



DAC Bond

\$5,080,000

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
ETHELBERT B. CRAWFORD PUBLIC LIBRARY
REVENUE BONDS, SERIES 2013**

Dated: Date of Delivery

Due: July 1, as shown on inside cover

Payment and Security: The Ethelbert B. Crawford Public Library Revenue Bonds, Series 2013 (the "Series 2013 Bonds") are special obligations of the Dormitory Authority of the State of New York ("DASNY"), payable solely from and secured by a pledge of certain payments to be made under the Loan Agreement (the "Loan Agreement") dated as of February 13, 2013 between Ethelbert B. Crawford Public Library (the "Library" or the "Institution") and DASNY, and all the funds and accounts (except the Arbitrage Rebate Fund) authorized under DASNY's Ethelbert B. Crawford Public Library Revenue Bond Resolution, adopted February 13, 2013 (the "Resolution") and established under DASNY's Series Resolution Authorizing Up To \$5,340,000 Ethelbert B. Crawford Public Library Revenue Bonds, Series 2013, adopted February 13, 2013 (the "Series 2013 Resolution").

The Loan Agreement is a general obligation of the Library and requires the Library to pay, in addition to the fees and expenses of DASNY and the Trustee, amounts sufficient to pay the principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2013 Bonds, as such payments become due. The obligations of the Library under the Loan Agreement are secured by a pledge of all revenues of the Library, including real property tax assessments on all non-exempt real property located in the Library District (as herein defined) for Library purposes.

The Series 2013 Bonds will not be a debt of the State of New York (the "State") nor will the State be liable thereon. DASNY has no taxing power.

Description: The Series 2013 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due July 1, 2013 and each January 1 and July 1 thereafter) on the Series 2013 Bonds will be payable by check or draft mailed to the registered owners thereof. Principal and Redemption Price of the Series 2013 Bonds will be payable at the designated corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent.

The Series 2013 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 2013 Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2013 Bonds, payments of the principal and Redemption Price of and interest on such Series 2013 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 2013 BONDS - Book-Entry Only System".

Redemption: *The Series 2013 Bonds are subject to redemption and purchase in lieu of redemption prior to maturity as more fully described in this Official Statement.*

Tax Exemption: In the opinion of Hiscock & Barclay, LLP, Bond Counsel to DASNY, under existing law and assuming compliance by DASNY and the Library with certain tax covenants described herein and the accuracy and completeness of certain representations by DASNY and the Library, interest on the Series 2013 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Code. Such interest is, however, taken into account in determining 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 interest on the Series 2013 Bonds is exempt under existing laws from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York and the City of Yonkers). See "PART 10 - TAX MATTERS" herein regarding certain other tax considerations.

The Series 2013 Bonds are offered when, as and if issued and received by the Underwriter. The offer of the Series 2013 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 of the Series 2013 Bonds by Hiscock & Barclay, LLP, Albany, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Library by its Counsel, Orrick Herrington & Sutcliffe, LLP, New York, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Carter Ledyard & Milburn LLP, New York, New York. DASNY expects to deliver the Series 2013 Bonds in definitive form in New York, New York, on or about April 30, 2013.



\$5,080,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
ETHELBERT B. CRAWFORD PUBLIC LIBRARY
REVENUE BONDS, SERIES 2013

\$3,455,000 Serial Bonds

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP Number¹
2014	\$180,000	2.000%	0.480%	649907KF8
2015	180,000	3.000%	0.660%	649907KG6
2016	185,000	3.000%	0.840%	649907KH4
2017	195,000	4.000%	1.030%	649907KJ0
2018	200,000	4.000%	1.210%	649907KK7
2019	210,000	4.000%	1.480%	649907KL5
2020	220,000	4.000%	1.730%	649907KM3
2021	230,000	4.000%	1.950%	649907KN1
2022	235,000	4.000%	2.150%	649907KP6
2023	245,000	4.000%	2.340%	649907KQ4
2024	255,000	4.000%	2.530%	649907KR2
2025	265,000	4.000%	2.700%	649907KS0
2026	275,000	3.000%	3.100%	649907KT8
2027	285,000	3.000%	3.210%	649907KU5
2028	295,000	3.125%	3.300%	649907KV3

\$1,625,000 3.375% Term Bonds Due July 1, 2033 to Yield 3.55% CUSIP Number¹ 649907KW1

¹ CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with DASNY and are included solely for the convenience of the holders of the Series 2013 Bonds. Neither DASNY nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2013 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2013 Bonds.

No dealer, broker, salesperson or other person has been authorized by DASNY, the Library or the Underwriter to give any information or to make any representations with respect to the Series 2013 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 DASNY, the Library or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2013 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 Library and other sources that DASNY believes are reliable. Neither DASNY nor the Underwriter guarantees the accuracy or completeness of such information and such information is not to be construed as a representation of DASNY or the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Library has reviewed the parts of this Official Statement describing the Library, the Project, the Mortgage, the Estimated Sources and Uses of Funds and Appendix B. The Library will certify as of the dates of sale and delivery by DASNY of the Series 2013 Bonds that such parts of this Official Statement do not contain any untrue statements of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The Library makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

References in this Official Statement to the Act, the Resolution, the Series 2013 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2013 Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2013 Resolution and the Loan Agreement are on file with DASNY and the Trustee.

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2013 BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2013 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

515 BROADWAY, ALBANY, N.Y. 12207
ALFONSO L. CARNEY, JR. – CHAIR

OFFICIAL STATEMENT RELATING TO:

\$5,080,000

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
ETHELBERT B. CRAWFORD PUBLIC LIBRARY
REVENUE BONDS, SERIES 2013

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 DASNY and the Library in connection with the offering by DASNY of \$5,080,000 principal amount of its Ethelbert B. Crawford Public Library Revenue Bonds, Series 2013 (the “Series 2013 Bonds”).

The following is a brief description of certain information concerning the Series 2013 Bonds, DASNY, and the Library. A more complete description of such information and additional information that may affect decisions to invest in the Series 2013 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain capitalized terms used in this Official Statement are defined in Appendix A hereto.

Purpose of the Issue

The Series 2013 Bonds are being issued to finance (i) the cost of the Project, and (ii) the Costs of Issuance of the Series 2013 Bonds. See “PART 5 – THE PROJECT” and “PART 6 – ESTIMATED SOURCES AND USES OF FUNDS”.

Authorization of Issuance

The Series 2013 Bonds will be issued pursuant to the Resolution, the Series 2013 Resolution and the Act. The Resolution authorizes the issuance of multiple Series of Bonds. The Series 2013 Resolution authorizes the issuance of the Series 2013 Bonds in an amount not to exceed \$5,340,000.

DASNY

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

The Library

The Library is a special district public library created by Chapter 942 of the Laws of 1990 of the State, as amended by Chapter 229 of the Laws of 1991 of the State, existing under the laws of the State and chartered by the Board of Regents of the State to serve the residents of the library district (the “Library District”) consisting of the portions of the Towns of Thompson, Bethel and Forestburgh (collectively, the “Towns”) located within the Monticello Central School District (the “School District”). The Library has no independent taxing power and the Series 2013 Bonds will not be a debt of the Towns or the School District nor will the Towns or the School District be liable

thereon. See “PART 4 – THE LIBRARY – GENERAL INFORMATION” and “Appendix B – Financial Statements of the Ethelbert B. Crawford Public Library and Independent Auditors’ Report.”

The Series 2013 Bonds

The Series 2013 Bonds will be dated their date of delivery and will bear interest from such date (payable July 1, 2013 and on each January 1 and July 1 thereafter) at the rates and will mature at the times set forth on the inside cover page of this Official Statement. See “PART 3 – THE SERIES 2013 BONDS – Description of the Series 2013 Bonds.”

Payment of the Series 2013 Bonds

The Series 2013 Bonds will be special obligations of DASNY payable solely from the Revenues, which consist of certain payments to be made by the Library under the Loan Agreement. The Loan Agreement is a general obligation of the Library. Pursuant to the Resolution and the Series 2013 Resolution, the Revenues and DASNY’s right to receive the Revenues have been pledged and assigned to the Trustee. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS – Payment of the Series 2013 Bonds.”

