-" from at least one Rating Service and (ii) (a) such Long-Term Indebtedness issued in any Fiscal Year is in an amount less than or equal to 10% of the amount of its unrestricted net assets as reported for the most recently concluded Fiscal Year for which audited financial statements are available or (b) the College provides to the Authority a certificate of an Authorized Officer of the College containing pro forma calculations demonstrating that the maintenance covenants described above would be met for the most recently concluded Fiscal Year for which audited financial statements are available taking into account the additional Long-Term Indebtedness proposed to be issued (provided that, for purposes of calculating the Debt Service Coverage Ratio for such pro forma calculations, Annual Debt Service shall be equal to projected Maximum Annual Debt Service).

Notwithstanding the foregoing, the College may issue Non-Recourse Indebtedness without limitation provided that any assets pledged as collateral or for the repayment of such indebtedness must have been acquired by the College after the issuance of the Series 2009 Bonds.

The College may incur Short-Term Indebtedness without limitation if, with respect to such indebtedness, during any 12-month period, there will be no outstanding balance for a period of not less than 30 days.

For a more complete description of the financial covenants of the College contained in the Loan Agreement, see "Appendix C - Summary of Certain Provisions of the Loan Agreement."

Events of Default and Acceleration

The following are events of default under the Resolution with respect to the Series 2009 Bonds: (i) a default by the Authority in the payment of the principal, Sinking Fund Installment or Redemption Price of any Bond; (ii) a default by the Authority in the payment of interest on any Bond; (iii) a default by the Authority in the due and punctual performance of any covenant or agreement contained in the Series 2009 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) a default by the Authority in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Series 2009 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) the Authority shall have notified the Trustee that an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the College under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the College under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Outstanding Series 2009 Bonds, shall declare the principal of and interest on all the Outstanding Series 2009 Bonds to be due and payable. At any time after the principal of the Series 2009 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 2009 Bonds not yet due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee to the College 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 2009 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 2009 Bonds.

Issuance of Additional Bonds

In addition to the Series 2009 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 College. 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 2009 Bonds. The Series 2009 Bonds will be the first Series of Bonds issued under the Resolution.

General

The Series 2009 Bonds will not be a debt of the State and the State will not be liable on the Series 2009 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 7 — THE AUTHORITY."

PART 3 — THE SERIES 2009 BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2009 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2009 Resolution and the Loan Agreement, copies of which are on file with the Authority and the Trustee. See also “Appendix C — Summary of Certain Provisions of the Loan Agreement” and “Appendix D — Summary of Certain Provisions of the Resolution” for a more complete description of certain provisions of the Series 2009 Bonds.

Description of the Series 2009 Bonds

The Series 2009 Bonds will be issued pursuant to the Resolution and the Series 2009 Resolution and will be dated their date of delivery and bear interest from such date (payable September 1, 2009 and on each March 1 and September 1 thereafter) at the rates set forth on the cover page of this Official Statement.

The Series 2009 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2009 Bonds will be payable by check mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 of Series 2009 Bonds, by wire transfer to the wire transfer address within the continental United States to which the registered owner has instructed the Trustee to make such payment at least five days prior to the interest payment date. If the Series 2009 Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal and Redemption Price of the Series 2009 Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent.

The Series 2009 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), pursuant to DTC’s Book-Entry Only System. Purchases of beneficial interests in the Series 2009 Bonds will be made in book-entry form, without certificates. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2009 Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2009 Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Series 2009 Bonds is the responsibility of DTC Participants and the Indirect Participants (as hereinafter defined). If at any time the Book-Entry Only System is discontinued for the Series 2009 Bonds, the Series 2009 Bonds will be exchangeable for fully registered Series 2009 Bonds in any authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See “- Book-Entry Only System” below and “Appendix D - Summary of Certain Provisions of the Resolution.”

For a more complete description of the Series 2009 Bonds, see “Appendix D - Summary of Certain Provisions of the Resolution.”

Redemption and Purchase in Lieu of Redemption Provisions

The Series 2009 Bonds are subject to redemption and to purchase in lieu of redemption, as described below. For a more complete description of the redemption and other provisions relating to the Series 2009 Bonds, see “Appendix D—Summary of Certain Provisions of the Resolution.”

Optional Redemption

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

Purchase in Lieu of Optional Redemption

The Series 2009 Bonds maturing after March 1, 2019 are also subject to purchase in lieu of optional redemption prior to maturity at the option of the College with the consent of the Authority, on or after March 1, 2019, in any

order, in whole or in part at any time, at a purchase price equal to 100% of the principal amount of the Series 2009 Bonds to be purchased, plus accrued interest (the “Purchase Price”) to the date set for purchase (the “Purchase Date”).

Mandatory Redemption

The Series 2009 Bonds are subject to redemption, in part, through application of Sinking Fund Installments upon notice given as prescribed in the Resolution, at a Redemption Price equal to 100% of the principal amount of Series 2009 Bond to be redeemed, plus accrued interest to the date of redemption. Unless none of the Series 2009 Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Series 2009 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 2009 Bonds maturing on March 1 of each of the years set forth in the following table, the amount set forth opposite such year:

| Series 2009 Bonds Maturing March 1, 2024 | | Series 2009 Bonds Maturing March 1, 2029 | |
|---|--|---|--|
| <u>Year</u> | <u>Sinking Fund Installment</u> | <u>Year</u> | <u>Sinking Fund Installment</u> |
| 2020 | \$1,905,000 | 2025 | \$2,430,000 |
| 2021 | 2,000,000 | 2026 | 2,560,000 |
| 2022 | 2,100,000 | 2027 | 2,700,000 |
| 2023 | 2,205,000 | 2028 | 2,845,000 |
| 2024 | 2,315,000 [†] | 2029 | 2,995,000 [†] |

| Series 2009 Bonds Maturing March 1, 2039 | |
|---|--|
| <u>Year</u> | <u>Sinking Fund Installment</u> |
| 2030 | \$3,160,000 |
| 2031 | 3,330,000 |
| 2032 | 3,515,000 |
| 2033 | 3,710,000 |
| 2034 | 930,000 |
| 2035 | 980,000 |
| 2036 | 1,030,000 |
| 2037 | 1,090,000 |
| 2038 | 1,150,000 |
| 2039 | 1,210,000 [†] |

[†] Final maturity.

There will be credited against and in satisfaction of the Sinking Fund Installment payable on any date, the principal amount of Series 2009 Bonds entitled to such Sinking Fund Installment (A) purchased with moneys in the Debt Service Fund pursuant to the Resolution, (B) redeemed at the option of the Authority, (C) purchased by the College or the Authority and delivered to the Trustee for cancellation or (D) deemed to have been paid in accordance with the Resolution. Series 2009 Bonds purchased with moneys in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2009 Bonds so purchased payable on the next succeeding March 1. Series 2009 Bonds redeemed at the option of the Authority, purchased by the Authority or the College (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Resolution will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments as the Authority may direct in its discretion. To the extent the Authority’s obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder’s Series 2009 Bonds of the maturity so purchased will be reduced for such year.

Special Redemption

The Series 2009 Bonds are subject to redemption prior to maturity at the option of the Authority in any order, as a whole or in part on any interest payment date, at a Redemption Price equal to 100% of the principal amount of Series 2009 Bonds to be redeemed, plus accrued interest to the redemption date (i) from proceeds of a condemnation

or insurance award, which proceeds are not used to repair, restore or replace the portion of the 2009 Project to which such proceeds relate, and (ii) from unexpended proceeds of the Series 2009 Bonds upon the abandonment of all or a portion of the 2009 Project due to a legal or regulatory impediment.

Selection of Bonds to be Redeemed

In the case of redemptions of Series 2009 Bonds, the Authority will select the maturities of the Series 2009 Bonds to be redeemed. If less than all of the Series 2009 Bonds of a maturity are to be redeemed, the Series 2009 Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

Notice of Redemption

Generally, the Trustee is to give notice of the redemption of the Series 2009 Bonds in the name of the Authority, by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to the registered owners of any Series 2009 Bonds which are to be redeemed, at their last known addresses appearing on the registration books of the Authority not more than 10 Business Days prior to the date such notice is given. Each notice of redemption, other than a notice of “Special Redemption,” may state, in addition to any other condition, that the redemption is conditioned upon the availability on the redemption date of sufficient moneys to pay the Redemption Price of the Series 2009 Bonds to be redeemed. The failure of any owner of a Series 2009 Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2009 Bond.

If on the redemption date moneys for the redemption of the Series 2009 Bonds of like maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the redemption price, and if notice of redemption has been mailed, then interest on the Series 2009 Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2009 Bonds will no longer be considered to be Outstanding.

Notice of Purchase in Lieu of Redemption and its Effect

Notice of purchase of the Series 2009 Bonds will be given in the name of the College to the registered owners of the Series 2009 Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the Purchase Date specified in such notice. The Series 2009 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2009 Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2009 Bonds are called for purchase in lieu of an optional redemption, such purchase will not extinguish the indebtedness of the Authority evidenced thereby or modify the terms of the Series 2009 Bonds. Such Series 2009 Bonds need not be cancelled, and will remain Outstanding under the Resolution and continue to bear interest.

The College’s obligation to purchase a Series 2009 Bond to be purchased or cause it to be purchased is conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2009 Bonds to be purchased on the Purchase Date. If sufficient money is available on the Purchase Date to pay the Purchase Price of the Series 2009 Bonds to be purchased, the former registered owners of such Series 2009 Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Purchase Price. If sufficient money is not available on the Purchase Date for payment of the Purchase Price, the Series 2009 Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the Purchase Date, who will be entitled to the payment of the principal of and interest on such Series 2009 Bonds in accordance with their respective terms.

If not all of the Outstanding Series 2009 Bonds of a maturity are to be purchased, the Series 2009 Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2009 Bonds of a maturity to be redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the Series 2009 Bonds, see “Appendix D - Summary of Certain Provisions of the Resolution.” Also see “- Book-Entry Only System” below for a description of the notices of redemption to be given to Beneficial Owners of the Series 2009 Bonds when the Book-Entry Only System is in effect.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2009 Bonds. The Series 2009 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 2009 Bond certificate will be issued for each maturity of the Series 2009 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 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2009 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 2009 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 2009 Bonds, except in the event that use of the book-entry system for the Series 2009 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009 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 2009 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 2009 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2009 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 2009 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 2009 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 2009 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 2009 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2009 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2009 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2009 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee have no responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2009 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 2009 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 2009 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 2009 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 2009 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 2009 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 2009 BONDS.**

So long as Cede & Co. is the registered owner of the Series 2009 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2009 Bonds (other than under the caption "PART 10 — TAX MATTERS" herein) means Cede & Co., as aforesaid, and does not mean the Beneficial Owners of the Series 2009 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 2009 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 2009 Bonds if the Authority determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2009 Bonds, or (ii) a continuation of the requirement that all of the Outstanding Series 2009 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 2009 Bond certificates will be delivered as described in the Resolutions.

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

Principal and Interest Requirements

The following table sets forth the amounts required to be paid by the College during each twelve month period ending August 31 of the years shown for the payment of debt service on the currently outstanding indebtedness of the College, the principal of and interest on the Series 2009 Bonds and the total debt service on all indebtedness of the College, including the Series 2009 Bonds.

| 12-Month Period Ending <u>August 31</u> | Series 2009 Bonds | | | Debt Service on Other <u>Indebtedness</u> | Total Debt <u>Service</u> |
|--|--------------------------------------|-------------------------------------|---|--|--|
| | Principal <u>Payments</u> | Interest <u>Payments</u> | Total Debt Service on the <u>Series 2009 Bonds</u> | | |
| 2009 | \$ - | \$ - | \$ - | \$ 2,826,771 | \$2,826,771 |
| 2010 | - | 2,938,326 | 2,938,326 | 2,826,659 | 5,764,985 |
| 2011 | - | 2,698,463 | 2,698,463 | 2,827,459 | 5,525,921 |
| 2012 | - | 2,698,463 | 2,698,463 | 2,826,459 | 5,524,921 |
| 2013 | - | 2,698,463 | 2,698,463 | 2,828,659 | 5,527,121 |
| 2014 | - | 2,698,463 | 2,698,463 | 2,826,369 | 5,524,831 |
| 2015 | 1,565,000 | 2,698,463 | 4,263,463 | 2,826,331 | 7,089,794 |
| 2016 | 1,615,000 | 2,651,513 | 4,266,513 | 2,478,769 | 6,745,281 |
| 2017 | 1,680,000 | 2,586,913 | 4,266,913 | 2,475,988 | 6,742,900 |
| 2018 | 1,745,000 | 2,519,713 | 4,264,713 | 2,475,250 | 6,739,963 |
| 2019 | 1,830,000 | 2,432,463 | 4,262,463 | 2,475,750 | 6,738,213 |
| 2020 | 1,905,000 | 2,359,263 | 4,264,263 | 2,478,250 | 6,742,513 |
| 2021 | 2,000,000 | 2,264,013 | 4,264,013 | 2,477,500 | 6,741,513 |
| 2022 | 2,100,000 | 2,164,013 | 4,264,013 | 2,478,500 | 6,742,513 |
| 2023 | 2,205,000 | 2,059,013 | 4,264,013 | 2,476,000 | 6,740,013 |
| 2024 | 2,315,000 | 1,948,763 | 4,263,763 | 2,475,000 | 6,738,763 |
| 2025 | 2,430,000 | 1,833,013 | 4,263,013 | 2,475,250 | 6,738,263 |
| 2026 | 2,560,000 | 1,702,400 | 4,262,400 | 2,476,500 | 6,738,900 |
| 2027 | 2,700,000 | 1,564,800 | 4,264,800 | 2,478,500 | 6,743,300 |
| 2028 | 2,845,000 | 1,419,675 | 4,264,675 | 2,476,000 | 6,740,675 |
| 2029 | 2,995,000 | 1,266,756 | 4,261,756 | 2,474,000 | 6,735,756 |
| 2030 | 3,160,000 | 1,105,775 | 4,265,775 | 2,477,250 | 6,743,025 |
| 2031 | 3,330,000 | 931,975 | 4,261,975 | 2,475,250 | 6,737,225 |
| 2032 | 3,515,000 | 748,825 | 4,263,825 | 2,478,000 | 6,741,825 |
| 2033 | 3,710,000 | 555,500 | 4,265,500 | - | 4,265,500 |
| 2034 | 930,000 | 351,450 | 1,281,450 | - | 1,281,450 |
| 2035 | 980,000 | 300,300 | 1,280,300 | - | 1,280,300 |
| 2036 | 1,030,000 | 246,400 | 1,276,400 | - | 1,276,400 |
| 2037 | 1,090,000 | 189,750 | 1,279,750 | - | 1,279,750 |
| 2038 | 1,150,000 | 129,800 | 1,279,800 | - | 1,279,800 |
| 2039 | 1,210,000 | 66,550 | 1,276,550 | - | 1,276,550 |

PART 4 — THE 2009 PROJECT

The 2009 Project consists of (i) the redemption on the date of issuance of the Series 2009 Bonds of the Series 2007 Bonds, proceeds of which were used to refinance the construction of a two-building dormitory between Broadway and Amsterdam Avenue and 121st and 122nd Streets to house graduate students, and (ii) the financing of various improvements and renovations to existing facilities, primarily constituting deferred maintenance initiatives.

PART 5 — ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

Sources of Funds

| | |
|---|------------------|
| Principal Amount of Series 2009 Bonds | \$ 52,595,000 |
| Net Original Issue Discount/Premium | <u>(762,010)</u> |
| Total Sources | \$ 51,832,990 |

Uses of Funds

| | |
|---|----------------|
| Redemption of the Series 2007 Bonds | \$ 44,575,000 |
| Deposit to the Construction Fund | 6,000,000 |
| Costs of Issuance ¹ | 949,868 |
| Underwriters' Discount | <u>308,122</u> |
| Total Uses | \$ 51,832,990 |

¹ Includes legal fees, State bond issuance charge and associated costs relating to the Series 2009 Bonds.

PART 6 — THE COLLEGE

GENERAL INFORMATION

Introduction

Teachers College, commonly known as Teachers College, Columbia University, was founded in 1887 and chartered in 1889 by the Regents of the University of the State of New York as an independent corporation. Teachers College is an independent, coeducational, non-sectarian, graduate school of education.

Teachers College (the "College") became affiliated with Columbia University in 1898, which affiliation was formalized by an agreement between the two Boards of Trustees in 1915 and which has been amended from time to time thereafter and was most recently amended and restated in October 2004. Such agreement covers many subjects, such as the selection of instructional personnel, the procedures for achievement of certain degrees and the sharing of libraries and other academic facilities. Under such agreement, the College is the Graduate School of Education of Columbia University and degrees earned at the College are granted in the name of Columbia University. The President of the College holds the rank of Dean of Columbia University, and the faculty of Teachers College is one of the faculties of Columbia University. However, the two institutions are independent 501(c)(3) organizations, neither controlled by the other and are not consolidated for financial reporting purposes. Neither institution is liable or responsible for the payment of the debts or other obligations of the other institution. In particular, Columbia University is not guaranteeing nor is in any way liable for the payments of the College pursuant to the Loan Agreement with respect to the Series 2009 Bonds.

Teachers College is accredited by the Middle States Commission on Higher Education. In addition, the College's educational programs are accredited by a number of accrediting bodies, including the National Council for the Accreditation of Teacher Education, the American Psychological Association, the American Speech-Language Hearing Association, and the American Dietetic Association, among many others.

Academic Programs

Degrees are awarded at both the masters and doctoral levels. Masters degrees include the Master of Education (Ed.M.), the Master of Arts (M.A.), and Master of Science (M.S.). Doctoral degrees include the Doctor of Education (Ed.D.), the Doctor of Education in the College Teaching of an Academic Subject (Ed.D.-CTAS), and the Doctor of Philosophy (Ph.D.).

Arts and Humanities: includes Applied Linguistics; Art and Art Education; Arts Administration; Dance and Dance Education; Music and Music Education; Humanities; History and Education; Philosophy and Education; Teaching English to Speakers of Other Languages (TESOL); Teaching English to Speakers of Other Languages (TESOL-Japan); Teaching of English; and Teaching of Social Studies.

Biobehavioral Sciences: includes Movement Science and Education, including Applied Exercise Physiology, Motor Learning and Control, Occupational Therapy, and Physical Education; Curriculum and Teaching in Physical Education; Neuroscience and Education; and Speech and Language Pathology.

Counseling and Clinical Psychology: includes Clinical Psychology; Counseling Psychology; Psychology in Education; and Psychological Counseling.

Curriculum and Teaching: includes Curriculum and Teaching; Early Childhood Education; Elementary Inclusive Education; Elementary Inclusive Education and Teaching Students with Disabilities; Elementary Professional Certification Program; Gifted Education; and Literacy Specialist.

Health and Behavior Studies: includes Applied Educational Psychology, including Reading Specialist and School Psychology; Health Studies, including Health Education, Nursing Education and Nutrition; Special Education programs, including Administration of Special Education; Applied Behavior Analysis; Blindness and Visual Impairment; Cross-Categorical Studies; Deaf and Hard of Hearing; Guidance and Habilitation; Instructional Practice in Special Education; Intellectual Disability/Autism; Intellectual Disability/Autism and Childhood (Elementary) Education; Intellectual Disability/Autism and Early Childhood Education; Physical Disabilities; Research in Special Education; and, Supervision of Special Education; and Teaching of American Sign Language (ASL) as a Foreign Language.

Human Development: includes Cognitive Studies in Education; Developmental Psychology Programs; Measurement, Evaluation, and Statistics; and Sociology and Education.

International and Transcultural Studies: includes Anthropology; Anthropology and Education; Bilingual/Bicultural Education; Economics and Education; and International Education Programs, including Comparative and International Education, and International Educational Development.

Mathematics, Science and Technology: includes Communication; Computing in Education; Computing in Education-ONLINE; Instructional Technology and Media; Technology Specialist; Mathematics Education; and Science Education.

Organization and Leadership: includes Adult Learning and Leadership; Adult Education Guided Intensive Study (AEGIS); Education Leadership programs, including Education and Management (Dual Degree Ed.D. & MBA), Leadership, Policy and Politics, Private School Leadership, Public School and School District Leadership, Summer Principals Academy, and Urban Education Leaders Program; Executive Program for Nurses; Higher and Postsecondary Education; Politics and Education; and Social-Organizational Psychology.

Governance

The College is governed by its Trustees, who elect their own members. The bylaws provide that the Trustees shall be composed of not less than 15 nor more than 35 members. Currently, the Board of Trustees consists of 35 regular members. The Trustees have regular meetings four times a year and have established several committees: the Executive Committee, the Committee on Investment, the Committee on Business and Finance, the Committee on Trustees, the Development Committee, the Academic Affairs Committee, the Committee on Compensation and the Audit Committee. The current Trustee membership and its officers are as follows:

James W. B. Benkard ⁽¹⁾

Senior Partner
Davis Polk and Wardwell

Lee C. Bollinger

President
Columbia University

Cory A. Booker

Mayor
City of Newark, New Jersey

Gene R. Carter

CEO
Association for Supervision and
Curriculum Development

Geoffrey J. Colvin

Partner
CEW Partners (New York)

James P. Comer

Associate Dean
Yale School of Medicine

Joyce B. Cowin

Founder
Heritage School

Dawn Duques

Hotelier
Former Trustee of Mitchell College

Susan Fuhrman ⁽¹⁾

President
Teachers College,
Columbia University

Ruth L. Gottesman ⁽¹⁾

Former Director
Fisher Landau Center for the
Treatment of Learning Disabilities
Albert Einstein College of
Medicine

Patricia Green

Chair
Green Charitable Foundation

Antonia M. Grumbach ⁽¹⁾

Partner
Patterson, Belknap, Webb
and Tyler LLP

Majorie L. Hart

Chair
Scenic Hudson, Inc.

John W. Hyland, Jr. ⁽²⁾

General Partner
McFarland Dewey and Co., LLC

Elliot S. Jaffe ⁽¹⁾

Former Chairman and CEO
The Dress Barn

John Klingenstein ⁽¹⁾

President
Esther A. and Joseph
Klingenstein Fund, Inc.

Jan Krukowski

Founder and President
Jan Krukowski Marketing
and Communications

Julie Leff

Educator

Dr. Eduardo J. Marti

President
Queensborough Community College

Claude A. Mayberry, Jr.

President and CEO
Science Weekly, Inc.

John Merrow ⁽¹⁾

Executive Producer
The Merrow Report

Lorraine Monroe

Executive Director
School Leadership Academy
Center for Educational Innovation

Enid W. Morse ⁽¹⁾

Trustee Emeritus
Smithsonian Institution

Abby M. O'Neill

Former Chair
Rockefeller Brothers Fund

Dailey Pattee

Psychologist

E. John Rosenwald, Jr. ⁽¹⁾

Vice Chairman Emeritus
JP Morgan Chase, Inc.

William D. Rueckert ⁽²⁾

President
Rosow and Company, Inc.

Marla Schaefer

Former Co-CEO
Claire's Stores

Laurie M. Tisch ⁽³⁾

Chairwoman
The Center for Arts Education

Gillian Neukom Toledo

Educator
Seattle, WA

Jay Urwitz

Partner
Wilmer Cutler Pickering
Hale and Dorr LLP

Steven R. Wechsler ⁽¹⁾

Senior Managing Director
Tishman Speyer Properties

Sue Ann Weinberg ⁽¹⁾

Trustee, Vassar College
Trustee, New York Public Library

Bruce Wilcox ⁽¹⁾

Chairman
Cumberland Associates

Christopher Williams

Chairman and CEO
The Williams Capital Group

⁽¹⁾ Executive Committee.

⁽²⁾ Executive Committee and Co-Chair.

⁽³⁾ Executive Committee and Vice Chair.

Administration

The current executive officers of the College are:

Lee C. Bollinger is President of Columbia University in New York City and a member of the faculty of the Law School. He is a graduate of the University of Oregon and Columbia Law School, where he was an Articles Editor of the Law Review. After serving as law clerk for Judge Wilfred Feinberg on the United States Court of Appeals for the Second Circuit and the Chief Justice Warren Burger on the United States Supreme Court, he joined the faculty of the University of Michigan Law School in 1973. In 1987 he was named the Dean of the University of Michigan Law School, a position he held for seven years. He became Provost of Dartmouth College and Professor of Government in July 1994 and was named the twelfth President of the University of Michigan in November 1996. He is a fellow of the American Academy of Arts and Sciences, an honorary fellow of Clare Hall, Cambridge University, and a member of the Boards of the Gerald R. Ford Foundation, the Kresge Foundation, and the Royal Shakespeare Company of Great Britain.

Susan Fuhrman, Ph.D. was appointed President of the College in August 2006. Dr. Fuhrman previously served as Dean of the University of Pennsylvania's Graduate School of Education, as well as the school's George and Diane Weiss Professor of Education. She also serves as Chair of the Management Committee of the Consortium for Policy Research in Education (CPRE), a joint venture among seven universities that evaluates state and local school reforms. Dr. Fuhrman received bachelor's and master's degrees in history from Northwestern University in Chicago, Illinois, and a Ph.D. in political science and education from Teachers College. Her many professional involvements include membership on the Board of Trustees of the Carnegie Foundation for the Advancement of Teaching and the National Coalition on Asia and International Studies in the Schools. She is also a former Vice President of the American Educational Research Association, President-elect of the National Academy of Education and a non-executive Director of Pearson plc, the international education and publishing company.

Thomas James was appointed Provost and Dean of the College on July 1, 2007, where he also holds a tenured professorship in educational history. Provost James worked previously as Dean of the School of Education at the University of North Carolina at Chapel Hill during the period 2003-2007, and before that as Associate Dean for Academic Affairs and subsequently Vice Dean at the Steinhardt School of Education at New York University (1996-2003), simultaneously holding the rank of tenured Full Professor in those institutions. His earlier faculty roles were at Wesleyan University and Brown University. He earned his undergraduate degree from Harvard University (1970) and his M.A. and Ph.D. degrees in history and education from Stanford University in 1982 and 1984, respectively. His major scholarly interests include the history of American education, public policy and education, and the role of experience in education.

Harvey W. Spector was appointed Vice President for Finance and Administration in June 2007. Mr. Spector has over 30 years of experience in the management of the financial and administrative activities of municipal and not-for-profit institutions including Vice President for Finance and Operations at the Fashion Institute of Technology during the period 1996 to 2007, Budget Director for the New York City Transit Authority from 1992 to 1996 and Deputy Budget Director for the City of New York from 1985-1990. Mr. Spector received his B.A. in Government from Ohio University in 1971, and his Master's Degree in city and regional planning and Master's Degree in public administration, both from Ohio State University.

Scott Fahey, M.Ed. is the Assistant to the President, Susan Fuhrman, and also serves as the Secretary to the College managing the affairs of the College's Board of Trustees. He received both his bachelor and masters degrees from the University of Maine, and has done additional graduate work at Cornell University and Teachers College. For the first 15 years of his career in higher education, Mr. Fahey worked in the area of enrollment management at the college level (Babson, Bradford and Connecticut Colleges, as well as Colgate University), and also in independent schools such as The Hill School in Pottstown, PA. Preceding his arrival at Teachers College in August of 1994, Mr. Fahey was the founder and principal of Fahey Associates, a consulting organization specializing in enrollment management for individuals and institutions.

Suzanne M. Murphy was appointed Vice President for Development and External Relations of the College on February 1, 2008. Prior to her appointment at Teachers College, Ms. Murphy served as Vice President for College Resources at Sarah Lawrence for nearly seven years, overseeing development, communications and alumni relations efforts. During the period 1987-2001, Ms. Murphy held the positions of Dean of Enrollment Management, and then Vice President for External Affairs and Enrollment Services at Marymount Manhattan. Ms. Murphy received her B.A. from Marymount Manhattan College in 1987, and her MA and Ed.M degrees from Teachers College in 1996 and 1999, respectively, where she is currently a doctoral student.

Facilities

The College is housed in six academic buildings and seven residential buildings (which house students as well as faculty and staff) situated in New York City's Morningside Heights, occupying an entire square block and certain adjacent areas at the northern end of the Columbia University campus. The College's facilities total approximately one million square feet, all of which are owned by the College. The College also leases space at four locations to accommodate administrative offices, faculty offices and student housing.

OPERATING INFORMATION

Admissions

Teachers College receives applications substantially in excess of the number of students it accepts into its programs. The following table reflects application statistics for the past four and the current academic years:

ADMISSIONS STATISTICS

| | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| Doctoral Applications | 1,138 | 1,236 | 1,134 | 1,223 | 1,113 |
| Doctoral Admitted | 293 | 319 | 251 | 278 | 228 |
| New Doctoral Enrolled | 164 | 160 | 139 | 151 | 138 |
| Doctoral Admit % | 26% | 26% | 22% | 23% | 20% |
| Doctoral Enrolled % of Admits | 56% | 50% | 55% | 54% | 61% |
| | | | | | |
| Master's Applications | 3,780 | 4,083 | 4,099 | 4,267 | 4,521 |
| Master's Admitted | 2,281 | 2,236 | 2,282 | 2,508 | 2,526 |
| Master's Enrolled | 1,192 | 1,343 | 1,293 | 1,411 | 1,441 |
| Master's Admit % | 60% | 55% | 56% | 59% | 56% |
| Master's Enrolled % of Admits | 52% | 60% | 57% | 56% | 57% |

Enrollment

The College's student body is drawn from all fifty states and 80 foreign nations. The students range from recent college graduates to experienced professionals, with the median age being 29. Approximately 30% of the students pursue their studies on a full-time basis and are working toward the graduate master's or doctoral degrees. The remaining 70% of students are enrolled on a part-time basis. Approximately 1,500 students complete the work for the master's degree each year and approximately 200 complete the work for the doctorate.

The following tables summarize the College's enrollment history from fall 2004 through the fall of 2008:

ENROLLMENT SUMMARY

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time | 1,525 | 1,567 | 1,613 | 1,578 | 1,627 |
| Part-Time | 3,560 | 3,503 | 3,340 | 3,467 | 3,490 |
| Non-Degree | 353 | 312 | 297 | 325 | 299 |
| Headcount* | 5,085 | 5,070 | 4,953 | 5,045 | 5,117 |
| Full-Time Equivalents** | 3,305 | 3,319 | 3,283 | 3,312 | 3,372 |

* Headcount enrollment represents the number of individual students attending the College during the fall semester.

** Full-time equivalents are calculated by taking the total number of course points taken by both full and part-time students and dividing by twelve. Twelve credits is the normal full-time load at the College.

Tuition and Fees

Shown below are charges for academic years 2004-05 through 2008-09.

STUDENT CHARGES

| <u>Academic Year</u> | <u>Tuition</u> | <u>Registration Fees</u> | <u>Total</u> |
|----------------------|----------------|--------------------------|--------------|
| 2004-05 | \$21,000 | \$420 | \$21,420 |
| 2005-06 | 22,440 | 480 | 22,920 |
| 2006-07 | 23,400 | 640 | 24,040 |
| 2007-08 | 24,720 | 680 | 25,400 |
| 2008-09 | 26,040 | 716 | 26,756 |

The College evaluates its courses on a credit point basis. For the academic year 2008-09, the standard tuition fee was \$1,085 per credit point. The average tuition cost for a full-time student taking 12 course points per semester was \$13,020 per semester, or \$26,040 per academic year. The average tuition cost for 2008-09 for a part-time student taking an average five credit points per semester was \$5,425 per semester, or \$10,850 per academic year. In addition, all students pay a college registration fee of \$358 per semester. All full-time students also pay a health service fee of \$387 per semester; for part-time students the health service fee is optional.

Various other fees are charged depending upon the services provided (special courses taken, laboratory, library and research work, etc.).

Other Student Expenses

The College also provides residence facilities consisting of 605 single units and 156 family units. Monthly rates for single rooms for 2008-09 range from \$733 to \$1,912. Apartments for students with families are also available ranging from \$1,353 to \$1,968 per month. The College does not offer a meal plan.

Sources of Financial Aid

The College has various scholarship and aid programs which helped approximately 3,000 students during the academic year 2007-08. Students attending the College are eligible to participate in programs under Title IV of the Higher Education Act of 1965 (as amended) including the Perkins Loan Program and the Stafford Loan Program (guaranteed student loans). The College also participates in various New York State student assistance programs, including the Tuition Assistance Program and Stafford loans guaranteed by the Higher Education Service Corporation. The various State and federal programs depend on annual appropriations by the State legislature or Congress and the funding of programs. Many students also obtain private bank loans.

A summary of the funds provided for financial aid and their source for the past five fiscal years is as follows:

SOURCES OF FINANCIAL AID

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Federal Stafford Loans | \$30,479,962 | \$33,128,950 | \$33,948,901 | \$32,444,746 | \$36,056,528 |
| Federal Perkins Loans | 1,441,527 | 1,094,441 | 1,464,894 | 703,000 | 561,454 |
| Federal Plus Loans | - | - | - | 15,040,771 | 19,207,405 |
| Private Bank Loans | 6,089,961 | 8,075,197 | 9,433,261 | 3,232,323 | 2,131,069 |
| Institutional Financial Aid* | <u>10,731,740</u> | <u>11,914,597</u> | <u>13,590,431</u> | <u>14,829,545</u> | <u>15,953,448</u> |
| Total | \$48,743,190 | \$54,213,185 | \$58,437,487 | \$66,250,385 | \$73,909,904 |

* Does not include Federal Work-Study, tuition remission or departmental aid.

Faculty

The College has 153 full-time faculty, of which 75% are tenured. In addition there are another 45 full-time instructors, and 75 full-time equivalent (FTE) part-time and adjunct professors. The College's faculty is appointed within one of three academic ranks: Assistant Professor, Associate Professor and Full Professor.

The following table sets forth the faculty profile for each of the last four and the current academic years.

| | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| Full-Time Faculty on Appointment | 156 | 152 | 155 | 155 | 153 |
| Other Full-Time Instructional | 29 | 33 | 31 | 38 | 45 |
| Part-Time Faculty FTE | 90 | 89 | 82 | 78 | 75 |
| Full-Time Equivalent Faculty | 275 | 274 | 268 | 271 | 273 |
| Percent of Faculty on Appointment Tenured | 66% | 70% | 72% | 73% | 75% |

Employee Relations

The College has a long-standing relationship with three bargaining units. The College's in-house maintenance, custodial and security force currently consists of 97 employees that are represented by Local 707 of the Teamsters.

The College's 110 secretarial and clerical employees are represented by Local 2110 of the United Auto-Workers. In addition, the College employs eight employees at a faculty apartment building who are represented by Local 32B-32J of the Service Employees Union.

The agreements with these bargaining units average three years in length and the current agreements expire in February, 2012 (Local 2110), August, 2012 (Local 707) and April, 2010 (Local 32B-32J). The College has not experienced a work stoppage or formal slowdown in the past decade.

ANNUAL FINANCIAL STATEMENT INFORMATION

Financial Statement Information

The College's financial statements are prepared in accordance with U.S. generally accepted accounting principles. The following table summarizes the College's unrestricted revenues and expenses and other changes in net assets for the last five fiscal years. This summary is derived from the audited financial statements of the College for such periods and should be read in conjunction with the College's financial statements included in Appendix B of this Official Statement. The College has two subsidiaries whose financial activities are consolidated into the financial statements of the College. The first is a Japanese corporation through which the College provides services in Japan. Its gross revenues in fiscal year 2008 were approximately \$754,000 and its expenses approximately equaled its revenues. The second, The Doris Dillon Center d/b/a TC Innovations, is a not-for-profit corporation, formed in 2001 to create programs for teachers and principals around the country, so as to develop new revenue streams for the College in keeping with the College's mission. Its expenses in fiscal year 2008 were less than \$2.3 million which were financed from contributions and its own revenues and not from operating revenues of the College.

Except for the change in the fair value of the College's investments as described under the subheading "Investments" below, the change in the fair value of the College's swap agreement as discussed under the subheading "Outstanding Indebtedness" below and the change in the fair value of the assets of the College's pension fund as discussed under the subheading "Benefit Plans" below there has been no other material adverse change in the net assets or financial position of the College since August 31, 2008.

The following table presents a summary of the changes in the unrestricted net assets of the College for the past five fiscal years.

Summary of Changes in Net Assets
Fiscal Year Ended August 31,
(in thousands)

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|--|----------------|----------------|----------------|-----------------|-----------------|
| Changes in unrestricted net assets: | | | | | |
| Operating revenues: | | | | | |
| Student tuition and fees, net | \$ 61,042 | \$ 66,552 | \$ 71,228 | \$ 74,511 | \$ 80,782 |
| Government appropriations | 778 | 733 | 738 | 847 | 811 |
| Grants and contracts | 29,231 | 34,786 | 34,049 | 34,354 | 40,143 |
| Contributions | 1,292 | 2,649 | 5,623 | 2,098 | 4,675 |
| Investment return used in operations | 8,711 | 9,165 | 10,055 | 10,825 | 11,433 |
| Sales and service of auxiliary enterprises | 13,832 | 18,077 | 17,824 | 18,828 | 19,607 |
| Other sources | 2,333 | 3,156 | 2,734 | 3,671 | 1,957 |
| Net assets released from restrictions | <u>2,289</u> | <u>2,755</u> | <u>2,192</u> | <u>3,373</u> | <u>2,427</u> |
| Total operating revenues | 119,508 | 137,873 | 144,443 | 148,507 | 161,835 |
| Operating expenses: | | | | | |
| Instruction | 44,708 | 47,661 | 49,082 | 50,768 | 54,988 |
| Research, training, and public service | 28,916 | 32,292 | 34,272 | 35,893 | 38,176 |
| Academic support | 9,660 | 10,541 | 12,794 | 13,217 | 14,045 |
| Student services | 6,701 | 7,509 | 8,086 | 8,149 | 8,275 |
| Institutional support | 16,749 | 19,791 | 19,008 | 21,544 | 27,709 |
| Auxiliary services | <u>14,982</u> | <u>18,366</u> | <u>19,894</u> | <u>21,221</u> | <u>21,225</u> |
| Total operating expenses | 121,716 | 136,160 | 143,136 | 150,792 | 164,418 |
| Increase (decrease) in unrestricted net assets from operations | (2,208) | 1,713 | 1,307 | (2,285) | (2,583) |
| Nonoperating activities: | | | | | |
| Capital campaign contributions | 423 | - | - | - | - |
| Supporting services – capital campaign expenses | (1,241) | - | - | - | - |
| Excess (deficiency) of total investment return over amounts used in operations | 8,236 | 9,355 | 6,586 | 21,910 | (14,888) |
| Net change in fair value of derivative instruments | (1,801) | (2,296) | 3,944 | 45 | (3,575) |
| Investment return on funds held by bond trustees | 565 | 227 | 99 | 309 | 137 |
| Change in value of split-interest agreements | 7 | 15 | (8) | 29 | (27) |
| Redesignation of net assets | - | - | (6) | - | (52) |
| Change in additional minimum pension liability | (257) | (1,141) | 3,283 | 591 | - |
| Pension and postretirement changes other than net periodic benefit cost | - | - | - | - | (4,954) |
| Loss on refinancing of debt | - | - | - | (1,074) | (1,332) |
| Net assets released from restrictions | <u>978</u> | <u>200</u> | <u>2,181</u> | <u>1,346</u> | <u>667</u> |
| Increase (decrease) in unrestricted net assets before adoption of FASB Statement No. 158 and cumulative effect of change in accounting principle | 4,702 | 8,073 | 17,386 | 20,871 | (26,607) |
| Cumulative effect of change in accounting principle | - | - | (835) | - | - |
| Effect of adoption of FASB Statement No. 158 | <u>-</u> | <u>-</u> | <u>-</u> | <u>(10,982)</u> | <u>-</u> |
| Increase (decrease) in unrestricted net assets | <u>4,702</u> | <u>8,073</u> | <u>16,551</u> | <u>9,889</u> | <u>(26,607)</u> |
| Changes in temporarily restricted net assets: | | | | | |
| Contributions | 5,212 | 5,482 | 6,149 | 3,042 | 1,111 |
| Change in value of split-interest agreements | 18 | 59 | 87 | 460 | (17) |
| Redesignation of net assets | 40 | - | (50) | (1,000) | - |
| Net assets release from restrictions | <u>(3,267)</u> | <u>(2,955)</u> | <u>(4,373)</u> | <u>(4,720)</u> | <u>(3,095)</u> |
| Increase (decrease) in temporarily restricted net assets | <u>2,003</u> | <u>2,586</u> | <u>1,813</u> | <u>(2,218)</u> | <u>(2,001)</u> |
| Changes in permanently restricted net assets: | | | | | |
| Contributions | 2,508 | 1,384 | 12,490 | 597 | 4,899 |
| Change in value of split-interest agreements | 41 | 121 | 61 | (150) | (236) |
| Redesignation of net assets | <u>(40)</u> | <u>-</u> | <u>57</u> | <u>1,000</u> | <u>52</u> |
| Increase in permanently restricted net assets | <u>2,509</u> | <u>1,505</u> | <u>12,608</u> | <u>1,447</u> | <u>4,715</u> |
| Increase (decrease) in net assets | \$ 9,214 | \$12,164 | \$30,972 | \$9,118 | (\$23,893) |

In fiscal year 2008, unrestricted operating revenues totaled approximately \$162 million. The College's principal sources of unrestricted operating revenues were student tuition and fees, net of student aid, representing 50% of such revenues, and grants and contracts for research and training programs, representing 25% of unrestricted operating revenues. Sales and services of auxiliary enterprises comprised 12%; investment return used in operations comprised 7%; and government appropriations (New York State Bundy aid), contributions received for unrestricted operating use (the Annual Fund), net assets released from restrictions and other sources comprised the remaining 6% of unrestricted operating revenues. Operating expenses totaled \$164 million; program services expenses, which consist of all expenses other than institutional support, represented 83% of total expenses, at \$137 million.

Unrestricted net assets decreased by approximately \$26.6 million in fiscal year 2008. The decrease in unrestricted net assets from operations was approximately \$2.6 million. The decrease in unrestricted nonoperating activities was primarily driven by a deficiency of total investment return over amounts used in operations of \$14.9 million; a \$1.3 million loss on the refinancing of the 2003 general obligation bonds; a \$3.6 million loss in the fair value of derivative instruments; and pension and postretirement changes other than net periodic benefit cost of approximately \$5 million. The deficiency of total investment return over amounts used in operations reflects the fact that (i) pursuant to the College's spending policy, the College used approximately \$11.4 million from its investment portfolio to pay operating expenses and (ii) as a result of market forces, the College's investment portfolio experienced a \$3.5 million loss in fiscal year 2008. Temporarily restricted net assets decreased by \$2 million primarily due to the release of net assets from restrictions, while permanently restricted net assets increased by \$4.7 million, principally a result of an increase in contributions. Overall, the College's net assets decreased by \$23.9 million in fiscal year 2008 as a result of the changes described herein.