Security for the Series 2013 Bonds

The Series 2013 Bonds will be secured by the pledge and assignment to the Trustee of the Revenues and the security interest in the Pledged Revenues granted by the Library to DASNY under the Loan Agreement. DASNY’s security interest in the Pledged Revenues will be a first lien thereon. The Pledged Revenues consist primarily of moneys derived from real property tax levies made on behalf of the Library by the Towns. The Real Property Tax Law governs methods and procedures to levy, collect and enforce this tax.

The Series 2013 Bonds will also be secured by all funds and accounts authorized by the Resolution and established by the Series 2013 Resolution (with the exception of the Arbitrage Rebate Fund). In the event of nonpayment by the Library under the Loan Agreement, DASNY is authorized by law to direct State and local officers including, without limitation, officers of the Towns to pay over to DASNY any and all funds owed to the Library by the State or any political subdivision thereof in an amount sufficient to make all payments required to be made under the Loan Agreement. Such funds represent a portion of the Pledged Revenues. The Library may incur debt secured by a parity lien on certain of the Pledged Revenues (excluding the portion of the Pledged Revenues representing the tax levy authorized by the Tax Referendum (as herein defined)) with the prior written consent of DASNY. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS – Security for the Series 2013 Bonds.”

The Resolution authorizes the issuance by DASNY, from time to time, of Bonds in one or more Series, each such Series to be authorized by a separate Series Resolution and to be separately secured from each other Series of Bonds. The Holders of Bonds of a Series shall not be entitled to the rights and benefits conferred upon the Holders of Bonds of any other Series.

The Series 2013 Bonds will not be a debt of the Towns or the School District nor will the Towns or the School District be liable thereon or under the Loan Agreement.

The Series 2013 Bonds will not be a debt of the State nor will the State be liable thereon. DASNY has no taxing power.

The Mortgage

The Library’s obligations to DASNY under the Loan Agreement will be additionally secured by a Mortgage on the Mortgaged Property and security interests in certain fixtures, furnishings and equipment now or hereafter located therein or used in connection therewith. DASNY may, but has no present intention to, assign the Mortgage and such security interests to the Trustee. Property subject to the Mortgage may be released and the Mortgage may be amended without the consent of the Trustee or the Holders of any Series 2013 Bonds. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS – The Mortgage.”

PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2013 Bonds and certain related covenants. These provisions have been summarized and

this description does not purport to be complete. Reference should be made to the Act, the Resolution, the Series 2013 Resolution, the Loan Agreement and the Mortgage. Copies of the Resolution, the Series 2013 Resolution, the Loan Agreement and the Mortgage are on file with DASNY 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. All references to the Debt Service Fund refer to such fund established pursuant to the Resolution and the Series 2013 Resolution.

Payment of the Series 2013 Bonds

The Series 2013 Bonds will be special obligations of DASNY. The principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2013 Bonds are payable solely from the Revenues. The Revenues consist of the required payments to be made by the Library under the Loan Agreement to satisfy the principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2013 Bonds. The Revenues and the right to receive them have been pledged and assigned to the Trustee for the benefit of the Series 2013 Bondholders.

The Loan Agreement is a general obligation of the Library and obligates the Library to make payments on account of the principal, Sinking Fund Installments and Redemption Price of and interest on Outstanding Series 2013 Bonds. Such payments are to be made annually on or before March 1, in an amount equal to the interest coming due on the immediately succeeding interest payment dates (January 1 and July 1) and the principal and Sinking Fund Installments coming due on the next succeeding July 1. The Loan Agreement also obligates the Library to pay, at least 45 days prior to a redemption date of Series 2013 Bonds called for redemption, the amount, if any, required to pay the Redemption Price of such Series 2013 Bonds. See "PART 3 – THE SERIES 2013 BONDS – Redemption and Purchase in Lieu of Redemption Provisions."

DASNY has directed, and the Library has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2013 Bonds.

Authorization of Project, Payment and Tax Levy

On August 9, 2012, a special election was held by the electorate of the Library District wherein, by majority vote, the Library was authorized to undertake the Project and finance the Project through DASNY. The proposition authorized the levy of a tax on behalf of the Library in annual installments not to exceed \$510,000 per year in connection with the Project (the "Tax Referendum"). The proposition also authorized the Library to assign and pledge to DASNY funds in an amount sufficient to make all payments required to satisfy the Library's obligations in connection with the Project, and authorized such funds to be raised by a real property tax assessment on real property located within the Library District to be levied annually by the Towns for Library purposes.

Security for the Series 2013 Bonds

The Series 2013 Bonds will be secured by the pledge and assignment to the Trustee of the Revenues, the proceeds from the sale of the Series 2013 Bonds (until disbursed as provided in the Resolution), all funds and accounts authorized under the Resolution and established under the Series 2013 Resolution (with the exception of the Arbitrage Rebate Fund) and DASNY's security interest in the Pledged Revenues. There will not be a Debt Service Reserve Fund established in connection with the issuance of the Series 2013 Bonds.

Pledged Revenues

The Pledged Revenues consist of all Public Funds and all revenues of the Library, including the real property tax levies made on behalf of the Library by the Towns on all non-exempt real property situated within the Library District to be paid over annually to the Library and the Library's right to receive such revenues. To secure its payment obligations under the Loan Agreement, the Library has granted a security interest to DASNY in the Pledged Revenues. DASNY's security interest in the Pledged Revenues will be a first lien thereon and will not be subject to any preexisting liens. The Library may incur debt secured by a parity lien on the Pledged Revenues (excluding the portion of the Pledged Revenues representing the tax levy authorized by the Tax Referendum) with the prior written consent of DASNY. See "PART 4 – THE LIBRARY" and "Appendix B – Financial Statements of the Ethelbert B. Crawford Public Library and Independent Auditors' Report."

In addition, in the event of nonpayment by the Library under the Loan Agreement, DASNY is authorized under the Act to direct State and local officers including without limitation, officers of the Towns, to pay over to DASNY any and all funds owed to the Library by the State or any political subdivision in an amount sufficient to make all payments required to be made under the Loan Agreement.

The Series 2013 Bonds will not be a debt of the Towns or the School District nor will the Towns or the School District be liable thereon or under the Loan Agreement.

The Collection Agreement

In connection with the issuance of the Series 2013 Bonds, the Library, DASNY, the Towns and The Bank of New York Mellon, as Trustee, will execute the Tax Pledge and Collection Agreement (the "Collection Agreement"). Pursuant to the Collection Agreement, the Library directs the Towns to collect and pay over the real property taxes collected on behalf of the Library directly to the Trustee (the "Receipts").

The Receipts will be deposited into a separate account held by the Trustee under the Collection Agreement. The Trustee will promptly transfer such Receipts to the Debt Service Fund until the full amount of the Library's debt service obligation coming due in the succeeding year has been met. After the Trustee has transferred Receipts during such year in an amount equal to the debt service obligation for such year, the Trustee will transfer the balance of Receipts thereafter received to the Library.

The Mortgage

In connection with the issuance of the Series 2013 Bonds, the Library will execute and deliver a Mortgage to DASNY and grant DASNY a security interest in certain fixtures, furnishings and equipment to secure the required payments to be made by the Library pursuant to the Loan Agreement. DASNY may assign its rights under the Loan Agreement and the Mortgage and its security interests to the Trustee, but has no present intention to do so. Upon the happening of an Event of Default under the Resolution (other than a covenant default by DASNY which results in the interest on the Series 2013 Bonds no longer being excludable from gross income under Section 103 of the Code), DASNY is required to assign the Mortgage and such security interest to the Trustee. Unless the Mortgage and such security interests are assigned to the Trustee, neither the Mortgage, the security interests in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Series 2013 Bonds and the Holders of the Series 2013 Bonds should not regard the Mortgage as security for payment of principal of and interest on the Series 2013 Bonds. Property subject to the Mortgage may be released, and the Mortgage may be amended without the consent of the Trustee or the Holders of any Series 2013 Bonds.