Government Contracts and Grants

The College receives grants and contracts from federal, state, and local government sources. In fiscal year 2008, the College received approximately \$22.5 million of government research and training grants. Included in the fiscal year 2008 amount was \$3.5 million of indirect cost recovery associated with administering these grants. In fiscal year 2008, indirect cost revenue was calculated at a rate of 68.4% of the salary component of research grants and 8% of total direct costs on training grants. Indirect cost recovery rates for the future are subject to negotiation with the Federal government. Government grants and current contracts revenue for the past five years are reflected in the table below.

Government Contracts and Grants

| <u>Fiscal Year</u> | <u>Federal</u> | <u>State</u> | <u>Local</u> | <u>Total</u> |
|--------------------|----------------|--------------|--------------|--------------|
| 2004 | \$9,954,863 | \$318,251 | \$6,306,038 | \$16,579,152 |
| 2005 | 9,606,887 | 244,741 | 7,529,650 | 17,381,278 |
| 2006 | 9,771,543 | 347,311 | 7,855,705 | 17,974,559 |
| 2007 | 10,006,788 | 420,297 | 8,508,510 | 18,935,595 |
| 2008 | 10,171,947 | 73,889 | 12,226,135 | 22,474,971 |

The College also received an additional \$762,197 in fiscal year 2008 in the form of Federal Work Study financial aid grants.

The College receives funding from New York State in the form of Bundy Aid, a program that allocates funds to not-for-profit institutions of higher education based on the number of academic degrees conferred in the preceding year. For fiscal 2008, the College received \$811,000 in Bundy Aid.

Fundraising

The table below summarizes annual support for the last five fiscal years, including private grants and contracts, contributions and pledges and is presented in accordance with generally accepted accounting principles.

Summary of Fundraising

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|------------------------|------------------|------------------|-------------------|----------------|------------------|
| Unrestricted | \$13,653,245 | \$19,278,836 | \$20,962,377 | \$16,792,333 | \$21,579,949 |
| Temporarily Restricted | 5,211,712 | 5,482,567 | 6,149,063 | 3,041,714 | 1,111,080 |
| Permanently Restricted | <u>2,508,483</u> | <u>1,383,988</u> | <u>12,490,326</u> | <u>597,438</u> | <u>4,899,452</u> |
| Total | \$21,373,440 | \$26,145,391 | \$39,601,766 | \$20,431,485 | \$27,590,481 |

Investments

At August 31, 2008, the cost of all investments, including money market funds and commercial paper, common stock, equity and fixed income mutual funds, other fixed income instruments, and forward currency buy and sell contracts amounted to \$207,815,778 and their fair value amounted to \$239,533,723. At November 30, 2008, the fair value of the College's investments totaled \$187,098,501 which reflected additional gifts received, a decrease in short-term investments and changes in market valuation. The value of the College's investments may be negatively impacted by adverse events in the financial markets.

The College allocates the income from certain long-term investments (i.e., endowment and similar funds) to operations under the total return method. In fiscal year 2009, under this method, 5% of a sixteen-quarter moving average of the fair value of these long-term investments will be transferred to operations.

The College's Investment Policy for the Endowment Fund is to manage a balanced fund using external managers for domestic and international equity, fixed income and various partnerships for private equity. The assets are managed to maximize the total return. Endowment beneficiaries are paid an annual dividend in accordance with the College's spending policy.

The Investment Committee of the Board of Trustees oversees the investment of the endowment funds, including the selection of external managers, the allocation of investments among managers and any restrictions on the amounts of funds in any type of investment. As of November 30, 2008, 64% of the endowment was invested in equity securities, 22% was invested in bonds and fixed income investments, and 14% was invested in non-traditional investments.

The following table sets forth the fair value of investments for the past five fiscal years.

| | Fair Value of Investments as of August 31, | | | | |
|------------------------|---|--------------------|--------------------|--------------------|--------------------|
| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
| Unrestricted | \$119,215,064 | \$131,736,711 | \$143,324,199 | \$174,573,785 | \$160,900,115 |
| Temporarily Restricted | 6,308,684 | 8,715,447 | 9,503,673 | 9,749,858 | 8,516,914 |
| Permanently Restricted | <u>48,497,951</u> | <u>51,660,502</u> | <u>58,173,846</u> | <u>66,018,697</u> | <u>70,116,694</u> |
| Total | \$174,021,699 | \$192,112,660 | \$211,001,718 | \$250,342,340 | \$239,533,723 |

Plant Assets

The following tabulation shows the net investment in plant assets as of the close of each of the last five fiscal years.

| | Plant Assets as of August 31, | | | | |
|---|--|---------------------|---------------------|---------------------|----------------------|
| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
| Land | \$ 692,443 | \$ 692,443 | \$ 692,443 | \$ 692,443 | \$ 692,443 |
| Buildings, Improvements & Construction in Progress | 156,283,928 | 168,805,578 | 176,360,278 | 181,340,124 | 187,136,440 |
| Furniture & Equipment | 29,661,257 | 31,941,892 | 34,028,587 | 36,364,554 | 38,947,693 |
| Less: Accumulated Depreciation | <u>(69,380,717)</u> | <u>(76,731,050)</u> | <u>(85,310,521)</u> | <u>(94,086,756)</u> | <u>(103,052,714)</u> |
| Total | \$117,256,911 | \$124,708,863 | \$125,770,787 | \$124,310,365 | \$123,723,862 |

The College carries property insurance on its buildings and their contents, excluding land and building foundations, based on their replacement cost.

Outstanding Indebtedness

The outstanding short-term debt and long-term debt as of August 31, 2008 was as follows:

| Outstanding Indebtedness | |
|--|----------------------|
| Long-term debt with the Dormitory Authority - Series 2002 Insured Revenue Bonds | \$36,305,000 * |
| Equipment lease with Chase Equipment Leasing, Inc. as lessor, the Dormitory Authority as lessee, and the College as sublessee | 992,954 |
| Piano lease with Banc of America as lessor, the Dormitory Authority as lessee, and the College as sublessee | <u>87,112</u> |
| | 37,385,066 |
| Bridge loan facility with JPMorgan Chase | <u>44,575,000</u> ** |
| Total debt outstanding | \$81,960,066 |

* The College has pledged revenues as security for the payment of all liabilities and the performance of all obligations under the loan agreement for this indebtedness.

** Proceeds from this indebtedness were used to purchase all of the Authority's outstanding Teachers College Insured Revenue Bonds, Series 2007 which are to be redeemed with proceeds of the Series 2009 Bonds. This indebtedness will be paid in full upon the delivery of the Series 2009 Bonds.

The College also has a \$10 million line of credit which it has drawn on from time to time. Currently, there is no outstanding unpaid balance on the line of credit. In addition, the College is a party to an interest rate exchange agreement with Morgan Stanley Capital Services, an affiliate of Morgan Stanley & Co. Incorporated, pursuant to which the College pays a fixed rate and receives a variable rate. The notional amount of the swap agreement is \$45,950,000. The agreement may be terminated following the occurrence of certain events, at which time the College may be required to make a termination payment to the swap counterparty. Currently, the value of the swap is such that the College would be required to make a payment to the counterparty upon a termination. The fair value of the swap agreement to the College was a liability of approximately \$5.8 million as of August 31, 2008 and a liability of approximately \$16.7 million as of December 31, 2008.

Benefit Plans

The College has a non-contributory defined benefit plan covering nonacademic union employees. Benefits under this plan are based on years of service and the employee's regular remuneration averaged over the period of the highest five consecutive years during the last ten years of service. The College is planning to make contributions to the pension fund from operating revenues on an annual basis that will meet the requirements of the Pension Protection Act of 2006 with respect to unfunded liabilities. The value of the assets of the pension fund has declined since August 31, 2008. Whether or not the College will be required to make a contribution to the pension plan in fiscal year 2009 or any subsequent fiscal year and the amount of any such contributions will depend on the value of the assets of the pension fund on July 1, 2009 and each subsequent July 1 and whether or not there are any amendments to the Pension Protection Act of 2006 with respect to funding any unfunded liabilities.

In addition, the College provides health insurance coverage to retired faculty and professional staff and their dependents. Faculty and professional staff hired before January 1, 2006 become eligible for these benefits if they are at least 55 years of age and have a minimum of 15 years of service.

The College adopted FAS 158 as of August 31, 2007. The impact of adoption resulted in a net decrease of \$11 million in unrestricted net assets. In 2008, an additional \$5 million loss was recognized as pension and postretirement changes other than net periodic benefit cost in unrestricted net assets.

The College also has a contributory defined contribution plan covering academic and professional employees.

Total expense for these plans for the past five fiscal years ended August 31 are as follows:

**Pension and Postretirement Expenses
as of August 31,**

| Year Ended August 31 | Defined Benefit Plan | Postretirement | Defined Contribution Plan |
|---------------------------------|---------------------------------|-----------------------|--------------------------------------|
| 2004 | \$1,419,000 | \$1,619,000 | \$4,219,000 |
| 2005 | 1,474,000 | 1,760,000 | 4,759,000 |
| 2006 | 1,504,000 | 1,022,000 | 5,250,000 |
| 2007 | 1,165,000 | 3,180,000 | 5,600,000 |
| 2008 | 911,000 | 4,543,000 | 5,866,000 |

See Note 8 to the financial statements included as Appendix B to this Official Statement.

Future Capital Plans

The College does not anticipate incurring additional debt in the near future and expects that future capital improvements will be supported mostly by the operating budget.

College’s Financial Advisor

Prager, Sealy & Co., LLC has acted as financial advisor to the College on matters relating to the structuring and offering of the Series 2009 Bonds.

LITIGATION

The College, in the normal course of its operations, is a defendant in various lawsuits. While it is not possible for the College to predict the ultimate outcomes, management of the College does not expect the ultimate resolution of these actions to have a material adverse effect on the College’s financial position or results of operations.

PART 7 — THE AUTHORITY

Background, Purposes and Powers

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

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

qualified health maintenance organizations and health facilities for municipalities constituting social services districts. As successor to the Corporation, the Authority is authorized, among other things, to assume exclusive possession, jurisdiction, control and supervision over all State mental hygiene facilities and to make them available to the Department of Mental Hygiene, to provide for construction and modernization of municipal hospitals, to provide health facilities for municipalities, to provide health facilities for voluntary non-profit corporations, to make its services available to the State Department of Correctional Services, to make its services available to municipalities to provide for the design and construction of local correctional facilities, to provide services for the design and construction of municipal buildings, and to make loans to certain voluntary agencies with respect to mental hygiene facilities owned or leased by such agencies.

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

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

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

At December 31, 2008, the Authority had approximately \$37.7 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of the Authority's bonds and notes is paid from moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

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

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

| Public Programs | Bonds Issued | Bonds Outstanding | Notes Outstanding | Bonds and Notes Outstanding |
|--|--------------------------|--------------------------|--------------------------|------------------------------------|
| State University of New York Dormitory Facilities..... | \$ 2,250,196,000 | \$ 974,760,000 | \$ 0 | \$ 974,760,000 |
| State University of New York Educational and Athletic Facilities..... | 12,199,467,999 | 5,255,462,634 | 0 | 5,255,462,634 |
| Upstate Community Colleges of the State University of New York..... | 1,431,000,000 | 608,320,000 | 0 | 608,320,000 |
| Senior Colleges of the City University of New York | 9,605,001,762 | 2,890,614,213 | 0 | 2,890,614,213 |
| Community Colleges of the City University of New York | 2,364,178,350 | 514,260,787 | 0 | 514,260,787 |
| BOCES and School Districts | 2,000,366,208 | 1,488,605,000 | 0 | 1,488,605,000 |
| Judicial Facilities | 2,161,277,717 | 731,557,717 | 0 | 731,557,717 |
| New York State Departments of Health and Education and Other..... | 4,793,390,000 | 3,258,425,000 | 0 | 3,258,425,000 |
| Mental Health Services Facilities | 6,368,100,000 | 3,823,725,000 | 0 | 3,823,725,000 |
| New York State Taxable Pension Bonds | 773,475,000 | 0 | 0 | 0 |
| Municipal Health Facilities Improvement Program | 985,555,000 | 802,230,000 | 0 | 802,230,000 |
| Totals Public Programs..... | <u>\$ 44,932,008,036</u> | <u>\$ 20,347,960,351</u> | <u>\$ 0</u> | <u>\$ 20,347,960,351</u> |

| Non-Public Programs | Bonds Issued | Bonds Outstanding | Notes Outstanding | Bonds and Notes Outstanding |
|--|--------------------------|--------------------------|--------------------------|------------------------------------|
| Independent Colleges, Universities and Other Institutions | \$ 16,700,711,020 | \$ 8,225,813,995 | \$184,725,000 | \$ 8,410,538,995 |
| Voluntary Non-Profit Hospitals..... | 13,422,604,309 | 7,940,035,000 | 0 | 7,940,035,000 |
| Facilities for the Aged | 1,996,020,000 | 1,011,180,000 | 0 | 1,011,180,000 |
| Supplemental Higher Education Loan Financing Program..... | 95,000,000 | 0 | 0 | 0 |
| Totals Non-Public Programs..... | <u>\$ 32,214,335,329</u> | <u>\$ 17,177,028,995</u> | <u>\$184,725,000</u> | <u>\$ 17,361,753,995</u> |
| Grand Totals Bonds and Notes | <u>\$ 77,146,343,365</u> | <u>\$ 37,524,989,346</u> | <u>\$184,725,000</u> | <u>\$ 37,709,714,346</u> |

Outstanding Indebtedness of the Agency Assumed by the Authority

At December 31, 2008, the Agency had approximately \$381.9 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

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

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

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

Governance

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

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

The current members of the Authority are as follows:

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

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

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

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

JACQUES JIHA, Ph.D., Woodbury.

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

holds a Ph.D. and a Master's degree in Economics from the New School University and a Bachelor's degree in Economics from Fordham University. His current term expires on March 31, 2010.

BRIAN RUDER, Scarsdale.

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

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on April 26, 2004. A certified public accountant with more than 37 years of experience, Mr. Martino is a retired partner of the Buffalo CPA firm Lumsden & McCormick, LLP. He began his career at Price Waterhouse where he worked in the firm's Buffalo and Washington, DC, offices. Mr. Martino is a member of the American Institute of CPAs and the New York State Society of CPAs. Long involved in community organizations, he serves on the boards of the Buffalo Niagara Medical Campus as Vice Chairman, Mount Calvary Cemetery as Chair of the Investment Committee, Cradle Beach Camp of which he is a former Chair, the Kelly for Kids Foundation and Key Bank. Mr. Martino received a Bachelor of Science degree in accounting from the University at Buffalo. Mr. Martino's current term expires on August 31, 2010.

SANDRA M. SHAPARD, Delmar.

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

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

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

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.

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

Claims and Litigation

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

Other Matters

New York State Public Authorities Control Board

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

Legislation

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

Environmental Quality Review

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

Independent Auditors

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

PART 8 — LEGALITY OF THE SERIES 2009 BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2009 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 2009 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 9 — NEGOTIABLE INSTRUMENTS

The Series 2009 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 2009 Bonds.

PART 10 — TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2009 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 2009 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2009 Bonds. Pursuant to the Resolutions, the Loan Agreement and the Tax Certificate, the Authority and the College have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2009 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the College have made certain representations and certifications in the Resolutions, the Loan Agreement and the Tax Certificate. Bond Counsel will also rely on the opinion of special counsel to the College as to all matters concerning the status of the College as an organization described in Section 501(c)(3) of the Code and exempt from federal

income tax under Section 501(a) of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications or that opinion.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Authority and the College described above, interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2009 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

State Taxes

Bond Counsel is also of the opinion that, by virtue of the Act, interest on the Series 2009 Bonds is exempt 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. Bond Counsel expresses no opinion as to other State or local tax law consequences arising with respect to the Series 2009 Bonds nor as to the taxability of the Series 2009 Bonds or the income derived therefrom under the laws of any other state other than the State of New York.

Original Issue Discount

Bond Counsel is further of the opinion that the difference between the principal amount of the Series 2009 Bonds maturing March 1, 2015, March 1, 2019, March 1, 2024, March 1, 2029 and March 1, 2039 (collectively the “Discount Bonds”) and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Discount Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

The Series 2009 Bonds maturing March 1, 2016 through 2018, inclusive (collectively, the “Premium Bonds”) are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Series 2009 Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2009 Bonds.

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Series 2009 Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2009 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any Federal tax matters other than those described in the opinion attached as Appendix E to this Official Statement. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2009 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Tax Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2009 Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2009 Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2009 Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2009 Bonds may occur. Prospective purchasers of the Series 2009 Bonds should consult their own tax advisers regarding such matters.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2009 Bonds may affect the tax status of interest on the Series 2009 Bonds. Bond Counsel expresses no opinion as to any federal, State or local tax law consequences with respect to the Series 2009 Bonds, or the interest thereon, if any action is taken with respect to the Series 2009 Bonds or the proceeds thereof upon the advice or approval of other counsel.

PART 11 — STATE NOT LIABLE ON THE SERIES 2009 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 2009 Bonds are not a debt of the State and that the State is not liable on them.

PART 12 — COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of the Authority’s notes and bonds that the State will not limit or alter the rights vested in the Authority to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of the Authority’s notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State’s pledges and agreements contained in the Act, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with the Authority and with the holders of the Authority’s notes or bonds.

PART 13 — LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2009 Bonds by the Authority are subject to the approval of Nixon Peabody LLP, New York, New York, Bond Counsel, whose approving opinion will be delivered with the Series 2009 Bonds. The proposed form of Bond Counsel’s opinion is set forth in Appendix E hereto.

Certain legal matters will be passed upon for the College by its special counsel, Orrick, Herrington & Sutcliffe, LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2009 Bonds or questioning or affecting the validity of the Series 2009 Bonds or the proceedings and authority under which they are to be issued.

PART 14 — UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2009 Bonds from the Authority at an aggregate purchase price of \$51,524,867.74 and to make a public offering of Series 2009 Bonds at prices that are not in excess of the public offering prices stated on the cover page of this Official Statement. The Underwriters will be obligated to purchase all such Series 2009 Bonds if any are purchased.

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

PART 15 — CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (“Rule 15c2-12”), the College has undertaken in a written agreement for the benefit of the Bondholders to provide to Digital Assurance Certification LLC (“DAC”), on behalf of the Authority as the Authority’s disclosure dissemination agent, on or before 120 days after the end of each of its fiscal years, commencing with the fiscal year ending August 31, 2009, for filing by DAC with each Nationally Recognized Municipal Securities Information Repository (each a “Repository”), and if and when one is established, the New York State Information Depository (the “State Information Depository”), on an annual basis, operating data and financial information of the type hereinafter described which is included in “PART 6 — THE COLLEGE” of this Official Statement (the “Annual Information”), together with the College’s annual financial statements prepared in accordance with generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with U.S. generally accepted auditing standards; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to each Repository and to the State Information Depository when they become available.

If, and only if, and to the extent that it receives the Annual Information and annual financial statements described above from the College, DAC has undertaken in the Continuing Disclosure Agreement, on behalf of and as agent for the College and the Authority, to file such information and financial statements, as promptly as practicable, but no later than three business days after receipt of the information by DAC from the College, with each such Repository and to the State Information Depository.

The College has undertaken in the Continuing Disclosure Agreement to provide to the Authority, the Trustee and DAC, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”). In addition, the Authority and the Trustee have undertaken, for the benefit of the Bondholders, to provide such Notices to DAC should they have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the Authority, DAC will file the Notices with each such Repository or to the Municipal Securities Rulemaking Board (the “MSRB”), and to the State Information Depository, in a timely manner. With respect to the Series 2009 Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC’s obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the College has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the College, the Trustee or the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the College, the Holders of the Series 2009 Bonds or any other party. DAC has no responsibility for the Authority’s failure to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the College, the Trustee or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the College, the Trustee and the Authority with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority’s disclosure dissemination agent terminate, the Authority will either appoint a

successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Bondholders.

The Annual Information consists of the following: (a) operating data and financial information of the type included in this Official Statement in “PART 6 - THE COLLEGE” under the headings “OPERATING INFORMATION” and “ANNUAL FINANCIAL STATEMENT INFORMATION” relating to: (1) *student admissions*, similar to that set forth under the heading “ADMISSIONS STATISTICS,” (2) *student enrollment*, similar to that set forth under the heading “ENROLLMENT SUMMARY,” (3) *tuition and other student charges*, similar to that set forth under the heading “STUDENT CHARGES,” (4) *financial aid*, similar to that set forth under the subheading “SOURCES OF FINANCIAL AID,” (5) *faculty*, similar to that set forth under the heading “FACULTY PROFILE,” (6) *employee relations*, including material information about union contracts and, unless such information is included in the audited financial statements of the College, retirement plans; (7) *restricted and designated net assets*, unless such information is included in the audited financial statements of the College; (8) *college investment in plant*, unless such information is included in the audited financial statements of the College; and (9) *outstanding long-term indebtedness*, unless such information is included in the audited financial statements of the College; together with (b) a narrative explanation, if necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the College and in judging the financial and operating condition of the College.

The Notices include notices of any of the following events with respect to the Series 2009 Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Series 2009 Bonds; (7) modifications to the rights of holders of the Series 2009 Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2009 Bonds; and (11) rating changes. In addition, DAC will undertake, for the benefit of the Holders of the Series 2009 Bonds, to provide to each Repository or the MSRB and to the State Information Depository, in a timely manner, notice of any failure by the College to provide the Annual Information and annual financial statements by the date required in the College’s undertaking described above.