Events of Default and Acceleration

The Resolution provides that events of default thereunder and under the Series 2013 Resolution constitute events of default only with respect to the Series 2013 Bonds. The following are events of default under the Resolution: (i) the payment of the principal, Sinking Fund Installments or Redemption Price of or interest on such Series 2013 Bonds shall not be made when due and payable; (ii) DASNY takes any action, or fails to take any action, which would cause such Series 2013 Bonds to be "arbitrage bonds" within the meaning of the Code, or fails to comply with the provisions of the Code and as a result thereof, interest on the Series 2013 Bonds becomes includable in gross income for federal income tax purposes; (iii) a default by DASNY in the due and punctual performance of any other covenant, condition, agreement or provision contained in the Series 2013 Bonds or in the Resolution or in the Series 2013 Resolution which continues for 30 days after written notice thereof is given to DASNY by the Trustee (such notice to be given at the Trustee's discretion or at the written request of Holders of not less than 25% in principal amount of outstanding Series 2013 Bonds); or (iv) an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the Library under the Loan Agreement have been declared immediately due and payable (unless such declaration has been annulled). Unless all sums payable by the Library 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 (ii) of the preceding paragraph) occurs and continues, the Trustee must, upon the written request of the Holders of not less than 25% in principal amount of the outstanding Series 2013 Bonds, declare the principal of and interest on all the Outstanding Series 2013 Bonds to be due and payable. At the expiration of 30 days from the giving of such notice, such principal and interest shall become immediately due and payable.

The Trustee may, with the written consent of the Holders of not less than 25% in principal amount of the Series 2013 Bonds then outstanding, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Holders of not less than a majority in principal amount of the outstanding Series 2013 Bonds have the right to direct the method and place of conducting all remedial proceedings to be taken by the Trustee.

The Resolution provides that the Trustee shall give notice in accordance with the Resolution of each event of default known to the Trustee to the Holders of the Series 2013 Bonds within 30 days after 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 2013 Bonds, the Trustee shall 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 2013 Bonds.

General

The Series 2013 Bonds will not be a debt of the State, the Towns or the School District nor will the State, the Towns or the School District be liable thereon. DASNY has no taxing power. DASNY has never defaulted in the timely payment of principal or sinking fund installments of or interest on its bonds or notes. See "PART 7 – DASNY."

PART 3 – THE SERIES 2013 BONDS

Description of the Series 2013 Bonds

The Series 2013 Bonds will be issued pursuant to the Resolution and the Series 2013 Resolution, will be dated the date of delivery of the Series 2013 Bonds and will bear interest from such date (payable July 1, 2013 and on each January 1 and July 1 thereafter) at the rates and will mature at the times set forth on the inside cover page of this Official Statement.

The Series 2013 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2013 Bonds may be exchanged for Series 2013 Bonds of the same maturity of any other authorized denomination. The Trustee may impose a charge sufficient to reimburse DASNY or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Series 2013 Bond.

The principal or Redemption Price of the Series 2013 Bonds will be payable at the designated corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee. The Redemption Price of a Series 2013 Bond will be paid to any Bondholder of \$1,000,000 or more in aggregate principal amount of Series 2013 Bonds by wire transfer to the wire transfer address, within the continental United States specified by such Bondholder in the written request of such Bondholder made to the Trustee at the time the Series 2013 Bonds to be redeemed are presented and surrendered to the Trustee.

Interest on the Series 2013 Bonds will be payable by check or draft mailed to the registered owners thereof at their addresses as shown on the registration books held by the Trustee. Interest is payable to the registered owners who are such registered owners at the close of business on the fifteenth day of the calendar month next preceding an interest payment date. In the event the Series 2013 Bonds shall no longer be issued in book-entry only form, interest will be paid to any Bondholder of \$1,000,000 or more aggregate principal amount of Series 2013 Bonds by wire transfer to the wire transfer address, within the continental United States specified by such Bondholder, upon the written request of such Holder received not less than 5 days prior to the Record Date, which written request may apply to multiple interest payment dates.

Such Bondholders may receive the Redemption Price to be paid on their Series 2013 Bonds by wire transfer at the address in the continental United States specified by such Bondholders in a written request given to the Trustee at the time presentation and surrender of the Series 2013 Bonds to be redeemed is made.

For a more complete description of the Series 2013 Bonds, see “Appendix D – Summary of Certain Provisions of the Resolution.”

Redemption and Purchase in Lieu of Redemption Provisions

Optional Redemption

The Series 2013 Bonds maturing on or before July 1, 2023 are not subject to optional redemption prior to maturity. The Series 2013 Bonds maturing after July 1, 2023 are subject to redemption prior to maturity, on or after July 1, 2023 in any order at the option of DASNY, as a whole or in part at any time, at a Redemption Price of 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

Special Redemption

The Series 2013 Bonds are also subject to redemption as a whole or in part at any time at a Redemption Price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project and (ii) from unexpended proceeds of the Series 2013 Bonds upon the abandonment of all or a portion of the Project due to a legal or regulatory impediment.

Mandatory Redemption

In addition, the Series 2013 Bonds maturing on July 1, 2033, are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of Series 2013 Bonds specified for each of the years shown below:

Term Bond Maturing on July 1, 2033

<u>Year</u>	<u>Sinking Fund Installments</u>
2029	\$305,000.00
2030	315,000.00
2031	325,000.00
3032	335,000.00
2033†	345,000.00

†Final maturity.

DASNY may from time to time direct the Trustee to purchase Series 2013 Bonds with moneys set aside for redemption in the Debt Service Fund, at or below par plus accrued interest to the date of such purchase, and apply any Series 2013 Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2013 Bonds of the same maturity. The Library also may purchase Series 2013 Bonds at or below par and apply any Series 2013 Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2013 Bonds of the same maturity.

To the extent DASNY’s obligation to make Sinking Fund Installments in a particular year is fulfilled through such purchases, the likelihood of redemption through mandatory Sinking Fund Installments of any Bondholder’s Series 2013 Bonds of the maturity so purchased will be reduced for such year.

Purchase in Lieu of Redemption

The Series 2013 Bonds maturing on or before July 1, 2023 are not subject to purchase in lieu of redemption prior to maturity. The Series 2013 Bonds maturing after July 1, 2023 are subject to purchase in lieu of redemption prior to maturity on or after July 1, 2023, at the option of the Library with the prior written consent of DASNY, as a whole or

in part at any time, at a purchase price of 100% of the principal amount to be purchased (the "Purchase Price") plus accrued interest to the date set for purchase (the "Purchase Date").

Selection of Bonds to be Redeemed

In the case of redemptions or purchases of the Series 2013 Bonds described above under the subheadings "Optional Redemption" or "Purchase in Lieu of Redemption," DASNY will select the maturities of the Series 2013 Bonds to be redeemed or purchased. In the case of redemption of Series 2013 Bonds described above under the subheading "Special Redemption," Series 2013 Bonds will be redeemed to the extent practicable pro rata among the Outstanding Series 2013 Bonds of each maturity, but only in integral multiples of \$5,000 within each maturity. If less than all of the Series 2013 Bonds of a maturity are to be redeemed (pursuant to an optional, special or mandatory redemption), the Series 2013 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

The Trustee is to give notice of the redemption of the Series 2013 Bonds in the name of DASNY given 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 2013 Bonds which are to be redeemed, at their last known addresses appearing on the registration books. The failure of any owner of a Series 2013 Bond to be redeemed to receive notice of redemption thereof will not affect the validity of the proceedings for the redemption of such Series 2013 Bond. If directed in writing by an Authorized Officer of DASNY, the Trustee is to publish or cause to be published such notice in an Authorized Newspaper not less than 30 days nor more than 45 days prior to the redemption date, but such publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of such Series 2013 Bonds.

If, on the redemption date, moneys for the redemption of the Series 2013 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 shall have been mailed, then interest on the Series 2013 Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2013 Bonds will no longer be considered to be Outstanding under the Resolution and the Series 2013 Resolution.