The sole and exclusive remedy for breach or default under the agreement to provide continuing disclosure described above is an action to compel specific performance of the undertaking of DAC, the College and/or the Authority, and no person, including any Holder of the Series 2009 Bonds, may recover monetary damages thereunder under any circumstances. A breach or default under the agreement shall not constitute an Event of Default under the Resolution, the Series 2009 Resolutions or the Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided; the description is not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. As a result, the parties to the agreement do not anticipate that it often will be necessary to amend the informational undertaking. The agreement, however, may be amended or modified without Bondholders consent under certain circumstances set forth therein. Copies of the agreement are on file at the principal office of the Authority.

PART 16 — RATING

The Series 2009 Bonds have been assigned a long-term rating of “A1” by Moody’s Investors Service, Inc. (“Moody’s”). Such rating reflects only the view of Moody’s and any desired explanation of the significance of such rating should be obtained from Moody’s at the following address: Moody’s, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. There is no assurance that such rating will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by Moody’s if, in the judgment of Moody’s, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2009 Bonds.

PART 17 — MISCELLANEOUS

References in this Official Statement to the Act, the Resolution, the Series 2009 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2009 Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2009 Resolution and the Loan Agreement are on file with the Authority and the Trustee.

The agreements of the Authority with Holders of the Series 2009 Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2009 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2009 Bonds.

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

The information regarding the College was supplied by the College. 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.

"Appendix A — Certain Definitions," "Appendix C — Summary of Certain Provisions of the Loan Agreement," "Appendix D — Summary of Certain Provisions of the Resolution" and "Appendix E — Form of Approving Opinion of Bond Counsel" have been prepared by Nixon Peabody L.L.P., New York, New York, Bond Counsel.

"Appendix B — Financial Statements of Teachers College and Independent Auditors' Report" contains the audited financial statements of the College as of and for the years ended August 31, 2008 and 2007 and the report of the College's independent accountants, KPMG LLP, on such financial statements.

The College has reviewed the parts of this Official Statement describing the College, the Principal and Interest Requirements, the 2009 Project, the Estimated Sources and Uses of Funds and Appendix B. The College, as a condition to issuance of the Series 2009 Bonds, is required to certify that as of the date of this Official Statement and as of the date of issuance of the Series 2009 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 College has agreed to indemnify the Authority, the Underwriters 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

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CERTAIN DEFINITIONS

Appendix A

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CERTAIN DEFINITIONS

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

“Annual Administrative Fee” means the fee payable during each Bond Year for the general administrative and supervisory expenses of the Authority as more particularly described in the Loan Agreement.

“Annual Debt Service” when used in connection with any Indebtedness, means as of any particular date of calculation the amount required to be paid by the College during the then current Fiscal Year to pay the principal, whether at maturity or upon mandatory redemptions and prepayments, of and interest on such Indebtedness; provided, however, that such amounts required to be paid on Short-Term Indebtedness shall include interest only.

“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, created and established 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 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 Series 2009 Bonds and the construction of the Project as more particularly described in 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.

Appendix A

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

“Available Money” means:

(i) when used in connection with Bonds other than Letter of Credit Secured Bonds, any money unless the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to them otherwise provides; and

(ii) when used in connection with Letter of Credit Secured Bonds:

(A) the proceeds of such Bonds;

(B) money obtained by the Trustee pursuant to the Letter of Credit for such Bonds;

(C) money derived from the remarketing of such Bonds which is directly paid to and held by the Trustee for the payment of the Purchase Price of such Bonds;

(D) money which has been on deposit with the Trustee for at least one hundred twenty–four (124) days (or, if there are any affiliates of the College, three hundred sixty–six (366) days) prior to and during which no petition by or against the Authority or the College, under the United States Bankruptcy Code of 1978, as amended, 11 U.S.C. Sec. 101 et seq. (the **“Bankruptcy Code”**) shall have been filed or any bankruptcy or similar proceeding shall have been commenced, unless such petition or proceeding shall have been dismissed and such dismissal shall be final and not subject to appeal; or

(E) any other money the application of which to the payment of the principal, Redemption Price or purchase price of or interest on such Bond would not, in the opinion of Bond Counsel, constitute a voidable preference in the case of a filing for protection of the Authority or the College under the Bankruptcy Code; and

(F) the proceeds from the investment of money described in clauses (A) through (E) above.

“Balloon Indebtedness” is Long–Term Indebtedness of which 25% or more in principal amount matures, or is required to be purchased by the College (either automatically or at the option of the holder of such Balloon Indebtedness) in any one year.

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

“*Bond Counsel*” means Nixon Peabody LLP, or an attorney or other law firm appointed by the Authority, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

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

“*Bond Year*” means, unless otherwise provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds, a period of twelve (12) consecutive months beginning July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

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

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

“*Business Day*” means, 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.

“*Collateral Security*” means a security interest in or pledge or any personal property, tangible or intangible, or mortgage on any real property or interest therein, given or made by the College to secure the College’s obligations under a Loan Agreement.

“*College*” means Teachers College, an institution for higher education located in the State and authorized to confer degrees by law or by the Board of Regents of the State or any successor thereto.

“*Construction Fund*” means the fund so designated, created and established for a Project by or pursuant to a Series Resolution.

“*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, Series 2009 Bonds, plans and specifications, addenda, change orders, and any other documents entered into or prepared by or on behalf of the College relating to the construction of the Project, and any amendments to the foregoing.

“*Cost*” or “*Costs of Issuance*” means the items of expense incurred in connection with the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Depository, legal fees and charges, professional consultants’ fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for insurance on Bonds, commitment fees or similar charges relating to a Letter of Credit, a financial guaranty insurance policy, a Liquidity Facility, a Hedge Agreement or a Remarketing Agent, costs and expenses in connection with the refunding of Bonds or other bonds or notes of the Authority, costs and expenses incurred pursuant

Appendix A

to a remarketing agreement and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

“Cost of Issuance Account” means the account within the Construction Fund so designated, established and created pursuant to the Resolution.

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

“Counterparty” means any person with which the Authority or the College has entered into a Hedge Agreement, provided that, at the time the Hedge Agreement is executed, the senior or uncollateralized long-term debt obligations of such person, or of any person that has guaranteed for the term of the Hedge Agreement the obligations of such person thereunder, are rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, not lower than in the third highest rating category by each Rating Service.

“Debt Service Coverage Ratio” is the ratio of Operating Income Available for Debt Service to Annual Debt Service.

“Debt Service Fund” means, when used in connection with a Series of Bonds, the fund so designated, created and established by or pursuant to the Series Resolution authorizing the issuance of the Series 2009 Bonds.

“Debt Service Reserve Fund” means, when used in connection with a particular Series of Bonds, a reserve fund for the payment of the principal and Sinking Fund Installments of and interest on such Series of Bonds, as so designated, created and established by the Authority by or pursuant to the Series Resolution authorizing the issuance of such Series of Bonds.

“Debt Service Reserve Requirement” means the amount of money required to be deposited in a Debt Service Reserve Fund as determined in accordance with the Series Resolution pursuant to which such Debt Service Reserve Fund has been established.

“*Defeasance Security*” means:

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

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

(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 for purposes of (i), (ii) and (iii) above, such term shall not include (1) 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; and

(iv) any other investments acceptable to the Rating Service(s) for defeasance.

“*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 September 1 and March 1 of each Bond Year (unless otherwise provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds).

“*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.

“*Determination of Taxability*” means, when used with respect to a Tax Exempt Bond, a final determination by any court of competent jurisdiction or a final determination by the Internal Revenue Service to which the Authority shall consent or from which no timely appeal shall have been taken, in each case to the effect that interest on such Bond is includable in the gross income of the Holder thereof for purposes of federal income taxation.

Appendix A

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as Depository for the Series 2009 Bonds, or any successor Depository for any Series 2009 Bonds.

“*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 hereunder, 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 registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations.

“*Expiration Date*” means, when used in connection with a particular Letter of Credit, the date on which such Letter of Credit will expire by its terms, as such date may be extended from time to time, or any earlier date on which such Letter of Credit shall terminate, expire or be canceled upon delivery of a substitute Letter of Credit, but does not include a Termination Date.

“*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 registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a – 7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations.

“*Fiscal Year*” means a twelve month period beginning September 1st of a calendar year and ending on August 31st of the next subsequent calendar year, or such other twelve month period as the College may elect as its Fiscal Year.

“*Government Obligation*” means:

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

(ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by the United States of America;

(iii) an obligation to which the full faith and credit of the United States of America are pledged;

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

(v) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a – 7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations.

“*Governmental Requirements*” means any present and future laws, rules, orders, ordinances, regulations, statutes, requirements and executive orders applicable to the Project or any Mortgaged Property, of the United States, the State and any political subdivision thereof, and any agency, department, commission, board, bureau or instrumentality of any of them, now existing or after created, and having or asserting jurisdiction over the Project or any Mortgaged Property or any part of either.

“*Hedge Agreement*” means any financial arrangement entered into by the Authority or the College with a Counterparty that is or in the nature of an interest rate exchange agreement, an interest rate cap or collar or other exchange or rate protection transaction, in each case executed for the purpose of moderating interest rate fluctuations, reducing interest cost or creating with respect to any Variable Interest Rate Bond the economic or financial equivalent of a fixed rate of interest on such Bond; *provided, however*, that no such agreement entered into by the College shall constitute a Hedge Agreement for purposes under the Loan Agreement unless consented to in writing by the Authority.

“*Indebtedness*” means, without duplication, indebtedness for borrowed money incurred or guaranteed by the College, whether or not evidenced by notes, bonds, debentures or other similar evidences of indebtedness, including indebtedness under purchase money mortgages, capital leases, installment sales agreements and similar security arrangements which appear as debt on the audited balance sheet of the College in accordance with generally accepted accounting principles then applicable to the College.

“*Insurance Consultant*” means a person or firm selected by the College which is qualified to survey risks and to recommend insurance coverage for the College and organizations engaged in like operations.

“*Intercreditor Agreement*” means an agreement by and among, *inter alia*, the Authority, the Trustee, creditors of the College, with respect to (i) the relative priorities of the liens upon the Shared Collateral, (ii) limitations or conditions upon their respective rights to enforce, foreclose or realize upon such liens, and (iii) the application of any money realized from the enforcement, foreclosure or other realization upon such liens.

“*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, (unless otherwise provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds).

“*Interest Rate Exchange Agreement*” means (i) an agreement entered into by the Authority or the College in connection with the issuance of or which relates to Bonds of one or more Series which provides that during the term of such agreement the Authority or the College is to pay to the counterparty thereto

Appendix A

interest accruing at a fixed or variable rate per annum on an amount equal to a principal amount of such Bonds and that such counterparty is to pay to the Authority or the College an amount based on the interest accruing on a principal amount equal to the same principal amount of such Bonds at a fixed or variable rate per annum, in each case computed according to a formula set forth in such agreement, or that one shall pay to the other any net amount due under such agreement or (ii) interest rate cap agreements, interest rate floor agreements, interest rate collar agreements and any other interest rate related hedge agreements or arrangements.

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

“Letter of Credit” means an irrevocable direct-pay letter of credit for the benefit of the Trustee pursuant to which the issuer thereof is obligated, upon a drawing made by the Trustee in accordance with the terms of such letter of credit, to advance to the Trustee amounts to pay the principal and Sinking Fund Installments of and interest on such Bonds, as the same becomes due whether or not the Authority is in default under the Resolution or the College is in default under a Loan Agreement that is issued by (i) a bank, savings bank, savings and loan association or trust company organized under the laws of any state of the United States of America and authorized to do business in the State, (ii) a trust company, (iii) a national banking association, (iv) 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, (v) a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, or (vi) 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.

“Letter of Credit Secured Bond” means a Bond in connection with which a Letter of Credit has been issued.

“Lien” means any mortgage, pledge, lien, charge or security interest in the nature thereof (including any conditional sales agreement, equipment trust agreement, or other title retention agreement) or other encumbrance of whatsoever nature.

“Liquidity Facility” means a 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 by the Trustee upon the terms and conditions contained therein for the purchase of Bonds tendered for purchase in accordance with the terms of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds.

“Liquidity Facility Provider” means, when used in connection with any particular Bonds, the issuer or provider of a Liquidity Facility related to such Bond.

“Loan Agreement” means the Loan Agreement, dated as of December 3, 2008, by and between the Authority and the Institution, as the same may from time to time be amended, supplemented or otherwise modified as permitted by the Resolution and by the Loan Agreement;

“Long-Term Indebtedness” means Indebtedness having an original maturity of greater than one (1) year or Indebtedness on which the College has an option to extend the maturity thereof for a period of greater than one (1) year beyond the date of the original incurrence thereof.

“Mandatory Tender Date” means any date on which a Series 2009 Bond is required to be tendered for purchase in accordance with the Resolution.

“Management Consultant” means a nationally recognized accounting or management consulting firm or other similar firm, experienced in reviewing and assessing the College’s operations, acceptable to the Authority.

“*Maximum Annual Debt Service*” when used in connection with any Indebtedness means as of any particular date of calculation the greatest amount required to be paid by the College during the then current or any future Fiscal Year to pay the principal, whether at maturity or upon mandatory redemptions and prepayments, of and interest on such Indebtedness; provided, however, that such amounts required to be paid on Short-Term Indebtedness shall include interest only.

“*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.

“*Moody’s*” means Moody’s Investor Service, Inc. or its successors or assigns.

“*Non-Recourse Indebtedness*” means indebtedness secured by a mortgage or other lien on property on which the creditor has agreed that it will not seek to enforce or collect such indebtedness out of any property or assets of the College other than the property securing the same or to collect any deficiency upon a foreclosure, forced sale or other realization upon such property out of any other property or assets of the College.

“*Official Statement*” means an official statement, offering memorandum or circular or other offering document relating to and in connection with the sale of the Series 2009 Bonds.

“*Operating Income Available for Debt Service*” means total unrestricted operating revenues minus total unrestricted operating expenses, exclusive of depreciation and interest paid, all as shown on the audited financial statements of the College stated in accordance with generally accepted accounting principals then applicable to the College.

“*Opinion of Bond Counsel*” means an opinion of Bond Counsel to the effect that the action proposed to be taken will not cause interest on the Bonds to which such action relates to be includable in the gross income of the owners of such Bonds for purposes of federal income taxation and that such action is authorized or permitted by the Resolution and by the applicable Series Resolution and Bond Series Certificate.

“*Option Bond*” means any Bond 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, means, as of a particular date, all Bonds 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

Appendix A

(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.

“*Parity Indebtedness*” means, any indebtedness for borrowed money issued, incurred, assumed or guaranteed by the College, other than pursuant to a Loan Agreement, that is secured by Collateral Security that, pursuant to an Intercreditor Agreement or otherwise, is of equal priority with the lien of such Collateral Security securing the College’s obligations under one or more Loan Agreements.

“*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;

(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; and

(v) bankers’ acceptances issued by a bank rated in the highest short term rating category by at least one Rating Service and having maturities of not longer than three hundred sixty five (365) days from the date they are pledged.

“*Permitted Investments*” means any of the following:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

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

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

(vi) commercial paper issued by a domestic corporation rated, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, in the highest short term rating category by at least one Rating Service and having maturities of not long than two hundred seventy (270) days from the date of purchase;

(vii) bankers' acceptances issued by a bank rated, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, in the highest short term rating category by at least one Rating Service and having maturities of not longer than three hundred sixty five (365) days from the date they are purchased;

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

(ix) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a – 7 of the Investment Company Act of 1940, as amended, whose objective is to maintain a constant share value of \$1.00 per share and that is rated, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, in the highest short term rating category by at least one Rating Service.

“Plant Equity” means property, plant and equipment, net, minus Long-Term Indebtedness.

“Project” means a “dormitory” as defined in the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of Bonds, as more particularly described in the Resolution, in or pursuant to a Series Resolution or in or pursuant to a Bond Series Certificate.

“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;

(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

Appendix A

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;

(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;

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

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

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

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

“*Refunded Bonds*” means the \$44,575,000 outstanding principal amount of the Authority’s Teachers College Insured Revenue Bonds issued on February 14, 2007 pursuant to the Authority’s Teachers College Insured Revenue Bond Resolution, adopted June 26, 2002, and the Authority’s Series 2007 Resolution Authorizing Up To \$50,000,000 Teachers College Insured Revenue Bonds, Series 2007, adopted January 25, 2006.

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

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

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

“Reporting Date” means the first business day that is 120 days after such Testing Date.

“Resolution” means the Teachers College Revenue Bond Resolution, adopted by the Authority December 3, 2008, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions under the Resolution.

“Revenues” means, when used in connection with the Bonds of any particular Series:

(i) all payments received or receivable by the Authority that pursuant to the Loan Agreement entered into in connection with such Series of Bonds are required to be paid to the Trustee, other than payments to the Trustee for (A) the administrative costs and expenses or fees of the Trustee, (B) deposit to the Arbitrage Rebate Fund, or (C) deposit to any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds tendered or deemed to have been tendered for purchase, and (D) deposit to any fund or account established by or pursuant to such Series Resolution for repayment of advances made by a Liquidity Facility Provider for payment of the purchase price of Option Bonds; and

(ii) all amounts received as a consequence of the enforcement of a Loan Agreement, including but not limited to amounts derived from the foreclosure or sale of or other realization upon any lien upon property of the College given to secure the College’s obligation under such Loan Agreement.

“Serial Bond” means any Bond so designated in a Series Resolution or a Bond Series Certificate.

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

“Series 2009 Bonds” means the Bonds authorized by the Series 2009 Resolution.

“Series 2009 Resolution” means the resolution of the Authority adopted December 3, 2008 entitled “Teachers College Series Resolution Authorizing Up To \$55,000,000 of Teachers College Revenue Bonds,” which resolution authorized the issuance of the Series 2009 Bonds, together with the Bond Series Certificate, dated as of January , 2009, executed by the Authority in connection with issuance of the Series 2009 Bonds, in each case as the same may be amended, supplemented or otherwise modified.

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

“Shared Collateral” means the lien of any Collateral Security securing the College’s obligations under a Loan Agreement that, in accordance with an Intercreditor Agreement or otherwise, is of equal priority with the lien on such Collateral Security that secures the College’s obligations under one or more other Loan Agreements or on Parity Indebtedness.

“Short-Term Indebtedness” means any Indebtedness that is not Long-Term Indebtedness.

“Sinking Fund Installment” means, as of any date of calculation:

Appendix A

(i) when used with respect to any Bonds of a Series, other than Option Bonds or Variable Interest Rate Bonds, so long as any such Bonds are Outstanding, the amount of money required by the Resolution or by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto to be paid on a single future July 1 (or such other date as provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds) 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 an agreement by and between the Authority and another person or by and among the Authority, the College and another person, pursuant to which such person is obligated to purchase an Option Bond or a Variable Interest Rate Bond tendered for purchase.

“State” means the State of New York.

“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 a certificate executed by an Authorized Officer of the Authority, including the appendices, schedules and exhibits thereto, executed in connection with the issuance of the Series 2009 Bonds in which the Authority makes representations and agreements as to arbitrage compliance with the provisions of Section 141 through 150, inclusive, of the Code, 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.

“Tax Exempt Bond” means any Bond as to which Bond Counsel has rendered an opinion to the effect that interest on it is excluded from gross income for purposes of federal income taxation.

“Testing Date” means the last day of the College’s Fiscal Year.

“Trustee” means the bank or trust company appointed as Trustee for the Bonds pursuant to the Resolution and having the duties, responsibilities and rights provided for in the Resolution, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Resolution.

“Unrestricted Resources” means as of any particular date of calculation the sum of all unrestricted net assets, exclusive of Plant Equity, in each case determined in accordance with generally accepted accounting principles then applicable to the College.

“Unrestricted Resources to Debt Ratio” is the ratio of Unrestricted Resources to Long-Term Indebtedness.

“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 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.

“Verification Report” means, when used in connection with any Bonds for the payment of which Defeasance Obligations and money has been deposited with the Trustee in accordance with the Resolution, a letter or other written report verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose.

“Winning Bid Rate” shall have the meaning given to such term in the Resolution.