Notice of Purchase in Lieu of Redemption and Its Effect

Notice of purchase of the Series 2013 Bonds in lieu of redemption will be given in the name of the Library to the registered owners of the Series 2013 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 2013 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2013 Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. In the event the Series 2013 Bonds are called for purchase in lieu of redemption, such purchase shall not operate to extinguish the indebtedness of DASNY evidenced thereby or modify the terms of the Series 2013 Bonds and such Series 2013 Bonds need not be cancelled, but shall remain Outstanding under the Resolution and in such case shall continue to bear interest.

The Library's obligation to purchase a Series 2013 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 2013 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 2013 Bonds to be purchased, the former registered owners of such Series 2013 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 2013 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 2013 Bonds in accordance with their respective terms.

In the event that not all of the outstanding Series 2013 Bonds of a maturity are to be purchased, the Series 2013 Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2013 Bonds of a maturity to be redeemed in part are to be selected.

For a more complete description of the redemption, purchase in lieu of redemption and other provisions relating to the Series 2013 Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution."

Book-Entry Only System

DTC, New York, New York, will act as securities depository for the Series 2013 Bonds. The Series 2013 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2013 Bond certificate will be issued for each maturity of the Series 2013 Bonds, totaling in the aggregate the principal amount of the Series 2013 Bonds, and will be deposited with DTC.

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

Purchases of the Series 2013 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2013 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2013 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 2013 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 2013 Bonds, except in the event that use of the book-entry system for such Series 2013 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013 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 the Series 2013 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2013 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 2013 Bonds within a maturity of the Series 2013 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2013 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to DASNY 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 2013 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2013 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 DASNY 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 DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DASNY 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.

DTC may discontinue providing its services as securities depository with respect to the Series 2013 Bonds at any time by giving reasonable notice to DASNY or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2013 Bond certificates are required to be printed and delivered.

DASNY may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2013 Bond certificates will be printed and delivered to DTC.

For every transfer and exchange of Series 2013 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.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this subsection "Book-Entry-Only System" has been extracted from information furnished by DTC. None of DASNY, the Library, the Trustee or the Underwriter make an representation as to the completeness or the accuracy of such information or as the absence of material adverse changes in such information subsequent to the date hereof.

DASNY, THE LIBRARY, THE TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2013 BONDS (1) PAYMENTS OF PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2013 BONDS, (2) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2013 BONDS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2013 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NONE OF DASNY, THE LIBRARY, THE TRUSTEE OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY DASNY'S OBLIGATION UNDER THE ACT AND THE RESOLUTION TO THE EXTENT OF SUCH PAYMENTS.

So long as Cede & Co. is the registered owner of the Series 2013 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2013 Bonds (other than under "PART 10 - TAX MATTERS" herein) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2013 Bonds.

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Principal and Interest Requirements for the Series 2013 Bonds

The following table sets forth the amounts required to be paid by the Library during each twelve-month period ending December 31 of the years shown for the payment of principal and interest on the Series 2013 Bonds payable on July 1 of such year and the interest on the Series 2013 Bonds payable on the succeeding January 1 and the aggregate payments to be made by the Library during each such period with respect to the Series 2013 Bonds.

<u>12 Month Period Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 0	\$118,901.70	\$118,901.70
2014	180,000	175,812.50	355,812.50
2015	180,000	171,312.50	351,312.50
2016	185,000	165,837.50	350,837.50
2017	195,000	159,162.50	354,162.50
2018	200,000	151,262.50	351,262.50
2019	210,000	143,062.50	353,062.50
2020	220,000	134,462.50	354,462.50
2021	230,000	125,462.50	355,462.50
2022	235,000	116,162.50	351,162.50
2023	245,000	106,562.50	351,562.50
2024	255,000	96,562.50	351,562.50
2025	265,000	86,162.50	351,162.50
2026	275,000	76,737.50	351,737.50
2027	285,000	68,337.50	353,337.50
2028	295,000	59,453.13	354,453.13
2029	305,000	49,696.88	354,696.88
2030	315,000	39,234.38	354,234.38
2031	325,000	28,434.38	353,434.38
2032	335,000	17,296.88	352,296.88
2033	345,000	5,821.88	350,821.88

PART 4 – THE LIBRARY

GENERAL INFORMATION

Introduction

Ethelbert B. Crawford Public Library is a special district public library chartered by the Board of Regents of the State to serve the residents of portions of the Towns of Bethel, Forestburgh and Thompson located within the Monticello Central School District in Sullivan County, New York (the “County”).

The Ethelbert B. Crawford Memorial Library, as it was known originally, was granted its Absolute Charter as an association library by the Board of Regents on January 18, 1934. The original trustees set about to build the present library where it stands today at 393 Broadway in Monticello, New York and it opened its doors to the public on August 4, 1936. The current building was built with funds provided by the estate of Estelle Crawford, mother of the artist, the eponymous Ethelbert B. Crawford. His artwork is displayed throughout the Library. In 1991, the Library Board of Trustees sought special district designation and the newly designated library was provisionally chartered on February 21, 1992. The Library received its absolute charter and changed its name to the “Ethelbert B. Crawford Public Library”, a special district public library, on February 10, 1998.

The population the Library is chartered to serve is approximately 18,350 of which over 6,000 people have library cards. The Library’s collection includes over 32,000 print books plus electronic books, books on CD, DVDs, music CDs, magazines and newspapers, local history materials, and museum passes. In 2011, residents borrowed 93,739 items. Ten computers are provided for residents’ use. Free internet access is available and Library staff is available to offer assistance with computer use and database research. The Library offers direct and remote access to over 30 electronic databases and offers programs to children, teens and adults. In the summer of 2011, 170 children and teens registered for the summer reading program and nearly 1,000 adults attended free programs at the Library, such as concerts, lectures, art shows and book discussions.

In 2010 the Friends of the Ethelbert B. Crawford Public Library, Inc. was incorporated to hold fundraising events and sponsor family programs. The Library is one of 47 member libraries comprising the Ramapo Catskill Library System, which provides administrative and support services and an inter-library loan program for member libraries.

The Series 2013 Bonds are not a debt of the School District, the Towns, or the State and neither the School District, the Towns, nor the State are liable for debt service payments due on the Series 2013 Bonds.

Governance and Administration

The Library is governed by a Board of Trustees (the “Board”) consisting of seven members, all of whom are elected by the residents of the Library District. Any resident of the Library District who has been a resident for at least 30 days and is 18 years of age or older is eligible for membership in the Library and for election to the Board. Board members are elected for staggered three-year terms and can be re-elected without term limits. The Board meets 12 times a year or more frequently as required. The Board is governed by bylaws and operates in compliance with the State’s Open Meetings Law.

The present members of the Board with their respective titles and terms of office are listed below:

<u>Name</u>	<u>Title</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
Robert D. Norris	President	Retired Comptroller, Schmitt’s Wholesale	12/31/13
Lynn Skolnick	Vice President	Retired Public School Administrator	12/31/13
Terry Epstein	Secretary	Retired Teacher	12/31/15
Steven Sharoff	Treasurer	Retired BOCES Administrator	12/31/15
Constance Keller	Trustee	Literacy Volunteers Administrator	12/31/15
Marcia Raponi	Trustee	Retired Nurse	12/31/14
Joseph Fowler	Trustee	Retired Insurance Company Owner	12/31/14

Day to day operations of the Library are supervised by Alan Barrish, who has served as the Library’s Director since 1988. As Director, Mr. Barrish is responsible for the supervision of the Library’s staff, the maintenance of the Library’s collection, liaison to the Board, and management of the Library’s budget. Mr. Barrish holds a Master of Library Science degree from the University of Kentucky (1984), a Bachelor of Arts degree in Social Sciences from SUNY Oswego (1971), and an Associate’s degree in Data Processing from Lexington Technical Institute (now Bluegrass Community College) (1981). Mr. Barrish was on the faculty of the University of Kentucky, College of Library and Information Science as the information specialist for the Kentucky Department for Environmental Services from 1984 through 1986. In 2000, Mr. Barrish received the Dewey Fellowship from the New York Library Association. Among other publications, he co-wrote the article “Strategic Planning and the Small Public Library: A Case Study” (*Public Libraries*, September/October 1991). Mr. Barrish will be retiring in May of this year and Mary Paige Lang-Clouse, a certified public librarian now employed at the Library, will fill the position of Library Director.