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**FINANCIAL STATEMENTS OF TEACHERS COLLEGE,
AND INDEPENDENT AUDITORS' REPORT**

Appendix B

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KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Trustees
Teachers College, Columbia University:

We have audited the accompanying balance sheets of Teachers College, Columbia University (the College) as of August 31, 2008 and 2007, and the related statements of changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teachers College, Columbia University as of August 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

December 3, 2008

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Balance Sheets

August 31, 2008 and 2007

| Assets | 2008 | 2007 |
|--|----------------|-------------|
| Cash and cash equivalents | \$ 5,172,440 | 4,412,080 |
| Student accounts and other receivables, net (note 4) | 3,417,178 | 2,597,625 |
| Grants and contracts receivable | 5,806,563 | 3,363,862 |
| Inventories and other assets (note 7) | 2,883,202 | 4,213,145 |
| Contributions receivable (note 5) | 9,052,859 | 9,638,947 |
| Funds held by bond trustees (note 7) | 2,404,399 | 4,986,356 |
| Investments (note 3) | 239,533,723 | 250,342,340 |
| Student loans receivable, net (note 4) | 2,987,920 | 3,173,698 |
| Plant assets, net (note 6) | 123,723,862 | 124,310,365 |
| Total assets | \$ 394,982,146 | 407,038,418 |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 21,448,777 | 17,151,249 |
| Deferred revenues | 23,811,166 | 26,122,986 |
| Short-term debt (note 7) | 44,575,000 | — |
| Long-term debt (note 7) | 37,385,066 | 84,408,023 |
| Accrued pension and other benefit obligations (note 8) | 38,199,742 | 29,419,499 |
| Other liabilities (notes 2 and 7) | 7,109,723 | 3,473,426 |
| U.S. government grants refundable | 2,431,821 | 2,549,656 |
| Total liabilities | 174,961,295 | 163,124,839 |
| Commitments and contingencies (note 13) | | |
| Net assets (note 9): | | |
| Unrestricted | 132,810,809 | 159,417,813 |
| Temporarily restricted | 12,769,700 | 14,770,327 |
| Permanently restricted | 74,440,342 | 69,725,439 |
| Total net assets | 220,020,851 | 243,913,579 |
| Total liabilities and net assets | \$ 394,982,146 | 407,038,418 |

See accompanying notes to financial statements.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Statements of Changes in Unrestricted Net Assets

Years ended August 31, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|--|------------------------|--------------------|
| Operating revenues: | | |
| Student tuition and fees, net (note 10) | \$ 80,781,870 | 74,511,408 |
| Government appropriations | 811,471 | 846,566 |
| Grants and contracts | 40,142,533 | 34,353,689 |
| Contributions | 4,674,584 | 2,097,651 |
| Investment return used in operations (note 3) | 11,433,329 | 10,825,310 |
| Sales and services of auxiliary enterprises | 19,607,126 | 18,828,519 |
| Other sources | 1,956,902 | 3,670,938 |
| Net assets released from restrictions | 2,427,381 | 3,373,343 |
| Total operating revenues | <u>161,835,196</u> | <u>148,507,424</u> |
| Operating expenses: | | |
| Instruction | 54,988,529 | 50,768,232 |
| Research, training, and public service | 38,176,024 | 35,893,138 |
| Academic support | 14,044,892 | 13,217,367 |
| Student services | 8,275,289 | 8,148,897 |
| Institutional support (note 11) | 27,708,663 | 21,543,840 |
| Auxiliary enterprises | 21,225,193 | 21,221,257 |
| Total operating expenses | <u>164,418,590</u> | <u>150,792,731</u> |
| Decrease in unrestricted net assets from operations | (2,583,394) | (2,285,307) |
| Nonoperating activities: | | |
| (Deficiency) excess of total investment return over amounts used in operations (note 3) | (14,888,345) | 21,910,189 |
| Net change in fair value of derivative instruments (note 7) | (3,575,302) | 44,737 |
| Investment return on funds held by bond trustees | 137,282 | 308,710 |
| Change in value of split-interest agreements | (27,064) | 29,357 |
| Change in additional minimum pension liability (note 8) | — | 591,498 |
| Pension and postretirement changes other than net periodic benefit cost (note 8) | (4,953,729) | — |
| Redesignation of net assets (note 9) | (51,955) | — |
| Loss on refinancing of debt (note 7) | (1,331,868) | (1,074,465) |
| Net assets released from restrictions | 667,371 | 1,346,427 |
| (Decrease) increase in unrestricted net assets before effect of adoption of FASB Statement No. 158 | <u>(26,607,004)</u> | <u>20,871,146</u> |
| Effect of adoption of FASB Statement No. 158 (note 8) | — | (10,982,530) |
| (Decrease) increase in unrestricted net assets | <u>\$ (26,607,004)</u> | <u>9,888,616</u> |

See accompanying notes to financial statements.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Statements of Changes in Net Assets

Years ended August 31, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|--|------------------------------|---------------------------|
| (Decrease) increase in unrestricted net assets | \$ (26,607,004) | 9,888,616 |
| Changes in temporarily restricted net assets: | | |
| Contributions | 1,111,080 | 3,041,714 |
| Change in value of split-interest agreements | (16,955) | 460,299 |
| Redesignation of net assets (note 9) | — | (1,000,000) |
| Net assets released from restrictions | <u>(3,094,752)</u> | <u>(4,719,770)</u> |
| Decrease in temporarily restricted net assets | <u>(2,000,627)</u> | <u>(2,217,757)</u> |
| Changes in permanently restricted net assets: | | |
| Contributions | 4,899,452 | 597,438 |
| Change in value of split-interest agreements | (236,504) | (149,932) |
| Redesignation of net assets (note 9) | 51,955 | 1,000,000 |
| Increase in permanently restricted net assets | <u>4,714,903</u> | <u>1,447,506</u> |
| (Decrease) increase in net assets | <u>(23,892,728)</u> | <u>9,118,365</u> |
| Net assets at beginning of year | <u>243,913,579</u> | <u>234,795,214</u> |
| Net assets at end of year | \$ <u><u>220,020,851</u></u> | <u><u>243,913,579</u></u> |

See accompanying notes to financial statements.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Statements of Cash Flows

Years ended August 31, 2008 and 2007

| | 2008 | 2007 |
|--|-----------------|--------------|
| Cash flows from operating activities: | | |
| (Decrease) increase in net assets | \$ (23,892,728) | 9,118,365 |
| Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities: | | |
| Net depreciation (appreciation) in fair value of investments | 7,213,243 | (25,152,646) |
| Net change in fair value of derivative instruments | 3,575,302 | (44,737) |
| Depreciation | 8,965,958 | 8,776,235 |
| Amortization of bond issuance costs | 78,455 | 90,201 |
| Contributions restricted for permanent investment | (4,899,452) | (597,438) |
| Change in value of split-interest agreements | 477,050 | 175,468 |
| Loss on refinancing of debt | 1,331,868 | 1,074,465 |
| Effect of adoption of FASB No. 158 | — | 10,982,530 |
| Pension and postretirement changes other than net periodic benefit costs | 4,953,729 | — |
| Changes in assets and liabilities: | | |
| Student accounts and other receivables | (819,553) | 269,703 |
| Grants and contracts receivable | (2,442,701) | (229,993) |
| Inventories and other assets | (80,380) | (489,708) |
| Contributions receivable, except for amounts restricted for permanent investment and plant assets | (231,417) | 651,645 |
| Accounts payable and accrued expenses and other liabilities | 2,455,828 | 2,574,148 |
| Deferred revenues | (2,338,884) | 8,202,820 |
| Accrued pension and other benefit obligations | 3,826,514 | (84,508) |
| U.S. government grants refundable | (117,835) | (51,383) |
| Net cash (used in) provided by operating activities | (1,945,003) | 15,265,167 |
| Cash flows from investing activities: | | |
| Loans made to students | (545,536) | (650,812) |
| Repayments received on student loans receivable and loan cancellations and write-offs of \$346,026 in 2008 and \$160,827 in 2007 | 731,314 | 722,316 |
| Purchase of plant assets | (8,379,455) | (7,315,813) |
| Change in amounts related to plant assets included in accounts payable and accrued expenses | 1,902,695 | (435,249) |
| Purchases of investments | (197,741,954) | (91,403,428) |
| Proceeds from sales of investments | 201,171,486 | 77,295,149 |
| Net cash used in investing activities | (2,861,450) | (21,787,837) |
| Cash flows from financing activities: | | |
| Contributions restricted for permanent investment | 4,899,452 | 597,438 |
| Decrease in contributions receivable restricted for permanent investment and plant assets | 604,553 | 7,448,804 |
| Proceeds from indebtedness | 45,575,000 | 46,581,250 |
| Repayment of indebtedness | (48,022,957) | (43,291,246) |
| Decrease (increase) in funds held by bond trustees | 2,581,957 | (3,898,556) |
| Investment income on split-interest agreements, net of payments to annuitants | (71,192) | (77,659) |
| Net cash provided by financing activities | 5,566,813 | 7,360,031 |
| Net increase in cash and cash equivalents | 760,360 | 837,361 |
| Cash and cash equivalents at beginning of year | 4,412,080 | 3,574,719 |
| Cash and cash equivalents at end of year | \$ 5,172,440 | 4,412,080 |

See accompanying notes to financial statements.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

(1) Nature of Operations

Teachers College, Columbia University (the College) is a graduate and professional school of education. The College engages in five basic activities: (1) research on critical issues of education; (2) instruction of future leaders-practitioners, policymakers, and academicians; (3) education of current leaders-teachers, principals, superintendents, board members, legislators, presidents, members of the media, and representatives of foundations and corporations; (4) development of the public discourse and national agenda for education; and (5) improvement of the practice of educational institutions via laboratories, models, and demonstration projects. The College has two subsidiaries whose activities are included in the accompanying financial statements. The first is a Japanese corporation through which the College provides educational programs in Japan. The second, the Doris Dillon Center d/b/a TC Innovations, is a not-for-profit corporation, formed in 2001 to create programs for teachers and principals around the country, the goal of which is to develop new revenue streams for the College, in keeping with the College's mission. The College was founded in 1887 and became part of Columbia University in 1898. Under an arrangement with Columbia University, the faculty of the College was designated a faculty of Columbia University, but retained its legal and financial independence. The College remains a separate corporation. It is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board for external financial reporting by not-for-profit organizations. Accordingly, net assets of the College and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that will be met either by actions of the College or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the College, but permit the College to expend part or all of the income derived therefrom for general or donor-specified purposes.

Revenues and gains and losses on investments and other assets are reported as changes in unrestricted net assets unless limited by explicit donor-imposed restrictions or by law. Expirations of temporary restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as increases in unrestricted net assets if the purpose or time restrictions are met in the same reporting period that such assets are received; otherwise, they are reported as net assets released from restrictions. Expenses are reported as decreases in unrestricted net assets.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

(b) Cash Equivalents

All highly liquid debt instruments with a maturity of three months or less are considered to be cash equivalents, except for such assets that are part of the College's investment portfolio managed by external investment managers for long-term purposes.

(c) Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received or pledged. Contributions of assets other than cash are recorded at their estimated fair value. The College reports contributions of plant assets as increases in unrestricted net assets unless the donor places restrictions on their use. Contributions to be received after one year are discounted at a risk-free rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contribution. An allowance is recorded for uncollectible contributions based on management's judgment, past collection experience, and other relevant factors.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

(d) Grants and Contracts

Grants and contracts are reported as unrestricted revenues when expenses are incurred in accordance with the terms of the agreement. Amounts received in advance are recorded as deferred revenues.

(e) Inventories

Inventories, representing books published by the Teachers College Press, are valued at the lower of average cost or market (net realizable value).

(f) Plant Assets

Plant assets, including land, buildings, building improvements, and furniture and equipment, as well as assets under capital lease with the Dormitory Authority of the State of New York (the Dormitory Authority) are stated at cost or fair value at the date of gift for assets contributed. All plant assets, other than land, are depreciated over the following useful lives using the straight-line method:

| | |
|-------------------------|----------|
| Buildings | 50 years |
| Building improvements | 20 years |
| Furniture and equipment | 5 years |

(g) U.S. Government Grants Refundable

Funds provided by the U.S. Government under the Federal Perkins and Nursing Student Loan programs are loaned to qualified students and may be reloaned after collection. These funds are ultimately refundable to the U.S. Government and are presented in the accompanying balance sheets as a liability.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

(h) *Split-Interest Agreements*

The College's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts and a charitable lead trust, for which the College does not serve as trustee, perpetual trusts, and pooled life income funds. Assets of pooled life income funds are included in investments. Assets from charitable remainder trusts and the charitable lead trust are reflected as contributions receivable in the accompanying balance sheets. Contributions are recognized at the date the trusts or pooled life income funds are established at the present value of the estimated future cash flows expected to be received by the College. The College's interest in such split-interest gifts is adjusted annually for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

In addition, the College has the irrevocable right to receive income earned on two perpetual trusts. The College's beneficial interest in the value of the trusts' assets is classified as permanently restricted net assets. Changes in the value of the College's interest are recorded as permanently restricted activities in the accompanying statements of changes in net assets.

(i) *Derivative Instruments*

The College follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*. SFAS Nos. 133 and 149 require that all derivative financial instruments be recognized in the financial statements and measured at fair value regardless of the purpose or intent for holding them. The College uses interest-rate-related derivative instruments to manage its exposure on long-term debt (see note 7). The fair value of the derivatives held is based upon values provided by a third-party financial institution.

(j) *Operations*

The accompanying statements of changes in unrestricted net assets distinguish between operating and nonoperating activities. Nonoperating activities principally include: the difference between investment return and the amounts authorized for spending by the College's trustees (see note 3), including investment income held by bond trustees; the gain (loss) on derivative transactions; the loss on debt refinancing (see note 7); the change in pension liability not reported as part of operations (see note 8); and net assets released from restrictions relating to plant activities.

(k) *Accounting Estimates*

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

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

(1) Recent Accounting Standards

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 addresses the accounting for uncertainties in income taxes recognized in an organization's financial statements and prescribes a threshold of more-likely than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. FIN 48 also provides related guidance on measurement, classification, interest and penalties, and disclosure. There was no material impact to the College's financial statements as a result of the adoption of FIN 48.

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements. SFAS 157 is effective for reporting periods beginning after November 15, 2007. The impact of adoption of SFAS 157 is currently being evaluated by the College. SFAS 157 will require additional disclosures regarding the inputs used to develop the fair value measurements, and the impacts of certain measurements on the statement of activities.

In August 2008, FASB Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds* (FSP), was issued, and its guidance is effective for fiscal years ending after December 15, 2008. A key component of that FSP is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. New York State has not yet adopted UPMIFA; however, for the year ending August 31, 2009, the College will have to adopt the disclosure requirements of the FSP.

(3) Investments

Money market funds and commercial paper are reported at fair value based upon quoted market prices or values provided by the College's external investment managers if no quoted market prices are available. Investments in limited partnerships and similar interests of approximately \$206.3 million are reflected at fair value as reported by the general partners, which are reviewed by management for reasonableness.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

The following summarizes the composition of investments at fair value at August 31, 2008 and 2007:

| | <u>2008</u> | <u>2007</u> |
|---|-----------------------|--------------------|
| Money market funds and commercial paper | \$ 33,242,172 | 31,901,527 |
| Equity/equity funds | 83,296,869 | 94,674,133 |
| Fixed income | 34,062,094 | 30,985,786 |
| Mutual funds: | | |
| Equity | 910,453 | 1,055,541 |
| Fixed income | 4,301,348 | 4,128,623 |
| Limited partnerships: | | |
| Public investments | 60,673,640 | 66,616,024 |
| Private investments | 23,047,147 | 20,980,706 |
| | <u>\$ 239,533,723</u> | <u>250,342,340</u> |

Equity funds include investment funds whose underlying investments are publicly traded equities.

Limited partnerships – public investments include interests in limited partnerships and limited liability corporations that invest in public entities and corporate bonds and may employ both long and short strategies. These interests have varying degrees of liquidity, generally ranging from 30 days to 1 year.

Limited partnerships – private investments include interests in limited partnerships and limited liability corporations that invest in venture capital, private equity, and real estate. These interests generally have very limited liquidity. Under the terms of certain limited partnership agreements, the College is obligated to periodically advance additional funding for these limited partnership investments. At August 31, 2008, the College had commitments of approximately \$17.0 million, for which capital calls had not been exercised. Such commitments, generally, have fixed expiration dates or other termination clauses. The College maintains sufficient liquidity in its investment portfolio to cover such calls.

The College maintains a liquidity level which it believes is well in excess of short term cash needs. At August 31, 2008, approximately \$103 million or 43% of the investment portfolio provided daily liquidity with an additional \$45.4 million or 19% providing at least quarterly liquidity.

The College invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments include \$1,863,923 and \$1,938,976 of assets relating to split-interest agreements in 2008 and 2007, respectively.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

The College maintains an investment pool for certain long-term investments, which had a fair value of \$209,178,255 and \$219,821,326 at August 31, 2008 and 2007, respectively. The investment pool is managed to achieve a prudent long-term total return. The College's trustees established a policy designed to preserve the value of these investments in real terms (after inflation) and provide a predictable flow of funds to support operations. This policy permits the use of total return (dividend and interest income and investment gains) at a level (the spending rate) of 5% annually of the 16-quarter moving average fair value of the investment pool. In accordance with the spending rate, \$9,539,613 and \$9,192,876 of investment return on pooled assets was made available in 2008 and 2007, respectively, to support the operations of the College. In addition, \$769,481 was withdrawn from the endowment to fund Board of Trustee authorized programs. The College also used \$1,124,235 in 2008 and \$1,632,434 in 2007 of investment income earned on short-term and other nonpooled investments to support operations.

The following summarizes the College's total return on investments and its classification in the financial statements for the years ended August 31, 2008 and 2007:

| | 2008 | 2007 |
|---|-----------------|-------------|
| Dividends and interest | \$ 5,894,743 | 12,298,213 |
| Net (depreciation) appreciation in fair value of investments | (7,213,243) | 25,152,646 |
| Investment fees and expenses | (2,136,516) | (4,715,360) |
| Total return on investments | (3,455,016) | 32,735,499 |
| Investment return used in operations | 11,433,329 | 10,825,310 |
| (Deficiency) excess of total investment return over amounts used in operations | \$ (14,888,345) | 21,910,189 |

(4) Allowance for Uncollectible Accounts and Loans Receivable

Student accounts and other receivables are reported net of an allowance for uncollectible amounts of \$837,000 and \$706,000 at August 31, 2008 and 2007, respectively.

Student loans receivable are reported net of an allowance for uncollectible amounts of \$1,740,000 and \$1,844,000 at August 31, 2008 and 2007, respectively.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

(5) Contributions Receivable

Contributions receivable consist of the following at August 31, 2008 and 2007:

| | 2008 | 2007 |
|--|--------------|-------------|
| Amounts receivable from charitable remainder trusts | \$ 377,582 | 426,287 |
| Beneficial interest in perpetual trusts | 931,434 | 1,095,296 |
| Amounts receivable from charitable lead trust | 269,969 | 290,217 |
| Amounts expected to be collected in: | | |
| Less than one year | 5,065,330 | 4,080,753 |
| One to five years | 2,870,207 | 3,975,402 |
| More than five years | 67,948 | 889,818 |
| | 9,582,470 | 10,757,773 |
| Less discount to present value (at discount rates ranging from 3.1% to 6.0%) | (507,611) | (883,826) |
| Less allowance for uncollectible amounts | (22,000) | (235,000) |
| | \$ 9,052,859 | 9,638,947 |

(6) Plant Assets

Plant assets consist of the following at August 31, 2008 and 2007:

| | 2008 | 2007 |
|---|----------------|--------------|
| Land | \$ 642,443 | 642,443 |
| Buildings and improvements | 79,617,370 | 73,616,188 |
| Furniture and equipment | 28,398,380 | 26,259,336 |
| Under capital lease with the Dormitory Authority and other lenders: | | |
| Land | 50,000 | 50,000 |
| Buildings and improvements | 104,429,917 | 102,827,118 |
| Furniture and equipment | 10,549,313 | 10,105,218 |
| | 223,687,423 | 213,500,303 |
| Less accumulated depreciation | (103,052,714) | (94,086,756) |
| Construction in progress | 3,089,153 | 4,896,818 |
| | \$ 123,723,862 | 124,310,365 |

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

(7) Short-Term Debt, Long-Term Debt, and Derivative Instruments

Short-term and long-term debt at August 31, 2008 and 2007 consist of the following:

| | 2008 | 2007 |
|--|---------------|------------|
| Long-term debt: | | |
| Dormitory Authority of the State of New York (DASNY): | | |
| Series 2002 Insured Revenue Bonds (a) | \$ 36,305,000 | 37,325,000 |
| Series 2007 Insured Revenue Bonds (b) | — | 45,575,000 |
| Leases with DASNY: | | |
| Piano lease with Banc of America as lessor, the Dormitory Authority as lessee, and the College as sublessee (c) | 87,112 | 137,095 |
| Equipment lease with Chase Equipment Leasing, Inc., as lessor, the Dormitory Authority as lessee, and the College as sublessee (d) | 992,954 | 1,370,928 |
| | 37,385,066 | 84,408,023 |
| Bridge loan facility with JPMorgan Chase, NA (b) | 44,575,000 | — |
| Total debt outstanding | \$ 81,960,066 | 84,408,023 |

(a) In August 2002, DASNY issued Insured Revenue Bonds, Series 2002 (Series 2002 Bonds) in the amount of \$42,085,000 on behalf of the College. The Series 2002 Bonds are due through 2032 with interest rates ranging from 3.000% to 5.375%. Principal amounts are payable annually on July 1, and interest is payable semiannually on January 1 and July 1. The College used the proceeds from the Series 2002 Bonds to finance various capital renovations. The College has pledged revenues as security interest for the payment of all liabilities and performance of all obligations under the Series 2002 loan agreement. In the event that liability payments are made from the College's general funds, or from any moneys legally available to it for such purposes, the College will not be required to deliver pledged revenues to the bond trustee. At August 31, 2008 and 2007, the unexpended construction fund proceeds were \$0 and \$728,656, respectively.

At August 31, 2008 and 2007, the College had unamortized bond issuance costs of \$1,016,492 and \$1,058,933, respectively, relating to the Series 2002 bond issue, which have been deferred and are being amortized over the life of the Series 2002 Bonds.

(b) In February 2007, DASNY issued Insured Revenue Bonds, Series 2007 (Series 2007 Bonds) in the amount of \$45,950,000 on behalf of the College. In May 2008, the College entered into a \$45,575,000 Bridge Loan Facility agreement (the Facility) with JPMorgan Chase Bank, N.A. to provide funds necessary to purchase the outstanding Series 2007 Bonds in lieu of redemption. The \$1,331,868 loss recognized on the purchase of the Series 2007 Bonds is reported as a nonoperating charge in the accompanying 2008 statement of changes in unrestricted net assets.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

The Facility is required to be repaid in full upon the reissuance of Series 2007 Bonds, refinancing of the Series 2007 Bonds, or within 270 days. Interest rate on the Facility is determined monthly at LIBOR plus 95 basis points per annum. For the year ended August 31, 2008, the rates paid on the Facility ranged from 3.40% to 3.65%.

The College used the proceeds from the Series 2007 Bonds to refinance the Series 2003 Bonds and finance improvements and renovations. At August 31, 2008 and 2007, the College had unexpended funds of \$2,134,243 and \$3,118,143, respectively, relating to the Series 2007 Bonds issue. In 2008 and 2007, such funds were invested in cash and short-term government securities.

In August 2003, the College issued general obligation bonds, Taxable Series 2003 (Series 2003 Bonds) in the amount of \$41,500,000 to finance the construction of a student residence hall and to cover the payment of the portion of interest accruing on the bonds for the first year the bonds were outstanding. The College refinanced the Series 2003 Bonds with the Series 2007 Bonds. The \$1,074,465 loss on refinancing is reported as a nonoperating charge in the accompanying 2007 statement of changes in unrestricted net assets.

In August 2003, the College entered into a floating-to-fixed-rate swap agreement (the Agreement) as a hedge on its Series 2003 Bonds, which carried over to the Series 2007 Bonds. Under the Agreement, the College receives the one-month London InterBank Offered Rate (LIBOR) (2.47% and 5.50% at August 31, 2008 and 2007, respectively) and pays a fixed rate of 5.845% on the notional amount of the Series 2007 Bonds through June 22, 2033. The College has the option to terminate the Agreement at its discretion. A payment will either be received or paid by the College depending on the interest rate environment at the time of termination. The fair values of the Agreement on the Series 2007 \$45,950,000 notional amount were \$(5,828,821) and \$(2,253,519) at August 31, 2008 and 2007, respectively, which are included in other liabilities in the accompanying balance sheets.

- (c) During 2003, the College entered into a master lease and sublease agreement with Banc of America as lessor, the Dormitory Authority as lessee, and the College as sublessee to finance the purchase of several pianos. The loan obligation under the lease is payable in monthly installments through May 2010 and bears interest at a rate of 3.35%.
- (d) On September 27, 2006, the College entered into a master lease and sublease agreement with Chase Equipment Leasing, Inc. as lessor, the Dormitory Authority as lessee, and the College as sublessee to finance various equipment purchases for \$1,706,000. The loan obligation under the lease is payable in monthly installments through September 2013 and bears interest at rates ranging from 3.55% to 3.59%. At August 31, 2008 and 2007, unexpended equipment purchases were \$270,156 and \$1,139,557, respectively.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

The minimum annual payments for principal are as follows:

| | |
|------------------------|----------------------|
| Year ending August 31: | |
| 2009 | \$ 46,073,433 |
| 2010 | 1,546,455 |
| 2011 | 1,231,794 |
| 2012 | 1,248,381 |
| 2013 | 1,300,307 |
| Thereafter | <u>30,559,696</u> |
| | <u>\$ 81,960,066</u> |

Interest expense, including net swap payments, was approximately \$4.8 million and \$4.1 million in 2008 and 2007, respectively.

(8) Benefit Plans

Pension and Postretirement Benefits

The College has a noncontributory defined benefit plan covering nonacademic union employees. Benefits under this plan are based on years of service and the employee's regular remuneration averaged over the period of the highest five consecutive years during the last ten years of service.

In addition, the College provides health insurance coverage to retired faculty and professional staff and their dependents. Faculty and professional staff hired before January 1, 2006 become eligible for these benefits if they are at least 55 years of age and have a minimum of 15 years of service.

The College also has a contributory defined contribution plan covering academic and professional employees. Total expense recognized under this plan for the years ended August 31, 2008 and 2007 was approximately \$5,866,000 and \$5,600,000, respectively.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

In the fiscal year ended August 31, 2007, the College adopted FAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Benefit Plans* (FAS 158), resulting in an increase in accrued benefits liability of \$10,982,530. Adjustments in subsequent years will be recorded as pension and postretirement changes other than net periodic benefit cost in the statements of changes in unrestricted net assets.

The following tables provide information with respect to the pension and postretirement benefit plan at August 31, 2008 and 2007 (rounded to 000s):

| | Pension benefits | | Postretirement benefits | |
|---|------------------|-------------|-------------------------|--------------|
| | 2008 | 2007 | 2008 | 2007 |
| Change in benefit obligation: | | | | |
| Benefit obligation at beginning of year | \$ 32,864,000 | 31,550,000 | 25,522,000 | 12,907,000 |
| Service cost | 1,127,000 | 1,075,000 | 1,158,000 | 1,010,000 |
| Interest cost | 2,028,000 | 1,898,000 | 2,073,000 | 1,463,000 |
| Actuarial (gain) loss | (2,005,000) | (47,000) | 4,266,000 | 5,424,000 |
| Plan amendments | — | — | — | 5,334,000 |
| Benefits paid | (1,731,000) | (1,612,000) | (626,000) | (616,000) |
| Benefit obligation at end of year | 32,283,000 | 32,864,000 | 32,393,000 | 25,522,000 |
| Change in plan assets: | | | | |
| Fair value of plan assets at beginning of year | 28,966,000 | 24,083,000 | — | — |
| Actual return on plan assets | (1,742,000) | 3,325,000 | — | — |
| Employer contribution | 1,000,000 | 3,221,000 | 626,000 | 616,000 |
| Benefits paid | (1,748,000) | (1,445,000) | (626,000) | (616,000) |
| Expenses | — | (218,000) | — | — |
| Fair value of plan assets at end of year | 26,476,000 | 28,966,000 | — | — |
| Funded status, recognized in the balance sheets | \$ (5,807,000) | (3,898,000) | (32,393,000) | (25,522,000) |

Accumulated amounts recorded in unrestricted net assets other than through net periodic benefit cost at August 31, 2008 and 2007 consist of:

| | Pension benefits | | Postretirement benefits | |
|--------------------|------------------|-------------|-------------------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| Prior service cost | \$ — | — | (1,787,000) | (1,977,000) |
| Net actuarial loss | (4,778,000) | (2,778,000) | (9,774,000) | (6,630,000) |
| | \$ (4,778,000) | (2,778,000) | (11,561,000) | (8,607,000) |

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

The estimated net loss for the pension plan that will be amortized from unrestricted net assets into net periodic benefit cost in fiscal 2009 is \$145,251. The estimated net loss and prior service cost for the postretirement plan that will be amortized from unrestricted net assets into net periodic benefit cost in fiscal 2009 are \$640,171 and \$189,736, respectively.

The following provides the actuarial assumptions:

| | Pension benefits | | Postretirement benefits | |
|---|------------------|-------|-------------------------|-------|
| | 2008 | 2007 | 2008 | 2007 |
| Weighted average assumptions used to determine benefit obligations: | | | | |
| Discount rate | 7.00% | 6.25% | 7.00% | 6.25% |
| Rate of compensation increase | 4.50 | 4.50 | — | — |
| Weighted average assumptions used to determine net periodic benefit cost: | | | | |
| Discount rate | 6.25 | 6.00 | 6.25 | 6.00 |
| Expected return on plan assets | 8.00 | 8.00 | — | — |
| Rate of compensation increase | 4.50 | 4.50 | — | — |

For measurement purposes, the annual rate increase in the per capita cost of covered healthcare benefits assumed for 2008 and thereafter is as follows:

| | Medical >65 years |
|------------|--|
| 2008 | 9.50% |
| Thereafter | Decreasing by 0.50% per year to a rate of 5.00% in 2017 and thereafter |

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

The following provides the components of net periodic benefit cost recognized in the accompanying statements of changes in unrestricted net assets:

| | Pension benefits | | Postretirement benefits | |
|--|------------------|-------------|-------------------------|-----------|
| | 2008 | 2007 | 2008 | 2007 |
| Components of net periodic benefit cost: | | | | |
| Service cost | \$ 1,127,000 | 1,075,000 | \$ 1,158,000 | 1,010,000 |
| Interest cost | 2,028,000 | 1,898,000 | 2,073,000 | 1,463,000 |
| Expected return on plan assets | (2,260,000) | (1,992,000) | — | — |
| Amortization of prior service cost | — | — | 190,000 | 190,000 |
| Loss recognized | 16,000 | 184,000 | 1,122,000 | 517,000 |
| Net periodic benefit cost | \$ 911,000 | 1,165,000 | \$ 4,543,000 | 3,180,000 |

Other changes in plan assets and benefit obligations recognized in unrestricted net assets at August 31, 2008 are as follows:

| | Pension benefits 2008 | Postretirement benefits 2008 |
|--|--------------------------|---------------------------------|
| Pension and postretirement changes other than net periodic benefit cost: | | |
| Net loss | \$ 2,015,000 | 4,266,000 |
| Amortization of prior service cost | — | (190,000) |
| Amortization of net loss | (16,000) | (1,122,000) |
| Total amount recognized in unrestricted net assets | \$ 1,999,000 | 2,954,000 |

The accumulated benefit obligation for the pension plan at August 31, 2008 and 2007 was \$29,249,000 and \$29,369,000, respectively.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

The asset allocation of the pension benefit plan as of August 31 is as follows:

| | 2008 | 2007 |
|-------------------------|---------|---------|
| Asset category: | | |
| Equity securities | 60.79% | 62.17% |
| Fixed income securities | 32.16 | 31.60 |
| Real estate | 5.45 | 6.12 |
| Cash and short-term | 1.60 | 0.11 |
| | 100.00% | 100.00% |

The expected long-term rate of return on assets assumption is 8%. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The College expects to contribute approximately \$1,500,000 to the pension plan in 2009. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid under this plan for the year(s) ending August 31:

| | | |
|-------------|----|------------|
| 2009 | \$ | 2,034,000 |
| 2010 | | 2,107,600 |
| 2011 | | 2,165,200 |
| 2012 | | 2,243,100 |
| 2013 | | 2,284,600 |
| 2014 – 2018 | | 12,335,000 |

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 was reflected as of September 1, 2005, assuming that the College will continue to provide a prescription drug benefit to plan participants that is at least actuarially equivalent to Medicare Part D and that the College will receive the Federal subsidy until 2015.

The accumulated postretirement benefit obligation was \$37,208,000 at August 31, 2008, net of Medicare prescription drug benefit of \$4,816,000.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid under the postretirement plan for the year(s) ending August 31:

| | Expected benefits reflecting Medicare Subsidy |
|-------------|--|
| | <u> </u> |
| 2009 | \$ 1,253,000 |
| 2010 | 1,410,000 |
| 2011 | 1,548,000 |
| 2012 | 1,731,000 |
| 2013 | 1,870,000 |
| 2014 – 2018 | 11,783,000 |

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

| | <u>One-percentage- point increase</u> | <u>One-percentage- point decrease</u> |
|--|---|---|
| Impact of 1% change in healthcare cost trend rates: | | |
| Effect on total service and interest cost components | \$ 599,000 | (481,000) |
| Effect on postretirement benefit obligation | 4,868,000 | (4,022,000) |

(9) Net Assets

Certain unrestricted net assets are designated for specific purposes or uses under various internal operating and administrative arrangements of the College. As a result, substantially all of the net assets classified as unrestricted in the accompanying balance sheets at August 31, 2008 and 2007 have been designated for long-term investment or are invested in plant.

Unrestricted net assets consist of the following at August 31, 2008 and 2007:

| | <u>2008</u> | <u>2007</u> |
|---|-----------------------|--------------------|
| Funds designated for long-term investment | \$ 70,411,191 | 93,400,801 |
| Net investment in plant | 45,184,687 | 47,312,391 |
| Operating and other | 17,214,931 | 18,704,621 |
| | <u>\$ 132,810,809</u> | <u>159,417,813</u> |

Temporarily restricted net assets at August 31, 2008 and 2007 are principally restricted for program support or are time restricted under split-interest agreements.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

Permanently restricted net assets at August 31, 2008 and 2007 are restricted to investment in perpetuity, with investment return principally available to support research and experimentation, student aid, and professorships.

During fiscal years 2008 and 2007, certain previously recorded contributions were reclassified to other net asset classifications based on changes in donors' designations.

(10) Student Aid

Student tuition and fees are presented net of amounts awarded to students to defray their cost of attending the College. Student aid totaled \$15,953,448 and \$14,829,545 in fiscal years 2008 and 2007, respectively.

(11) Fund-Raising Expenses

Fund-raising expenses are included in institutional support in the accompanying statements of changes in unrestricted net assets. For the years ended August 31, 2008 and 2007, fund-raising costs incurred by the College's development office amounted to approximately \$3,577,000 and \$3,614,000, respectively.

(12) Fair Value of Financial Instruments

The carrying amount of financial instruments, except as follows, approximates fair value due to the short-term maturity of these instruments. The fair value of investments, contributions receivable, and funds held by bond trustees is discussed in notes 3, 5, and 7, respectively.

Management estimates that the carrying value of the College's long-term debt is not materially different from its fair value because the bonds bear interest at rates that are not significantly different from current market rates for loans with similar maturities and credit quality.

A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the notes are not saleable and can only be assigned to the U.S. Government or its designees.

(13) Commitments and Contingencies

(a) Government Funding

Amounts received and expended by the College under various Federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, would not have a significant effect on the financial position of the College.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2008 and 2007

(b) Operating Leases

The College has operating leases for building space and certain furnishings through August 2013. Minimum future rental payments under these leases are as follows:

| Year ending August 31: | |
|------------------------|--------------|
| 2009 | \$ 1,299,297 |
| 2010 | 468,307 |
| 2011 | 374,852 |
| 2012 | 384,223 |
| 2013 | 32,819 |
| | <hr/> |
| | \$ 2,559,498 |

Total rent expense for the years ended August 31, 2008 and 2007 amounted to approximately \$1,190,000 and \$1,192,000, respectively.

(c) Line of Credit

The College has a revolving credit arrangement with a bank that provides for a line of credit up to \$10,000,000, of which none was outstanding at August 31, 2008 and 2007. Borrowings under the line of credit will bear interest at the following options: (a) floating rate option equal to the higher of (1) the bank's prime rate less 1.00% or (2) the Federal funds effective rate plus 0.50%; (b) for loans of \$500,000 or more, a fixed rate option equal to the JPMorgan Chase bank money rate; or (c) for loans of \$500,000 or more, a fixed rate option equal to LIBOR plus 1.25%. All loans under the line of credit are subject to the requirement that for 30 consecutive days prior to its expiration on April 30, 2009, there shall be no loans outstanding. On October 2, 2008, the College drew \$10,000,000 from this line as a precautionary measure when its investment in the CommonFund Short-Term Fund became illiquid all of which has been repaid as of November 25, 2008 (see note 14).

(d) Litigation

The College, in the normal course of its operations, is a defendant in various lawsuits. While it is not feasible to predict the ultimate outcomes, management of the College does not expect the resolution of these actions to have a material adverse effect on the College's financial position.

(14) Subsequent Events

On September 29, 2008, the College was notified that Wachovia Bank, N.A., as trustee of the CommonFund Short Term Fund (The Fund), was resigning as trustee, and initiated the process of terminating the Fund, and had established procedures for an orderly liquidation and distribution of the assets of the Fund over a period of time. As permitted, the College has already withdrawn \$26.1 million through November 24, 2008. At August 31, 2008 and September 29, 2008, the College had \$20.4 million and \$40.1 million, respectively, invested in the Fund. The College's position in the Fund will not affect its financial obligations for it believes it has ample resources to meet all near and long-term obligations.

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

Appendix C

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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. Such 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. Defined terms used herein shall have the meanings ascribed to them in Appendix A.

Construction of Projects

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

(Section 5)

Project Amendment

The Project may be amended with the prior written consent of the Authority, which consent will not be unreasonably withheld, to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, renovation, improving, or otherwise providing, furnishing and equipping of the Project which the Authority is authorized to undertake.

(Section 6)

Financial Obligations; Nature of Obligations.

(a) Except to the extent that money is available therefor under the Resolution or under the Loan Agreement, including money in the Debt Service Fund (other than money required to pay the Redemption Price or purchase price of Outstanding Series 2009 Bonds theretofore called for redemption or contracted to be purchased, plus interest accrued to the date of redemption or purchase), and excluding interest accrued but unpaid on investments held in the Debt Service Fund, the College by the Loan Agreement unconditionally agrees to pay, or cause to be paid, to or upon the order of the Authority, from its general funds or any other money legally available to it:

- (i) On or before the date of delivery of the Series 2009 Bonds, the Authority Fee agreed to by the Authority and the College in connection with issuance of the Series 2009 Bonds;
- (ii) On or before the date of delivery of the Series 2009 Bonds, such amount, if any, as is required, in addition to the proceeds of the Series 2009 Bonds available therefor, to pay the Costs of Issuance of the Series 2009 Bonds, and other costs in connection with the issuance of the Series 2009 Bonds;
- (iii) On August 10, 2009, and each February 10th and August 10th thereafter, the interest coming due on the Series 2009 Bonds on the next succeeding interest payment therefor;
- (iv) On February 10, 2015, and on each February 10th thereafter, the principal and the Sinking Fund Installments coming due on the next succeeding March 1st;
- (v) Unless the redemption of Series 2009 Bonds at the option of the Authority or any purchase thereof in lieu of optional redemption is subject to the condition that sufficient money is available on the redemption date or the purchase date, on or prior to the date any notice of optional

Appendix C

redemption or purchase in lieu of optional redemption is given, the Redemption Price or purchase price of the Series 2009 Bonds previously called for redemption or to be purchased;

(vi) On December 10 of each Bond Year, one-half (1/2) of the Annual Administrative Fee payable during such Bond Year, and on June 10 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year;

(vii) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (i) for the Authority Fee then unpaid, (ii) to reimburse the Authority for payments made by it pursuant to paragraph (e) of this section and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (iii) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Series 2009 Bonds or the financing or construction of the Project, including, but not limited to, costs and expenses of insurance and auditing, (iv) for the costs and expenses incurred by the Authority to compel full and punctual performance by the College of all the provisions of the Loan Agreement, in accordance with the terms of the Loan Agreement and thereof, and (v) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution and the Series Resolution;

(viii) Promptly upon demand by the Authority (a copy of which demand shall be furnished to the Trustee), all amounts required to be paid by the College as a result of an acceleration pursuant to the Loan Agreement; and

(ix) Promptly upon demand by the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund or otherwise available therefor for the payment of any rebate required by the Code to be made 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 Series 2009 Bonds.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series Resolution, the College shall receive a credit against the amount required to be paid by the College during a Bond Year pursuant to paragraph (iv) of this subsection (a) on account of a Sinking Fund Installment if, prior to the date notice of redemption is given for the redemption of the Series 2009 Bonds to be redeemed through such Sinking Fund Installment prior to the succeeding March 1, the College delivers to the Trustee for cancellation one or more Series 2009 Bonds to be so redeemed on such March 1. The amount of the credit shall be equal to the principal amount of the Series 2009 Bonds so delivered.

The Authority by the Loan Agreement directs the College, and the College by the Loan Agreement agrees to make: (1) the payments required by subparagraphs (iii) and (viii) of this paragraph (a), directly to the Trustee for deposit in the Debt Service Fund and application in accordance with the Resolution or the Series Resolution; (2) the payments required by subparagraph (v) of this paragraph (a), directly to the Trustee for payment of the Redemption Price or purchase price of Series 2009 Bonds called for optional redemption or purchase in lieu of optional redemption; (3) the payments required by subparagraph (ii) of this paragraph (a), directly to the Trustee for deposit in the Construction Fund or other fund or account established under the Resolution or the Series Resolution, as directed by the Authority; (4) the payments required by subparagraph (vii) of this paragraph (a), directly to the Trustee for application in accordance with the Resolution; (5) the payments required by subparagraph (xi) of this paragraph (a), directly to the Trustee for deposit in the Arbitrage Rebate Fund, and (6) the payments required by subparagraphs (i) and (vi) of this paragraph (a), directly to the Authority.

(b) Notwithstanding any provision in the Loan Agreement or in the Resolution or the Series Resolution to the contrary (except as otherwise specifically provided for in this paragraph), (1) all money paid by the College to the Trustee pursuant to subparagraphs (iii), (iv) and (viii) of paragraph (a) of this subsection (other than money received by the Trustee pursuant to the Resolution which shall be retained and applied by the Trustee for its own account) shall be received by the Trustee as agent for the Authority in satisfaction of the College's indebtedness to the Authority with respect to the interest on and principal or Redemption Price of the Series 2009 Bonds to the extent of such payment are applied to the payment of the

principal or Redemption Price of or interest on the Series 2009 Bonds, and (2) the transfer by the Trustee of any money (other than money described in clause (1) of this paragraph (b)) held by it in the Construction Fund to the Debt Service Fund in accordance with the applicable provisions of the Loan Agreement or of the Resolution shall be deemed, upon such transfer, receipt by the Authority from the College of a payment in satisfaction of the College's indebtedness to the Authority with respect to the Redemption Price of the Series 2009 Bonds to the extent of the amount of money transferred. Immediately after receipt or transfer of such money, as the case may be, by the Trustee, the Trustee shall hold such money in trust in accordance with the applicable provisions of the Resolution and the Series Resolution for the sole and exclusive benefit of the Bondholders, regardless of the actual due date or applicable payment date of any payment to the Holders of the Series 2009 Bonds, except in respect to the payment to the College by the Trustee as provided for in the Resolution.