The Library District

Most of the Library’s revenues are derived from a tax levied upon the property in the Towns which includes approximately 85% of the taxable property within the Monticello Central School District. The Library District consists of approximately 190 square miles situated in the southern sector of the Catskill Mountains approximately 90 miles northwest of New York City and 100 miles southwest of Albany. The Library District includes within its boundaries many major highways such as Route 17 which runs east-west and connects with Interstate 90 near Erie, Pennsylvania and Interstate Route 87 which extends north to Canada and south to New York City. Electric services for the Library District are provided by New York State Electric and Gas, while water and sewer services are provided by the municipalities located within the Library District.

Located within the Library District is the entire Town of Thompson. The Town has a population of 15,308 (2010 U.S. Census) and is approximately 90 square miles within the County and encompasses the incorporated Village of Monticello, along with other communities such as Rock Hill, Harris, and Thompsonville. Thompson is a suburban community and primarily residential in nature. The residents are employed throughout the area which is a service-oriented economy. Its concentration is in recreational activities, personal services, and professional services. The Catskill Regional Medical Center’s main hospital is located within the Town. Water and sewer services are provided by various water and sewer districts which have been formed within the Town. The Town is also responsible for maintaining the highways and parks.

The Library also provides services to approximately 60% of the Town of Bethel. Bethel is located in the southern sector of the Catskill Mountains in the County. It is an area of 93.5 square miles with a population of 4,225 (2010 U.S Census) which grows to approximately 10,000 during the summer seasons. The Sullivan County Airport and the Sullivan County Industrial Park are located in the center of the Town. The Bethel Woods Performing Arts Center is the largest employer in the Town and continues to be a draw for the area. It seats 15,000 people and allows businesses surrounding it to grow.

Forestburgh is the smallest of the 15 towns located within the County. The Library provides services to 90% of the Town, which has a total population of 819 according to the 2010 U.S Census. The Town is made up of approximately 56.8 square miles of which a small portion lies on the border of Orange County. There are many second home dwellings for seasonal and weekend vacationers. There are also designated areas to preserve wildlife, especially for the bald eagle habitat, along the Mongaup River on County Road 43 near Lumberland and on Plank Road South. A nine mile Swinging Bridge (bridge long abandoned) exists with the Forestburgh and Thompson townships. It has been very popular for homes, boating, swimming and fishing.

Budgetary Procedure

Annually, the Board prepares, or directs the preparation of a budget for the ensuing fiscal year, which ends on December 31st. During the months of June and July, the tentative budget is developed and refined. The tentative budget is approved by the Board at the August meeting of the Board.

Qualified voters of the Library District may participate in a referendum on the proposed budget if the proposed budget includes an increase or decrease in appropriations compared to the prior year’s budget. Funds voted for Library purposes are considered an annual appropriation therefore unless otherwise directed by further vote of the voters pursuant to the special legislation establishing the Library District (Chapter 942 of the Laws of 1990 of the State, as amended by Chapter 229 of the Laws of 1991 of the State). If, by a majority, the increase in the budget is approved, the Board, by resolution, adopts the budget for the ensuing fiscal year. In the event an increase in the budget is not approved by a majority of the electorate in any year, the Library’s appropriation reverts to the previous year’s approved budget and tax levy. In such an event, expenses beyond ordinary contingent expenses may later be added to the budget upon subsequent voter approval. The qualified voters in the Library District approved the budget for the fiscal year beginning January 1, 2013 by an approval rate of 95%. The Library’s budget has been approved by its residents each year since becoming a special district public library in 1992.

**Budget Summaries*
Fiscal Years Ending December 31,**

	<u>2012</u>	<u>2013</u>
Revenues:		
Bennet Fund	\$ 6,000	\$ 6,000
Income from Investments	8,200	8,200
Copier	4,000	4,000
Fines	4,000	4,000
Appropriated by Taxes	610,000	711,100
Miscellaneous	<u>27,272</u>	<u>27,272</u>
Total Revenues	<u>\$ 659,472</u>	<u>\$ 760,572</u>
Expenditures:		
Personnel	334,250	304,549
Benefits	131,883	156,473
Materials	74,000	74,000
Building & Maintenance	41,820	42,820
Office & Library Supplies	73,061	77,172
Debt Service	-	101,100
Other	<u>4,458</u>	<u>4,458</u>
Total Expenditures	<u>\$ 659,472</u>	<u>\$ 760,572</u>

*Such budgets were approved by the qualified voters of the Library on October 13, 2011 and October 18, 2012, respectively.

Insurance

The Library maintains a comprehensive package of institutional insurance coverage. The policy coverage (both liability limits and policy scope) are periodically evaluated to ensure that appropriate coverage is maintained based

upon the replacement value of existing physical library structures and an analysis of potential liabilities. At the present time, the Library has over \$6 million in aggregate coverage on real and personal property, including valuable papers coverage; \$1 million combined aggregate and an umbrella coverage of \$3 million; \$1 million in Directors' and Officers' liability coverage each year; \$960,000 for contents, \$50,000 for computers, and \$25,000 in crime coverage.

Employees

The Library currently employs seven full-time and two part-time individuals, all under the supervision of the Library's Director, of whom one is a professional with a Masters Degree in Library Science. The Library has a history of good relations with its employees and such employees are covered by civil service laws. There are currently no employees under union contracts.

ANNUAL FINANCIAL STATEMENT INFORMATION

Prior to 2010 the Library did not have audited financial statements prepared using Generally Accepted Accounting Principles ("GAAP"), rather its audited financial statements were prepared using a statutory basis, as described more fully below. For 2010 and 2011 the Library prepared audited financial statements under both a statutory and GAAP basis. The annual financial statement information presented below will reflect five years (2007-2011) under the statutory basis followed by two years (2010 and 2011) under the GAAP basis. In accordance with its Continuing Disclosure Agreement the Library will file its annual financial statements on a GAAP basis going forward.

Financial Statements and Accounting Procedures – Statutory Basis

The financial accounts of the Library have been audited for the fiscal years ending December 31, 2007 through 2011, in accordance with auditing standards prescribed or permitted by the New York State Report for Public and Association Libraries. This statutory basis is the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis differs from generally accepted accounting principles primarily because fixed assets are expensed when acquired rather than capitalized, expenses are recognized when paid rather than when incurred, and liabilities are not accrued. Accordingly, all income is recorded when received and expenditures are recorded when disbursed by the Library. A copy of the Library's audited financial statements for the fiscal years ending December 31, 2007 through 2011, audited by Bachrach, Waschitz & Waschitz, LLP, Monticello, NY, is available upon request. In compliance with Securities and Exchange Commission's Rule 15c2-12, the Library will file annual financial information with the Municipal Securities Rulemaking Board.

All Library revenues are deposited into the operating fund and all current operating expenditures are made from it. Capital improvements are financed by unrestricted net assets designated by the Board to fund such improvements.

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**Statement of Revenues and Expenditures – Statutory Basis
Year Ending December 31,**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues:					
Property Taxes	\$480,000	\$504,000	\$528,000	\$561,000	\$610,000
Sullivan County – Alliance	1,227	1,227	1,166	1,166	1,049
Other Income	5,567	-	285	713	-
Library Charges	8,608	10,867	12,474	13,180	11,421
Income From Investments	31,688	19,236	9,869	7,483	5,833
Income From Bennett Fund	15,484	23,997	19,807	18,712	17,411
Grants	11,032	18,373	13,869	3,151	9,778
State Aid	-	8,885	-	2,583	8,678
Gifts and Donations	1,420	1,640	2,100	4,610	2,087
Total Revenues	<u>\$555,026</u>	<u>\$588,225</u>	<u>\$587,570</u>	<u>\$612,598</u>	<u>\$666,257</u>
Expenditures:					
Certified Librarians	\$ 74,667	\$ 79,874	\$ 88,067	\$ 94,214	\$150,568
Other Salaries	153,383	164,380	189,371	209,122	177,460
Repairs-Grounds & Bldgs	9,148	10,446	11,659	10,332	67,061
Custodial Services	7,920	10,690	7,100	7,800	7,800
Books	51,204	55,102	52,093	52,442	48,006
Serials	6,766	7,409	6,909	5,168	4,521
Material for Blind	4,077	4,247	4,185	3,697	2,893
AV Materials and Rental	-	-	-	350	-
Office and Library	9,889	16,453	18,067	17,037	14,730
Telephone	1,627	1,610	1,766	566	430
Annual Election	349	269	328	469	312
Postage and Freight	1,841	1,605	1,880	1,056	1,136
Computer & Software	503	9,676	7,566	1,488	1,547
Travel	-	510	926	2,160	1,849
Automation Related					
Expense	29,757	24,621	27,360	30,018	26,134
Professional Fees	36,819	19,502	12,959	12,252	41,705
Repairs & Maint – Office	1,334	4,093	1,043	887	1,775
Education & Training	1,484	1,447	587	2,586	759
Fuel & Utilities	14,122	11,725	11,470	11,445	16,181
Advertising	-	621	1,449	-	240
Insurance	7,029	5,430	7,067	8,599	8,108
Bank Charges	25	52	-	30	-
Adult Literacy Programs	2,000	-	-	-	-
Retirement	14,649	17,804	12,041	37,030	45,497
Social Security	15,327	21,628	21,259	22,901	24,956
Hospital Insurance	23,837	25,356	36,718	44,131	49,928
Unemployment Insurance	900	903	1,025	1,963	1,721
Disability Insurance	696	294	383	383	428
Worker’s Comp. Insurance	1,892	2,895	1,412	166	-
Total Expenditures	<u>\$471,245</u>	<u>\$498,642</u>	<u>\$524,690</u>	<u>\$578,292</u>	<u>\$695,745</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>\$ 83,781</u>	<u>\$ 89,583</u>	<u>\$ 62,880</u>	<u>\$ 34,306</u>	<u>\$ (29,488)</u>

Source: Audited Financial Statements of the Library, Statutory Basis

**Statement of Assets and Fund Balance -- Statutory Basis
Year Ending December 31,**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
ASSETS:					
Cash - Unrestricted					
Cash in Bank	\$ 55,118	\$ 84,932	\$105,441	\$444,433	\$354,950
Investments	602,551	662,320	704,691	5	-
Escrow – Property Deposit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
Total Cash Unrestricted	<u>657,669</u>	<u>747,252</u>	<u>810,132</u>	<u>444,438</u>	<u>414,950</u>
Cash - Restricted					
Cash – Capital CD	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,960</u>	<u>407,154</u>
Total Assets	<u>\$657,669</u>	<u>\$747,252</u>	<u>\$810,132</u>	<u>\$847,398</u>	<u>\$822,104</u>
FUND BALANCE:					
Unrestricted	\$657,669	\$747,252	\$810,132	\$444,438	\$414,950
Board Designated Fund Balance (Capital)	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,960</u>	<u>407,154</u>
Total Fund Balance	<u>\$657,669</u>	<u>\$747,252</u>	<u>\$810,132</u>	<u>\$847,398</u>	<u>\$822,104</u>

Source: Audited Financial Statements of the Library, Statutory Basis

Financial Statements and Accounting Procedures – Generally Accepted Accounting Principles (“GAAP”)

The financial accounts of the Library have been audited for the years ending December 31, 2010 and 2011, in accordance with auditing standards generally accepted in the United States of America. GAAP involves the application of accrual accounting; consequently, revenues are recognized when earned, and expenses are recorded when incurred. In addition, GAAP requires that property, plant and equipment be capitalized and stated at cost, if purchased, or at fair value, if donated or contributed, and those amounts should be reduced by depreciation based on the estimated useful lives of the assets.

The building where the Library is currently located was built in 1936 and was appraised in January, 2013. The appraisal value was used for 2010 and 2011. There were no amounts recorded on the books to substantiate the original cost of this asset and subsequent improvements and equipment purchases were expensed when acquired and no depreciation expense was ever recorded.

A copy of the Library’s audited financial statements on a GAAP basis for the fiscal years ending December 31, 2010 and 2011, audited by Bachrach, Waschitz & Waschitz, LLP, Monticello, NY, is included in Appendix B to this Official Statement.

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Statement of Revenues and Expenditures – GAAP Basis
Year Ending December 31,

	<u>2010</u>	<u>2011</u>
Revenues:		
Property Taxes	\$ 561,000	\$ 610,000
Other Income	1,879	1,049
Library Charges	13,180	11,421
Income From Investments	10,443	10,027
Income From Bennett Fund	20,179	19,021
Grants	3,151	9,778
State Aid	2,583	8,678
Gifts and Donations	4,610	2,087
Total Revenues	<u>\$ 617,025</u>	<u>\$ 672,061</u>
Expenditures:		
Certified Librarians	\$ 94,214	\$ 150,568
Other Salaries	209,122	177,460
Repairs-Grounds & Bldgs	23,075	75,192
Books	52,294	47,528
Serials	5,168	4,521
Material for Blind	3,688	2,657
AV Materials and Rental	350	-
Office and Postage	18,328	15,471
Telephone	538	561
Annual Election	469	312
Computer & Software	1,488	1,850
Travel	2,160	1,849
Automation Related Expense	30,018	26,134
Professional Fees	12,395	9,980
Education & Training	2,586	759
Fuel & Utilities	12,697	13,929
Advertising	-	240
Insurance	8,299	8,316
Bank Charges	30	-
Retirement	30,783	43,380
Payroll Taxes	25,414	27,106
Health Insurance	45,234	50,040
Total Expenditures	<u>\$ 578,350</u>	<u>\$ 657,853</u>
Excess of Revenues Over Expenditures	<u>\$ 38,675</u>	<u>\$ 14,208</u>

Source: Audited Financial Statements of the Library, GAAP Basis

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**Statement of Financial Position – GAAP Basis
Year Ending December 31,**

	<u>2010</u>	<u>2011</u>
Current Assets:		
Cash and Cash Equivalents	\$ 847,397	\$ 762,105
Attorney Escrow – Property Deposit	-	60,000
Prepaid Insurance	4,293	4,084
Prepaid Retirement	9,257	11,374
Prepaid Building Acq. Cost	-	31,650
Due from Bennett Fund	<u>1,785</u>	<u>3,395</u>
Total Current Assets	<u>\$ 862,732</u>	<u>\$ 872,608</u>
Land and Building Appraised Value	<u>310,000</u>	<u>310,000</u>
Total Assets	<u>\$ 1,172,732</u>	<u>\$ 1,182,608</u>
Current Liabilities		
Accounts Payable	<u>\$ 18,867</u>	<u>\$ 14,535</u>
Fund Balance		
Unrestricted Fund Balance	750,905	760,919
Board Designated Fund Balance	<u>402,960</u>	<u>407,154</u>
Total Fund Balance	<u>\$ 1,153,865</u>	<u>\$ 1,168,073</u>
Total Liabilities and Fund Balance	<u>\$ 1,172,732</u>	<u>\$ 1,182,608</u>

Source: Audited Financial Statements of the Library, GAAP Basis

Property Tax Revenues

For the fiscal year ended December 31, 2011, the Library received 91.6% of its operating revenue from real property taxes levied and collected by the Towns on all non-exempt real property situated within the Library District.

The following table sets forth the Library’s total revenues and real property tax revenues over the last five fiscal years and the amounts budgeted for current and upcoming fiscal years.

	Property Tax Revenue		
<u>Fiscal Year Ended December 31</u>	<u>Total Revenues*</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2007	\$555,026	\$480,000	86.48%
2008	588,225	504,000	85.68
2009	587,570	528,000	89.86
2010	617,025	561,000	90.92
2011	672,061	610,000	90.76
2012 (Adopted Budget)	659,472	610,000	92.49
2013 (Adopted Budget)	760,572	711,100	93.49

*Source: Audited Financial Statements of the Library. 2007 through 2009 (Statutory Basis), 2010 and 2011 (GAAP Basis). Fiscal years 2012 and 2013 are derived from the adopted budgets of the Library.