(c) The obligations of the College to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the College may otherwise have against the Authority, the Trustee or any Holders of the Series 2009 Bonds for any cause whatsoever including, without limiting the generality of the foregoing, failure of the College to complete the Project or the completion thereof with defects, failure of the College to occupy or use the Project, any declaration or finding that the Series 2009 Bonds are or the Resolution or the Series 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 in the Loan Agreement contained or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the College may take such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the College for, or to pay, the Costs of the Project beyond the extent of money in the Construction Fund.

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

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

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

(f) The College, if there is not then an Event of Default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in accordance with the directions of the Authority in the Debt Service Fund or held by the Trustee for the payment of Series 2009 Bonds in accordance with the Resolution. Upon any voluntary payment by the College or any deposit in the Debt Service Fund made pursuant to paragraph (b) of this section, the Authority agrees to direct the Trustee to purchase or redeem Series 2009 Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution; 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 or the Series Resolution, and to purchase or redemption all Series 2009 Bonds then Outstanding, or to pay or

Appendix C

provide for the payment of all Series 2009 Bonds then Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the College, to direct the Trustee to purchase or redeem all Series 2009 Bonds Outstanding, or to cause all Series 2009 Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

(g) As soon as practicable after the Project is deemed to be complete in accordance with the Loan Agreement, the Authority shall determine, and notify the College of, the actual Authority Fee incurred by the College in connection with the Project to the date of such notice. The balance, if any, of such Authority Fee then unpaid, to the extent not paid from the Construction Fund, shall be paid by the College pursuant to paragraph (a) of this section. If upon such determination the actual amount of the Authority Fee incurred by the College in connection with the Project to the date of such notice is less than the amount paid theretofore, the Authority shall promptly refund to the College the amount paid in excess of such actual amount.

(Section 9)

Consent to Pledge and Assignment

The College consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of (i) the Authority's rights to receive the payments required to be made pursuant to section above titled "Financial Obligations", (ii) all funds and accounts established by the Series Resolution pledged under the Resolution, in each case to the extent pledged and assigned pursuant to or in accordance with the Resolution and the Series Resolution, to secure any payment or the performance of any obligation of the College under the Loan Agreement or arising out of the transactions contemplated by the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The College further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by this section, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the College's obligation to make all payments required by the Loan Agreement and to performing all other obligations required to be performed by the College under the Loan Agreement.

(a) The College warrants and represents that:

(i) it has the requisite power and authority to enter into the Loan Agreement and to incur the indebtedness contemplated thereby in the manner and to the extent provided in the Loan Agreement, therein and in the Resolution and the Series Resolution;

(ii) the Loan Agreement is a valid, binding and legally enforceable obligations of the College in accordance with its terms; provided that such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium of similar laws affecting or relating to the rights of creditors generally and general principles of equity;

(iii) the Loan Agreement, the consummation of the transactions contemplated thereby and compliance with the provisions of the Loan Agreement and thereof do not violate, conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the charter or by-laws of the College or any indenture or mortgage, or any trusts, endowments or other commitments or agreements to which the College is party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the College or any of its properties.

(Section 14)

Tax-Exempt Status of College

The College represents that: (i) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, and is not a “private foundation,” as such term is defined under Section 509(a) of the Code; (ii) it has received a letter or other notification from the Internal Revenue Service to that effect; (iii) such letter or other notification has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (vi) it is exempt from federal income taxes under Section 501(a) of the Code, except for unrelated business income subject to the taxation under Section 511 of the Code.

The College covenants that: (a) it shall not perform any act or enter into any agreement which will adversely affect such federal income tax status and shall conduct its operations in the manner which will conform to the standards necessary to qualify the College as an educational organization within the meaning of Section 501(c)(3) of the Code or any successor provision of federal income tax law; and (b) it shall not perform any act, enter into any agreement or use or permit any Project to be used in a manner, or for any trade or business unrelated to the purposes of the College, which could adversely affect the exclusion of interest on the 2009 Bonds from federal gross income pursuant to Section 103 of the Code.

(Section 15)

Securities Acts Status

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

(Section 16)

Maintenance of Corporate Existence

The College covenants that it will maintain its corporate existence, will continue to operate as a non-profit educational organization, will obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditations as may be necessary for it to continue to operate, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another person or permit one or more persons to consolidate with or merge into it. The College, with the Insurer’s Consent and the prior written consent of the Authority may (i) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies under Section 501(c)(3) of the Code, or any successor provision of federal income tax law, or (ii) permit one or more corporations or any other organization to consolidate with or merge into it, or (iii) acquire all or substantially all of the assets of one or more corporations or other organizations.

(Section 17)

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 or (ii) the New York State Historic Preservation Act of 1980 and the regulations promulgated thereunder, the College agrees to abide by the requirements relating thereto set forth in the Loan Agreement.

(Section 18)

Appendix C

Use and Control of the Project; Restrictions on Religious Use

Subject to the rights, duties and remedies of the Authority under the Loan Agreement, the College shall have sole and exclusive control and possession of and responsibility for (i) the Project, (ii) the supervision of the activities conducted therein or in connection with any part thereof and (iii) the maintenance, repair and replacement of the Project.

The College agrees that with respect to the Project or portion thereof, so long as the Project or portion thereof exists and unless and until the Project or a portion thereof is sold for the fair market value thereof, such Project or any portion thereof will not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; provided, however, that the foregoing restriction will not prohibit the free exercise of any religion; and provided, further, that if at any time after the effective date of the Loan Agreement, in the opinion of Bond Counsel, the then applicable law would permit the Project or a portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to the Project and each portion thereof.

(Sections 19 and 20)

Maintenance, Repair and Replacement

The College agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain the Project 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 condition, reasonable wear and tear expected and will from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Project may be properly and advantageously conducted.

The College further agrees that it will 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 21)

Covenant as to Insurance

The College agrees to maintain or cause to be maintained insurance with insurance companies or by means or 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 College, 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 College shall at all times also maintain worker's compensation coverage and disability benefits insurance coverage as required by the laws of the State.

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

(Section 22)

Damage or Condemnation

In the event of a taking of the Project or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of the Project, then and in such event proceeds of any insurance, condemnation or eminent domain award shall, if in excess of \$250,000, be paid upon receipt thereof by the College or the Authority to the Trustee for deposit in the Construction Fund established in connection with the Project, and (i) if within one hundred twenty (120) days by the Authority of actual notice or knowledge of the occurrence, the College and the Authority agree in writing that the Project or the affected portion thereof shall be repaired, replaced or restored, the College shall proceed to repair, replace or restore the Project, or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its

original condition insofar as commercially possible with such changes and additions as shall be appropriate to the needs of the College and approved in writing by the Authority, such approval not to be unreasonably withheld or delayed. The funds required for such repair, replacement or restoration shall be paid from time to time as the work progresses, subject to such conditions and limitations as the Authority may impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the College; (ii) if no agreement for the repair, restoration or replacement the Project or the affected portion thereof shall be reached by the Authority and the College within such one hundred twenty (120) day period, the proceeds then held by the College shall be paid to the Trustee for deposit to 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 Series 2009 Bonds.

(Section 23)

Taxes and Assessments

The College shall pay when due without penalty 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, renovating, repairing and replacing the Project and its equipment. The College shall file exemption certificates as required by law. The College agrees to exhibit to an Authorized Officer of the Authority within ten (10) days after written demand by the Authority, certificates or receipts issued by the appropriate authority showing full payment of all taxes, assessments, water and sewer charges and other impositions; provided, however, that the good faith contest of such impositions will be deemed to be in complete compliance with the requirements set forth in the Loan Agreement if the College sets aside such reserves as may be required by good accounting practices. Notwithstanding the foregoing, the Authority in its sole discretion, after notice in writing to the College, may pay (such payment shall be made under protest if so requested by the College) any such charges, taxes and assessments if, in the reasonable judgment of the Authority, a Project or any part thereof, would be in substantial danger by reason of the College's failure to pay such charges, taxes and assessments of being sold, attached, forfeited, foreclosed, transferred, conveyed, assigned or otherwise subjected to any proceeding, equitable remedy, Lien, charge, fee or penalty that would impair (i) the interests or security of the Authority under the Loan Agreement or 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, under the Series Resolution or the Resolution; or (iv) the ability of the College to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement and the College agrees to reimburse the Authority for any such payment, with interest thereon from the date payment was made by the Authority at a rate equal to the highest rate of interest payable on any investment held for the Debt Service Fund on the date such payment was made by the Authority.

(Section 24)

Defaults and Remedies

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

(a) the College shall default in the timely payment of any amount payable pursuant to the Loan Agreement or the payment of any other amounts required to be delivered or paid by the College in accordance with the Loan Agreement, the Series Resolution or with the Resolution, and such default continues for a period in excess of seven (7) days;

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

Appendix C

(c) as a result of any default in payment or performance required of the College pursuant to 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 Series 2009 Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(d) the College (i) is not generally paying its debts as they become due, (ii) files, or consents 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, (iii) makes a general assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property, (v) is adjudicated insolvent or liquidated or (vi) takes corporate action for the purpose of any of the foregoing;

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

(f) the charter of the College is suspended or revoked;

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

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

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

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

(k) a final judgment for the payment of money, at least one million dollars (\$1,000,000) of which is not covered by insurance or reserves set aside by the College, which in the judgment of the Authority will adversely affect the rights of the Holders of the Series 2009 Bonds shall be rendered against the College and at any time after forty-five (45) days from the entry thereof, (i) such judgment has not been discharged, or (ii) the College shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within forty-five (45) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal.

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

(a) declare all sums payable by the College under the Loan Agreement immediately due and payable;

(b) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of the Series 2009 Bonds or the Construction Fund or otherwise to which the College may

otherwise be entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or money for such purposes as are authorized by the Resolution and the Series Resolution;

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

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

(e) to the extent permitted by law, (i) enter upon the Project and complete the construction of the Project in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the College, consent to such entry being given by the College under the Loan Agreement, (ii) at any time discontinue any work commenced in respect of the construction of a Project or change any course of action undertaken by the College and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (iii) assume any construction contract made by the College in any way relating to the construction of the Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the College, whether or not previously incorporated into the construction of such Project, and (iv) in connection with the construction of the Project undertaken by the Authority pursuant to the provisions of the Loan Agreement (x) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of such Project, (y) pay, settle or compromise all bills or claims which may become liens against the Project or against any money of the Authority applicable to the construction of the 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 or defects in the title to the Project or against any money of the Authority applicable to the construction of the Project, and (z) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The College will be liable to the Authority for all sums paid or incurred for construction of the Project whether the same is paid or incurred pursuant to the Loan Agreement or otherwise, and all payments made or liabilities incurred by the Authority under the Loan Agreement of any kind whatsoever shall be paid by the College to the Authority upon demand. The College irrevocably constitutes and appoints the Authority its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the College for the purpose of exercising the rights granted to the Authority by the Loan Agreement during the term of the Loan Agreement; and

(f) All rights and remedies given or granted to the Authority in the Loan Agreement are to the extent permitted by law, cumulative, nonexclusive 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.

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

(Section 28)

Investment of Moneys

The Authority may in its sole discretion direct the investment of certain moneys held under the Resolution as provided therein.

(Section 31)

Appendix C

Limitation on Agreements

The College shall not enter into any contract or agreement or perform any act which may materially adversely affect any of the rights of the Authority under the Loan Agreement or of the Holders of any Series 2009 Bonds.

(Section 33)

Arbitrage; Tax Exemption

Each of the College and the Authority covenants that it shall take no action, nor shall it approve the Trustee's taking any action or making any investment or use of the proceeds of Series 2009 Bonds, which would cause the Series 2009 Bonds or any Series of Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Series 2009 Bonds at the time of such action, investment or use or otherwise cause interest on the Series 2009 Bonds to be included in the gross income of the owners thereof for purposes of federal income taxation. Neither the College nor any "related person" (as such term is defined in Section 147(a)(2) of the Code) shall purchase any Series 2009 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 College or by a related person of Series 2009 Bonds will not cause interest on the Series 2009 Bonds to be included in the gross income of the owners of the Series 2009 Bonds for purposes of federal income taxation.

The College covenants that it will not take any action or fail to take any action which would cause any representation or warranty of the College contained in a Tax Certificate then to be untrue and shall comply with all covenants and agreements of the College contained in each Tax Certificate, unless, in the opinion of Bond Counsel, taking or failing to take such action or failing to comply with its obligations under a Tax Certificate would not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes.

In the event that the Authority is notified in writing that the Series 2009 Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the College. In the event that the College is notified in writing that the Series 2009 Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the Authority. Upon the occurrence of such an event, the College and the Authority shall fully cooperate with one another and participate in all aspects of the conduct of the response thereto.

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 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 College and its agents and representatives, any of whom may make copies thereof. Upon written request therefor from the College the Authority shall as soon as practicable provide the College with a copy of any such document, report or computation. The Authority shall also provide the College with a copy of all documents or reports filed with the Department of Treasury of the United States of America relating to the rebate of earnings.

(Section 34)

Certificate as to Representations and Warranties

The obligations of the Authority under the Loan Agreement and the delivery of the Series of 2009 Bonds are conditioned upon the receipt by the Authority at or prior to delivery of the Series of 2009 Bonds of a certificate of an Authorized Officer of the College acceptable to and Authorized Officer of 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 Series of 2009 Bonds as if made on the date of delivery of the Series of 2009 Bonds.

(Section 35)

Amendments to Loan Agreement

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

(Section 39)

Termination

The Loan Agreement will remain in full force and effect until no Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the College shall have been made or provision made for the payment thereof; provided, however, that the liabilities and the obligations of the College to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred under the Loan Agreement shall nevertheless survive any such termination.

(Section 40)

Additional Covenants

The Loan Agreement contains certain covenants of the College wherein the College agrees to the following:

Maintenance of Covenants

Debt Service Coverage Ratio Covenant

(i) *The Debt Service Coverage Ratio Requirement.* During each Fiscal Year, the College covenants to charge and maintain student tuition, fees and other charges and to budget operating expenses sufficient to provide a Debt Service Coverage Ratio of 1.25 : 1.

(ii) *Reporting Requirement.* On or prior to each Reporting Date, the College shall file with the Authority a certificate of an Authorized Officer of the College stating whether at the immediately preceding Testing Date the Debt Service Coverage Ratio requirement is satisfied and setting forth the calculation upon which such statement is based.

(iii) *Remedies.* (a) If on two consecutive Testing Dates the College does not satisfy the Debt Service Coverage Ratio requirement, or (b) if on any Testing Date the Debt Service Coverage Ratio falls below 1:1, the Authority may require the College to retain a Management Consultant.

Appendix C

Unrestricted Resources to Debt Ratio Covenant

(i) *The Unrestricted Resources to Debt Ratio Requirement.* Commencing with College's Fiscal Year ending in 2010, the College covenants to have available on each Testing Date for Fiscal Years ending in 2010 through 2011, Unrestricted Resources at least equal to 30% of the College's Long-Term Indebtedness. The College covenants to have available on each Testing Date for Fiscal Years ending in 2012 through 2014, Unrestricted Resources at least equal to 50% of the College's Long-Term Indebtedness. Thereafter, the College covenants to have available on each Testing Date, Unrestricted Resources at least equal to 75% of the College's Long-Term Indebtedness.

(ii) *Reporting Requirement.* On or prior to each Reporting Date, the College shall file with the Authority a certificate of an Authorized Officer of the College stating whether at the immediately preceding Testing Date the Unrestricted Resources to Debt Ratio requirement is satisfied and setting forth the calculation upon which such statement is based.

(iii) *Remedies.* If on any Testing Date the College does not satisfy the Unrestricted Resources to Debt Ratio requirement, the Authority may require the College to retain a Management Consultant.

Optional Management Consultant Call-In. If the Authority elects to require the College to retain the services of a Management Consultant in accordance with the Loan Agreement, then the Authority shall, at its election which shall be exercised in writing within sixty (60) days of notice of the applicable covenant failure, request the College to engage, at the College's expense, a Management Consultant to review the fees and tuition, operations and management of the College and any other matter deemed appropriate by the Authority and to make such recommendations with respect to such fees and tuition, operations, management and other matters as will enable the College to comply with such covenants within a reasonable period acceptable to the Authority. The College shall engage a Management Consultant within sixty (60) days of such request by the Authority.

Compliance With Recommendations. Whenever a Management Consultant is required to be engaged by the College pursuant to this section, copies of the report and recommendations of such Management Consultant shall be filed with the Authority, the Trustee, the Board of Trustees of the College and an Authorized Officer of the College no later than one hundred twenty (120) days following the date of the engagement of such Management Consultant. The College shall, to the extent feasible, promptly upon its receipt of such recommendations, and subject to applicable requirements or restrictions imposed by law or regulation, revise its tuition, fees and charges, its methods of operation or collections or its debt and investment management and shall take such other action as shall be in conformity with such recommendations. The College shall deliver to the Authority and the Trustee within forty-five (45) days of receipt of such Management Consultant's report; (A) a report setting forth in reasonable detail the steps the College proposes to take to implement the recommendations of such Management Consultant; and (B) a certified copy of a resolution adopted by the Board of Trustees of the College accepting both the Management Consultant's report and the report prepared by the College as required in the previous paragraph; and, subsequently, (C) quarterly reports demonstrating the progress made by the College in implementing the recommendations of the Management Consultant.

If the College complies in all material respects with the reasonable recommendations of the Management Consultant, the College will be deemed to have complied with the covenants described above under the heading "*Maintenance of Covenants*" for the College's Fiscal Year in which the Management Consultant's report is delivered.

Additional Indebtedness

Except as otherwise provided below, the College will not hereafter issue, incur, assume or guarantee any Indebtedness without the prior written consent of the Authority.

Long-Term Indebtedness. The College may issue, incur, assume or guarantee Long-Term Indebtedness without the consent of the Authority provided that (i) it maintains a debt rating in the “A” category without regard for “+” or “-” from at least one Rating Service **and** (ii) (a) such Long-Term Indebtedness issued in any Fiscal Year is in an amount less than or equal to ten percent (10%) of the amount of its unrestricted net assets as reported for the most recently concluded Fiscal Year for which audited financial statements are available **or** (b) the College provides to the Authority a certificate of an Authorized Officer of the College containing pro forma calculations demonstrating that the maintenance covenants described herein under the heading “*Maintenance of Covenants*” would be met for the most recently concluded Fiscal Year for which audited financial statements are available taking into account the additional Long-Term Indebtedness proposed to be issued.

For purposes of calculating the Debt Service Coverage Ratio for such pro forma calculations, Annual Debt Service shall be equal to projected Maximum Annual Debt Service. Indebtedness which does not bear interest at a fixed rate will be deemed to bear interest at an annual rate equal to 120% of the weighted average annual interest rate borne by such Indebtedness over the 24-month period ending on the date of calculation (or with respect to such Long-Term Indebtedness issued during such 24-month period, 120% of the average of the most recent 24-month Bond Buyer 25 Revenue Bond Index). The principal of Balloon Indebtedness will be deemed to mature in equal annual installments over a term equal to the lesser of 20 years or the actual term of such Indebtedness (or such other assumed term acceptable to the Authority). In the event the project to be financed with such additional Long-Term Indebtedness is expected to generate additional revenues, such revenues, net of anticipated expenses, may be included in the pro forma calculations of the Debt Service Coverage Ratio provided that such estimations of additional net revenues are deemed reasonable in the sole discretion of the Authority.

Non-Recourse Indebtedness. Notwithstanding the foregoing, the College may issue Non-Recourse Indebtedness without the Authority’s consent provided that any assets pledged as collateral or for the repayment of such indebtedness must have been acquired by the College after the issuance of the Series 2009 Bonds.

Short-Term Indebtedness. The College may incur Short-Term Indebtedness without the Authority’s consent if, with respect to such indebtedness, during any twelve (12) month period, there will be no outstanding balance for a period of not less than thirty (30) days or such shorter period as acceptable to the Authority.

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

Appendix D

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a brief summary of certain provisions of the Resolution pertaining to the Series 2009 Bonds. Such summary does not purport to be complete and reference is made to the Resolution for full and complete statements of such and all provisions. 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

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

(Section 1.03)

Additional Bonds and Other Obligations

The issuance of Bonds shall be authorized by a Series Resolution or Series Resolutions. The Authority shall, in addition to other requirements, a certificate of an Authorized Officer of the College stating that the College is not in default under the Loan Agreement, an opinion of Bond Counsel concerning the validity of the Resolution and the Bonds, and, if there is Collateral Security given to secure the Loan Agreement related to such Series of Bonds, which Collateral Security related to such Bonds constitutes Shared Collateral, an Intercreditor Agreement or an amendment to or modification of an existing Intercreditor Agreement, executed in connection with issuance of such Bonds.

(Section 2.02)

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)

Pledge of Resolution

The proceeds from the sale of the Bonds of a Series, the Revenues derived from the Loan Agreement entered into in connection with the Bonds of such Series or from any realization upon any Collateral Security given in connection with such Loan Agreement, and, except as otherwise provided in the Resolution, all funds and accounts established by or pursuant to the Series Resolution authorizing the issuance of such Series of Bonds are pledged and assigned to the Trustee as security for the payment of the principal and Redemption Price of and interest on the Bonds of such Series and as security for the performance of any other obligation of the Authority under the Resolution and under the Series Resolution authorizing the issuance of such Series of Bonds, all in accordance with the provisions thereof.

The pledges made are valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues, all funds and accounts established by or pursuant to any Series Resolution which are pledged by the Resolution and the Authority's security interests in the Collateral Security shall immediately be subject to the lien of such pledge without any physical delivery

Appendix D

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 the Bonds of such Series, the Revenues, all the funds and accounts established by or pursuant to the Series Resolution authorizing the issuance of the Bonds of such Series which are pledged by the Resolution as provided in the Resolution and the Authority's security interest in the Collateral Security.