The Library also derives a small portion of its revenues from fees, investment earnings, grants and other sources.

Fund Balance History

The following unaudited table sets forth the Library's Total Fund Balance for each of the last five fiscal years. The table was prepared from the Library's accounting records and information included in the audited Financial Statements. Total Fund Balance consists of unrestricted cash, cash equivalents and short-term investments.

Fund Balance History			
Fiscal Year Ended December 31	Total Revenues	Total Fund Balance*	Total Fund Balance as a Percentage of Total Revenues
2007	\$555,026	\$ 657,669	118.5%
2008	588,225	747,252	127.0
2009	587,570	810,132	137.9
2010	617,025	1,153,865	187.0
2011	672,061	1,168,073	173.8

*The conversion to GAAP in 2010 resulted in a fund balance that was \$305,058 higher under GAAP than under statutory basis.

Source: Audited Financial Statements of the Library – 2007 through 2009 (Statutory Basis), 2010 and 2011 (GAAP Basis).

Outstanding Indebtedness

The Library has no outstanding debt as of the date of this statement.

Employee Retirement Plans

Substantially all full-time employees of the Library are members of the New York State and Local Employees' Retirement System (the "Retirement System"). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement Systems Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service for employees hired prior to January 1, 2010. The Retirement Systems Law generally provides that all participating employers in the Retirement System are jointly and separately liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 and before April 2, 2012 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain 10 years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, the Governor signed into law the creation of a new Tier 5, which is effective for new Retirement System employees hired after January 1, 2010. Retirement System employees in Tier 5 contribute 3% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service. Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new Retirement System employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from three years to five years. Tier 6 employees will vest in the system after 10 years of employment and will continue to make employee contributions throughout employment.

As a result of market declines, in certain years the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State's Retirement System has increased. The employer Contribution Stabilization Program, signed into law on August 11, 2010 gives local governments the option to amortize a portion of annual pension costs. Amortizations are paid in equal installments over a 10 year period at an interest rate that is set annually.

Under such legislation, local governments and school districts that choose to amortize will be required to set aside and reserve funds for certain future rate increases. The legislation also authorizes local governments and school districts to establish reserve accounts to fund future payment increases that are a result of fluctuations in pension plan performance. The Library has decided not to amortize any payments to the Retirement System and does not have any plans to do so in the foreseeable future.

The Library is required to contribute an actuarially determined rate. The Library's contributions made to the Retirement System were equal to 100% of the contributions required for each year. The required contributions for each of the past five completed fiscal years and the adopted budgets for the fiscal year ending December 31, 2012 and 2013 are presented below.

Contributions to the Retirement System*

<u>Fiscal Year Ended December 31,</u>	<u>Library Contribution</u>
2007	\$14,649
2008	17,804
2009	12,041
2010	30,783
2011	43,380
2012 (Budget)	45,475
2013 (Budget)	65,601

*Source: Audited Financial Statements of the Library. 2007 through 2009 (Statutory Basis), 2010 and 2011 (GAAP Basis). Fiscal years 2012 and 2013 derived from the adopted budgets of the Library.

Other Post Employment Benefits

The Library currently offers other post employment benefits to all full time staff. After 10 years of service, 50% of costs for medical benefits can be offered as a retirement benefit. The minimum age to collect benefits is 55 years of age and at the age of 65, when the retiree is Medicare eligible, the benefit is reduced accordingly. Currently, the Library is not paying post employment benefits for any of its past employees.

TAX INFORMATION

Real Property Tax Assessments and Rates

The following table presents the real property tax assessments and rates for that portion of the Library District located within the Towns.

Real Property Tax Assessment and Rates

Town of Thompson

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed Value	\$1,234,704,798	\$1,241,797,358	\$1,234,580,763	\$1,238,958,723	\$1,233,075,244
Equalization Rate	65.5	64.75	71.60	78.10	79.39
Full Value	\$1,885,045,493	\$1,917,833,757	\$1,724,274,808	\$1,586,374,805	\$1,553,187,106
Total Tax Levy	\$353,852	\$368,950	\$404,294	\$408,700	\$411,750
Tax Rate ⁽¹⁾	\$0.29	\$0.30	\$0.33	\$0.33	\$0.33

(1) Per \$1,000 Assessed Value.

Source: New York State Board of Real Property Services, the Town of Thompson and the Library.

Town of Bethel

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed Value	\$341,283,765	\$371,462,353	\$366,297,787	\$364,793,733	\$365,188,593
Equalization Rate	46.00	45.31	52.00	58.00	62.00
Full Value	\$741,921,228	\$819,824,217	\$704,418,821	\$628,954,712	\$589,013,860
Total Tax Levy	\$139,270	\$157,716	\$165,167	\$158,600	\$156,160
Tax Rate ⁽¹⁾	\$0.4	\$0.4	\$0.45	\$0.4	\$0.43

(1) Per \$1,000 Assessed Value.

Source: New York State Board of Real Property Services, the Town of Bethel and the Library.

Town of Forestburgh

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed Value	\$14,399,679	\$15,169,920	\$15,128,204	\$15,040,091	\$15,139,520
Equalization Rate	7.75	8.50	8.75	9.10	9.55
Full Value	\$185,802,309	\$178,469,647	\$172,893,760	\$165,275,725	\$158,529,005
Total Tax Levy	\$34,878	\$34,334	\$40,539	\$42,700	\$42,090
Tax Rate ⁽¹⁾	\$2.4	\$2.2	\$2.6	\$2.8	\$2.78

(1) Per \$1,000 Assessed Value.

Source: New York State Board of Real Property Services, the Town of Forestburgh and the Library.

Property Tax Cap Law

The Library’s charter and special legislation does not address or limit the amount that may be raised by the real property tax levy for the benefit of the Library in any fiscal year (other than the related requirement that budgetary changes relating to appropriations require an affirmative vote of the majority of the voters at an annual election). However, on June 24, 2011, a new Property Tax Cap Law, Chapter 97 of the Laws of 2011 of the State, was signed into law (the “Property Tax Cap Law”). The Property Tax Cap Law establishes a limit on the annual growth of property taxes levied by local governments and school districts. It does not specifically mention libraries, however, guidance issued by the office of the State Comptroller and jointly by the State Department of Taxation and Finance and the State Department of State indicates that it is intended to cover certain libraries. It applies for any fiscal year commencing after January 1, 2012. The power of school districts and local governments to levy real property taxes on all taxable real property within their boundaries without limitation as to rate or amount is subject to statutory limitations pursuant to formulas set forth in the Property Tax Cap Law. The Property Tax Cap Law restricts the increase in the amount of the succeeding year’s tax levy to no more than the lesser of 2% of the prior year’s tax levy or an inflation rate as computed under the Property Tax Cap Law (but not less than 1%). The limited exceptions to the Property Tax Cap Law and the process for overriding the statutory limitations differs between school districts and local governments.

The Property Tax Cap Law does not explicitly address how public libraries affiliated with a town which levies property tax on their behalf (such as the Library) will be treated, i.e., as a school district or as its own local government. However, the guidance noted above indicates that public libraries such as the Library with a separate independently elected board and the authority to compel an affiliated school district or local governmental unit to impose a tax levy on behalf of such a library pursuant to Chapter 414 of the Laws of 1995 (or otherwise by special act) will be considered under the local government section. This interpretation means that public libraries, like the Library, have their own, separate tax cap, and that the mechanism to exceed the tax cap is the same as for local governments. To exceed the tax cap, a library board would pass a budget by a vote by a 60% margin of the voting strength of the board, and then bring the proposal to a public vote in accordance with the applicable legislation establishing the Library District. If the public approves the proposal by a simple majority (more than 50%), only then may the tax cap be exceeded. This two-step procedural requirement is applicable to the Library District; however it should be noted in accordance with special legislation establishing the Library District, the popular vote approving an increase in an amount not to exceed \$510,000 annually, has already been completed, for this specific purpose of paying debt service on obligations issued to finance the cost of the Project.