(Section 5.01)

Establishment of Funds and Accounts

The following funds are established by the Resolution and shall be held and maintained by the Trustee:

Construction Fund, consisting of the Project Account, the Capitalized Interest Account and the Cost of Issuance Account;

Debt Service Fund; and

Arbitrage Rebate Fund.

(Section 5.02)

Application of Money in the Construction Fund

As soon as practicable after the delivery of each Series of Bonds, the Trustee shall deposit in the Construction Fund the amount required to be deposited therein pursuant to the Series Resolution authorizing the issuance of such Series of Bonds or by the Bond Series Certificate relating to such Series. Moneys deposited in the Construction Fund shall be used only to pay Costs of Issuance of the applicable Series of Bonds and the Costs of the Project. The Trustee shall also deposit in the Construction Fund all amounts paid to it by the College which by the terms of the Loan Agreement are required to be deposited therein.

Upon receipt by the Trustee of a certificate relating to the completion of the Project, the money, if any, then remaining in the Construction Fund, 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 the 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, any balance remaining.

(Section 5.04)

Deposit and Allocation of Revenues

The Revenues and any other money, which, by any of the provisions of a Loan Agreement, are required to be paid to the Trustee, shall upon receipt thereof be deposited or paid by the Trustee as follows and in the following order of priority:

First: To the Debt Service Fund (i) in the case of Revenues received during the first six months of each Bond Year, the amount, if any, necessary to make the amount on deposit in the Debt Service Fund equal to (a) the interest on the Outstanding Bonds of the Series for which such Debt Service Fund was established payable subsequent to the first day of such Bond Year and on and prior to the first day of the second half of the Bond Year, assuming that such 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, (b) one half of the Sinking Fund Installments of Outstanding Option Bonds and Variable Interest Rate Bonds of such Series payable during the next succeeding Bond Year; and (c) the purchase price or Redemption Price of the Outstanding Bonds of such Series theretofore contracted to be purchased or called for redemption pursuant to the provisions of the Resolution summarized herein under the heading “Debt Service Fund” on or prior to the first day of the second half of the Bond Year, plus accrued interest thereon to the date of purchase or redemption; and (ii) in the case of Revenues received thereafter and until the end of such Bond Year, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on and the principal and Sinking Fund Installments of the Outstanding Bonds of such Series payable subsequent to the first day of the second half of the Bond Year and on and prior to the first day of the next succeeding Bond Year, assuming that such 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; (b) one-half of the Sinking Fund Installments of Outstanding Option Bonds and Variable Interest Rate Bonds of such Series payable during the next succeeding Bond year; and (c) the purchase price or Redemption Price of the Outstanding Bonds of such Series theretofore contracted to be purchased or called for redemption pursuant to the provisions of the Resolution summarized herein under the heading “Debt Service Fund” on or prior to the first day of the next succeeding Bond Year, plus accrued interest thereon to the date of purchase or redemption;

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

Third: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Trustee, all as required by the Resolution, (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 Agreements in accordance with the terms thereof, and (iii) any fees of the Authority; but only upon receipt by the Trustee of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph Third.

The Trustee shall, promptly after making the above required payments, notify the Authority and the College of any balance of Revenues remaining on the first day of the next succeeding Bond Year. After making the above required payments, the balance, if any, of the Revenues then remaining shall, upon the direction of an Authorized Officer of the Authority, be paid by the Trustee to the Construction Fund or the Debt Service Fund, or paid to the College, in the respective amounts set forth in such direction. Any amounts paid to the College shall be free and clear of any pledge, lien, encumbrance or security interest created by the Resolution or by the applicable Series Resolution or the applicable Loan Agreement.

(Section 5.05)

Debt Service Fund

(a) The Trustee shall pay out of the Debt Service Fund established in connection with Bonds of a Series other than Letter of Credit Secured Bonds, when due:

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

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

Appendix D

(b) Notwithstanding the provisions of this paragraph (a), 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 established in connection with the Bonds of a Series, other than Letter of Credit Secured Bonds, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds of such Series to be redeemed from such Sinking Fund Installment. In addition, the College pursuant to a Loan Agreement may deliver, at any time subsequent to July 1 (or such other date as provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds) 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 such Series 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.

(Section 5.06)

Arbitrage Rebate Fund

The Trustee shall deposit to the Arbitrage Rebate Fund any money delivered to it by the College for deposit therein and, notwithstanding any other provisions of this Article V, 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 such times and in such amounts as shall be set forth in such directions.

Money on deposit an 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 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 applicable 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 each Series of Bonds and (ii) if and to the extent required by the Code, pay out of such 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 Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time the Available Money held in the Debt Service Fund established in connection with a Series of Bonds for the payment of the principal and Sinking Fund Installments of the Bonds of such Series, together with the Available Money held in the Debt Service Reserve Fund established for such Bonds, are sufficient to pay the principal or Redemption Price of all Outstanding Bonds of such 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 such Bonds at the maturity or redemption dates thereof, the Trustee shall so

notify the Authority and the College. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Bonds in the manner provided for redemption of such Bonds by the Resolution and by each Series Resolution as provided in the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the Resolution and make provision for the payment of such 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 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

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 the 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 to give security for the deposit of any money with them pursuant to the provisions of the Resolution summarized herein under the headings “Debt Service Fund” and “Defeasance” and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any 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) of this Section, 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 a Construction Fund or Debt Service Reserve 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

Appendix D

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

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

(Section 6.02)

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)

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 each Series of Bonds, including but not limited to the objects and purposes for which proceeds of the Bonds were expended and the respective amounts expended for such objects and purposes. Such books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the College, the Trustee or of any Holder of a Bond or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, each Liquidity Facility Provider and the College. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Resolution and of each Series Resolution; a statement of the Revenues collected in connection with the Resolution and with 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 or any beneficial owner of a Book Entry Bond requesting the same.

(Section 7.05)

Creation of Liens

Except as permitted by the Resolution with respect to the Shared Collateral or the Revenues, the Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds on the proceeds from the sale of the Bonds, the Revenues, the Collateral Security and the funds and accounts established by the Resolution or pursuant to any Series Resolution; **provided, however,** that nothing contained in the Resolution shall prevent the Authority from issuing bonds, notes or other obligations or otherwise incurring indebtedness under another and separate resolution or otherwise so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created pursuant to the Resolution.

(Section 7.06)

Enforcement of Duties and Obligations of the College

The Authority shall take all legally available action to cause the College to perform fully all duties and acts and comply fully with the covenants of the College required by a Loan Agreement in the manner and at the times provided in such 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 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 College 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 to be deposited in the Construction Fund, any money paid to the Authority for the acquisition, construction, reconstruction, renovation or equipment of any Project, including the proceeds of any insurance of 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 may be presented for payment, registration, transfer or exchange and the Trustee is by the Resolution appointed the Trustee as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds. The provisions of this Section shall be subject to the provisions of the Resolution.

(Section 7.09)

Amendment of Loan Agreement

Each Loan Agreement may, without the consent of the Holders of Bonds, be amended, changed, modified, altered or supplemented for any one or more purposes: (i) to add an additional covenant or agreement for the purpose of further securing the payment of the College's obligations under the Loan

Appendix D

Agreement that is not contrary to or inconsistent with the covenants and agreements of the College contained in the Loan Agreement; (ii) to prescribe further limitations and restrictions upon the College's right to incur, issue, assume or guaranty indebtedness that are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (iii) to surrender any right, power or privilege reserved to or conferred upon the College, if surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the College contained in the Loan Agreement; (iv) to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of any Project, to amend the description of any Project or to add an additional Project; (v) to establish, amend or modify the Authority Fee or the Annual Administrative Fee payable by the College in connection with the Bonds of a Series; or (vi) with the prior written 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 or to amend, modify or waive any other provision of the Loan Agreement, provided that the same does not adversely affect the interests of the Bondholders in any material respect.

Notwithstanding the provisions of paragraph (a) of this Section, the Loan Agreement relating to a Series of Bonds may not be amended, changed, modified, altered or terminated, nor may any provision thereof be waived, without the consent of the Holders of Outstanding Bonds of such Series as hereinafter provided if such amendment, change, modification, alteration, termination or waiver (i) reduces the amount of Revenues payable by the College under the Loan Agreement on any date or delays the date on which payment is to be made, (ii) modifies the events which constitute Events of Default under the Loan Agreement, (iii) diminishes, limits or conditions the rights or remedies of the Authority under the Loan Agreement upon the occurrence of an Event of Default thereunder, or (iv) adversely affects the rights of the Bondholders in any material respect.

No such amendment, change, modification, alteration, termination or waiver shall take effect unless the prior written consent of the Holders of at least a majority in principal amount of the Bonds then Outstanding of the affected Series; ***provided, however,*** that if such amendment, change, modification, alteration, termination or waiver will, by its terms, not take effect so long as any Bonds of any specified maturity of such Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section.

No amendment, change, modification or termination of a Loan Agreement, or waiver of a provision thereof shall be made other than pursuant to a written instrument signed by the parties thereto. No such amendment, change, modification, alteration or waiver shall become effective unless there has been delivered to the Trustee an opinion of Bond Counsel. A copy of each such amendment, change, modification, termination or waiver shall be filed with the Trustee and a copy thereof shall be sent to the affected Bank.

Bonds owned or held by or for the account of the Authority or the College shall not be deemed Outstanding for the purpose of consent provided for in this Section, and neither the Authority nor the College shall be entitled with respect to such Bonds to give any such consent. At the time of any consent, the Authority shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

For the purposes of this Section, the purchasers of Bonds, 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 this Section 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, Remarketing Agent or otherwise 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 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 Article X 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. As used in this paragraph the following terms shall have the respective meanings: “**Auction Rate Bond**” means a Variable Interest Rate Bond 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 any particular 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 this Section, a Series 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, which determination shall be made without regard to the existence of any financial guaranty insurance policy issued in connection with such Bonds or a Letter of Credit for such Bonds. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any particular Series would be adversely affected in any material respect by any amendment, change, modification, alteration, termination or waiver and any such determination shall be binding and conclusive on the College, the Authority and all Holders of Bonds.

For all purposes of this Section, 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 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 of any “Event of Default” under a Loan Agreement, as such term is defined in such Loan Agreement, that 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)

Modification and Amendment without Consent

The Authority may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions: (a) to provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed; (b) to add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution; (c) to prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect; (d) to surrender any right, power or privilege reserved to or conferred upon the

Appendix D

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 the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, of the Revenues or any pledge of any other moneys, Securities or funds; (f) to modify any of the provisions of the Resolution or 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 a Project; or (h) with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable; provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders in any material respect.

(Section 9.01)

Supplemental Resolutions Effective With Consent of Bondholders

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

(Section 9.02)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

The Resolutions shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Resolution. Nothing contained in 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 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.

A copy of every Series Resolution and Supplemental Resolution adopted by the Authority, when filed with the Trustee, must be accompanied by an opinion of Bond Counsel stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms. The Trustee shall transmit a copy of such Supplemental Resolution to the College and to each Liquidity Facility 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 will be fully protected in relying on the opinion of Bond Counsel that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee shall become effective without the written consent of the Trustee.

(Section 9.03)

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, in any particular, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in the provisions of the Resolution summarized herein under the heading “Consent of Holders of Bonds”, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (iii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect.

(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 herein under the heading “Powers of Amendment” to take effect when and as provided in this paragraph. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to the 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 specified in the provisions of the Resolution summarized herein under the heading “Powers of Amendment” and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds described in the certificate or certificates of the Trustee. Any consent given by a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Bondholder and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written

Appendix D

statement of the Trustee hereinafter in this Section provided for 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 shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section, shall be given to the Bondholders by the Authority by mailing such notice to the Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section provided). 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.

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 therein, 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, reoffering or resale 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 may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority of a copy of a Supplemental Resolution certified by an Authorized Officer of the Authority and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the provisions of the Resolution summarized herein under the heading “Consent of Holders of Bonds”, except that no notice to the Bondholders either by mailing or publication shall be required.

(Section 10.03)

Events of Default

Events of default under the Resolution and each Series Resolution include: failure to pay the principal, Sinking Fund Installments or Redemption Price of, or an installment of interest on, any Bond when the same shall become due and payable; default in the due and punctual performance of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolutions or any Series Resolution on the part of the Authority to be performed and such default continues for a period of thirty (30) days after written notice specifying such default and requiring the same to be remedied has been given to the Authority by the Trustee, which may give such notice in its discretion and must give such notice upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds 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; the Authority defaults in the due and punctual performance of any covenants contained in the Series Resolution and, as a result thereof, the interest on the Bonds for a Series is no longer excludable from gross income

under Section 103 of the Code (a “Taxability Default”); or an “Event of Default” as defined in a Loan Agreement shall have occurred and be continuing and all sums payable by the College 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 provisions of the Resolution summarized herein under the heading “Events of Default”, other than a Taxability Default, then and in every such case the Trustee, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of each Series, shall, by a notice in writing to the Authority and each Rating Service, declare the principal of and interest on all of the Outstanding Bonds to be immediately due and payable. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable. If all defaults shall have been remedied to the satisfaction of the Trustee, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds not then due by their terms and Outstanding, by written notice to the Authority the Trustee may, provided certain conditions are satisfied, annul such declaration and its consequences.

(Section 11.03)

Enforcement of Remedies

Upon the happening and continuance of any event of default specified in the provisions of the Resolution summarized herein under the heading “Events of Default”, 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 each Series or, in the case of a happening and continuance of an Taxability Default, 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) to protect and enforce its rights and the rights of the Bondholders under the Resolution or under any Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or under any Series Resolution or in aid or execution of any power therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

(Section 11.04)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds 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 each Series or, in the case of a Taxability Default, the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, 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

Appendix D

liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

(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 Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the College. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(b) Bonds for the payment or redemption of which Available Money shall have been set aside and shall be held in trust by the Trustee (through deposit of Available 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 subdivision 1 of this Section. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section 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 Available Money in an amount which shall be sufficient, or Defeasance Securities purchased with Available Money the principal of and interest on which when due will provide money which, together with the Available 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) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, and, if directed by the Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which 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, (iv) the Trustee shall have received an opinion of Bond Counsel to the effect that making provision pursuant to this Section 12.01(b) for payment of any Bond that is a Tax Exempt Bond will not cause said Bond to be considered to have been "reissued" for purposes of Section 1001 of the Code; and (v) the Trustee shall have received a Verification Report. The Authority shall give written notice to the Trustee and each Rating Service of its selection of the Series and maturity the payment of which is to be made in accordance with this Section. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in

accordance with this Section in the manner provided in the Resolution. Neither Defeasance Securities nor money deposited with the Trustee pursuant to this Section 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 hereinabove 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 the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the College. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(c) For the purpose 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, in accordance with paragraph (b) of this Section, 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 clause (ii) of the second sentence of paragraph (b) of this Section, the Trustee shall 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 the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the College. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(d) Option Bonds will be deemed to have been paid in accordance with clause (ii) of the second sentence of paragraph (b) above only if there shall be deposited with the Trustee Available 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 paragraph (b) of this Section, the options originally exercisable

Appendix D

by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph (d). 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 the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the College. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(e) Anything in the Resolution to the contrary notwithstanding, any money held by the Trustee 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 at such date, or for one (1) year after the date of deposit of such money if deposited with the Trustee 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 to the Authority as its absolute property and free from trust, and the Trustee 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 may, at the expense of the Authority, cause to be published in an Authorized Newspaper a notice that such money remains 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)

Certain Provisions Relating to Capital Appreciation Bonds and Deferred Income Bonds

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an “event of default”, as provided in the Resolution or (iii) computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Authority, the College or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the then current Accreted Value of such Bond shall be deemed to be its principal amount. Notwithstanding any other provision of the Resolution, the amount payable at any time with respect to the principal of and interest on any Capital Appreciation Bond shall not exceed the Accreted Value thereof at such time. For purposes of receiving payment of the Redemption Price or principal of a Capital Appreciation Bond called for redemption prior to maturity or the principal of which has been declared to be immediately due and payable pursuant to the Resolution, the difference between the Accreted Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds of the Series of which it is a part were first issued shall be deemed not to be accrued and unpaid interest thereon.

For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed, or (ii) receiving payment of a Deferred Income Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, as provided in the Resolution or (iii) computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the then current Appreciated Value of such Bond shall be deemed to be its principal amount. Notwithstanding any other provision of the Resolution, the amount payable at any time prior to the Interest Commencement Date with respect to the principal of and interest on any Deferred Income Bond shall not exceed the Appreciated Value thereof at such time. For purposes of receiving

payment prior to the Interest Commencement Date of the Redemption Price or principal of a Deferred Income Bond called for redemption prior to maturity or the principal of which has been declared to be immediately due and payable pursuant to the provisions of the Resolution summarized herein under the heading "Acceleration of Maturity", the difference between the Appreciated Value of such Bond when the Redemption Price or principal thereof is due upon such redemption or declaration and the principal of such Bond on the date the Bonds were first issued shall be deemed not to be accrued and unpaid interest thereon.

(Section 14.07)

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**FORM OF APPROVING OPINION
OF BOND COUNSEL**

Appendix E

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January __, 2009

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 \$52,595,000 aggregate principal amount of Teachers College Revenue Bonds, Series 2009 (the "Series 2009 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, 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, including, without limitation, by the Healthcare Financing Consolidation Act, being Title 4-B 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 2009 Bonds are issued under and pursuant to the Act, the Teachers College Revenue Bond Resolution of the Authority, adopted on December 3, 2008 (the "Resolution"), the Series 2009 Resolution Authorizing Up To \$55,000,000 Teachers College Revenue Bonds, Series 2009, adopted on December 3, 2008 (the "Series 2009 Resolution") and the Bond Series Certificate, dated January 14, 2009, relating to the Series 2009 Bonds (the "2009 Bond Series Certificate"). Said resolutions and the 2009 Bond Series Certificate are herein collectively referred to as the "Resolutions." Unless otherwise defined herein, capitalized terms used herein have the respective meanings given to them in the Resolutions.

The Series 2009 Bonds are dated and bear interest from their date of delivery and mature on March 1 in each of the years in the respective principal amounts, and bear interest, payable September 1, 2009 and semiannually thereafter on each March 1 and September 1, at the respective rates per annum set forth below:

| <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-------------|-----------------------------|--------------------------|-------------|-----------------------------|--------------------------|
| 2015 | \$1,565,000 | 3.00% | 2019 | \$1,830,000 | 4.00 % |
| 2016 | 1,615,000 | 4.00 | 2024 | 10,525,000 | 5.00 |
| 2017 | 1,680,000 | 4.00 | 2029 | 13,530,000 | 5.375 |
| 2018 | 1,745,000 | 5.00 | 2039 | 20,105,000 | 5.50 |

The Series 2009 Bonds are issuable in the form of fully registered Bonds in denominations of \$5,000 or integral multiples thereof. The Series 2009 Bonds are numbered consecutively from one upward in order of issuance.

The Series 2009 Bonds are subject to redemption prior to maturity as provided in the Resolutions.

The Series 2009 Bonds are being issued to finance a loan by the Authority to Teachers College (the "College"). The Authority and the College have entered into a Loan Agreement, dated as of December 3, 2008 (the "Loan Agreement"), by which the College is required to make payments sufficient to pay the principal and Redemption Price of and interest on Outstanding Bonds, including the Series 2009 Bonds, as well as the Authority's annual administrative expenditures and costs. All amounts payable under the Loan Agreement which are required to be paid to the Trustee under the Resolution for payment of the principal or Redemption Price of or interest on the Series 2009 Bonds have been pledged by the Authority for the benefit of the Holders of Outstanding Series 2009 Bonds.

Appendix E

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation of the State of New York, with the right and lawful authority and power to adopt the Resolutions and to issue the Series 2009 Bonds thereunder.

2. The Series 2009 Resolution has been duly adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Series 2009 Resolution and the Resolution have been duly and lawfully adopted by the Authority, are in full force and effect and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

3. The Series 2009 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act, and in accordance with the Resolutions. The Series 2009 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolutions and the Act.

4. The Authority has the right and lawful authority and power to enter into the Loan Agreement and the Loan Agreement has been duly authorized, executed and delivered by the Authority and constitute legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

5. The Internal Revenue Code of 1986, as amended (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2009 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 2009 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2009 Bonds. Pursuant to the Resolution, the Loan Agreement and the Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code (the "Tax Certificate"), the Authority and the College have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2009 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the College have made certain representations and certifications in the Resolution, the Loan Agreement and the Tax Certificate. We are also relying on the opinion of special counsel to the College as to all matters concerning the status of the College as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. We have not independently verified the accuracy of those certifications and representations or that opinion.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Series 2009 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2009 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

6. Interest on the Series 2009 Bonds is exempt, by virtue of the Act, 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.

7. Bond Counsel is further of the opinion that the difference between the principal amount of the Series 2009 Bonds maturing on March 1, 2015, March 1, 2019 and March 1, 2024 through March 1, 2039, inclusive (collectively, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment.

We have examined an executed Series 2009 Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Loan Agreement and the Series 2009 Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy. Except as stated in paragraphs 5, 6 and 7 above, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Series 2009 Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2009 Bonds, or the interest thereon, if any action is taken with respect to the Series 2009 Bonds or the proceeds thereof upon the advice or approval of other counsel.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the College. We have assumed the due authorization, execution and delivery of the Loan Agreement by the College.

Very truly yours,

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