The Library’s budget for the fiscal year beginning January 1, 2013 did not exceed the 2% tax limit. The qualified voters of the Library approved such budget by an approval rate of 95%.

Real Property Taxes

Funding for the Library is primarily derived from real property taxes levied on behalf of the Library by the Towns on taxable property located within the Library District. The Library and the Towns are independent entities, are governed by independent governing boards, and have independent financing power under State law. Annually, the Library’s Board determines the Library’s tax levy and informs the Towns of the portion of that amount they are each responsible to collect. Each Town levies the Library’s taxes as a separate line item on the same tax bill sent out by each Town to its residents. The respective tax collectors collect the taxes levied by their Town. The Library receives the full amount of taxes levied and any deficiency in tax collection is ultimately the County’s liability.

Tax Collection Procedure

The Towns assess real property in the Library District. Property taxes are levied by the Towns on behalf of the Library and the Receivers of Taxes from the respective Towns collect the Library tax in the same manner as Town, County and school district taxes are collected. Taxes are levied in January of each year. No penalty is imposed on payments made by January 31st. Penalties on delinquent taxes paid subsequent to January 31st are imposed as follows: 1% on payments made from February 1st to February 28th, 2% on payments made from March 1st to March 31st, 3% per month on payments made from April 1st to April 30th and 4% per month on payments made during May. The Library receives the full amount of taxes levied and any deficiency in tax collection for taxes levied is ultimately the County’s liability. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2013 BONDS – The Collection Agreement.”

Largest Taxpayers

The following table presents the total 2013 full valuations of the Library District’s largest property owners.

Taxable Assessments			
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Full Valuation</u>
NYSEG	Utility	\$56,545,284	2.46%
The Bethel Woods Performing Arts Center	Cultural Center	34,417,805	1.50
Monticello Raceway Mgmt. Inc.	Race Track	27,843,557	1.21
EPT Concord II, LLC	Public Golf Course	16,644,792	0.72
Concord Associates LP	Hotel	14,588,739	0.63
Woodstone Lakes Dev. LLC	Commercial	14,172,500	0.62
Kutshers Inc.	Hotel	13,855,649	0.60
Thompson Station, Inc.	Shopping Center	13,637,738	0.59
Wal-Mart	Retail Store	12,596,045	0.55
United Mobile Homes of NY Inc	Mobile Home Park	9,828,316	0.43
Iroquois Hunting Club	Hunting Club	<u>9,108,226</u>	<u>0.40</u>
		<u>\$223,238,651</u>	<u>9.70%</u>

(1) The Library District’s full value for fiscal year 2013 is \$2,300,729,971.
 Source: Towns of Thompson, Bethel, and Forestburgh Assessors’ Offices.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends for the Towns, the County, and the State, based upon recent census data.

Population Trend					
<u>Year</u>	<u>Town of Thompson</u>	<u>Town of Bethel</u>	<u>Town of Forestburgh</u>	<u>Sullivan County</u>	<u>New York State</u>
2000	14,189	4,362	833	73,966	18,976,457
2010	15,308	4,255	819	77,547	19,378,102

Source: U.S Bureau of the Census Population Reports.

Median Household Income

The following table presents median household income for the Towns, the County, and the State.

Median Household Income		
	<u>2000</u>	<u>2010</u>
Town of Thompson	\$35,511	\$37,417
Town of Bethel	36,017	49,508
Town of Forestburgh	56,125	66,042
Sullivan County	36,998	48,103
New York State	43,393	55,603

Source: US Census Bureau, 2006-2010 American Community Survey.

Labor and Unemployment

Unemployment statistics are not available for the Library District as such. The smallest area for which such statistics are available (which includes the Library District) is the County. The information set forth below with respect to the County and the State is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the Library District is necessarily representative of the County or the State, or vice versa.

Civilian Labor Force					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
County	35,300	35,500	35,300	35,000	34,300
State	9,532,100	9,631,700	9,640,600	9,586,900	9,504,200

Source: New York State Department of Labor.

Yearly Average Unemployment Rates

<u>Year</u>	<u>Sullivan County</u>	<u>New York State</u>
2007	5.0%	4.5%
2008	6.7	5.4
2009	8.9	8.3
2010	9.2	8.6
2011	8.9	8.0
2012	9.7	8.6

Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
January 2012	10.5%	9.1%
February	10.7	9.2
March	10.2	8.7
April	9.4	8.1
May	9.8	8.6
June	9.8	9.1
July	9.3	9.1
August	9.1	8.8
September	9.3	8.2
October	9.1	8.3
November	9.1	7.9
December	10.0	8.2

Source: New York State Department of Labor, Bureau of Labor Statistics. Information is not seasonally adjusted.

Major Employers in or Near the Library District

<u>Name</u>	<u>Type of Business</u>	<u>Approximate Number Of Employees</u>
Center For Discovery (Sullivan Diagnostic Treatment Center)	Health Care	1,450
Sullivan County	County Government	1,016
Catskill Regional Medical Center	Hospital	910
Monticello Central School District	Public School	650
New Hope Community, Inc.	Housing & Workshops	558
Sullivan County Association for Retarded Children	Housing & Workshops	520
The Bethel Woods Performing Arts Center	Seasonal Culture Center	400
Wal-Mart	Retail Store	400
Monticello Gaming & Raceway	Racetrack/Racino	323
Town of Bethel	Municipality	70

Source: Department of Planning, Environment & Development.

The above employers have headquarters in or in close proximity to the Library District boundaries.

LITIGATION

There are no claims or actions pending or, to the knowledge of the Library's officers and members of the Board, threatened against the Library wherein an unfavorable result would have a material adverse effect on the financial condition of the Library.

PART 5 - THE PROJECT

The electorate of the Library District, by vote on August 9, 2012, approved (504 Yes /155 No) a referendum to undertake a project that entails purchasing and reconstructing an existing 10,800 square foot library building centrally located in the Village of Monticello at 479 Broadway (the "Project") to be used as a library. The Project will be funded by an increase in the amount collected by the Towns annually by taxation, not to exceed \$510,000 per year over a maximum period of 30 years.

In September 2011, the Library contracted to purchase the property. The purchase price is \$600,000 and a deposit of \$60,000 was put into escrow. The proceeds of the Series 2013 Bonds will be used to acquire the parcel of land and the building thereon and to renovate said building. The proceeds of the Series 2013 Bonds will also be used to finance the equipment, machinery, apparatus, appurtenances, site work and incidental improvements and expenses in connection therewith. The purchase of the property is expected to occur concurrent with the issuance of the Series 2013 Bonds, and the reconstruction of the new library is expected to begin soon thereafter.

On April 9, 2013, the Planning Board of the Village of Monticello voted unanimously to approve the site plan and special use permit submitted by the Library for the Project, conditioned upon its review of the final site plan and architectural review by the Planning Board and its engineer.

PART 6 – ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

Sources of Funds

Principal Amount of Series 2013 Bonds	\$5,080,000.00
Net Original Issue Premium	256,053.30
Library Equity Contribution	<u>118,901.70</u>
 Total Sources	 \$5,454,955.00

Uses of Funds

Deposit to Project Fund	\$5,023,919.90
Deposit to Debt Service Fund	118,901.70
Costs of Issuance ¹	256,800.00
Underwriter’s Discount	<u>55,333.40</u>
 Total Uses	 \$5,454,955.00

¹ Includes legal fees, DASNY fee, title insurance premium and costs related to the issuance of Series 2013 Bonds.

PART 7 – DASNY

Background, Purposes and Powers

DASNY is a body corporate and politic constituting a public benefit corporation. DASNY was created in 1944 to finance and build dormitories at State teachers’ colleges to provide housing for the large influx of students returning to college on the G.I. Bill following World War II. Over the years, the State Legislature has expanded DASNY’s scope of responsibilities. Today, pursuant to the Dormitory Authority Act, constituting Titles 4 and 4-B of Article 8 of the Public Authorities Law of the State, DASNY is authorized to finance, design, construct or rehabilitate facilities for use by a variety of public and private not-for-profit entities.

DASNY provides financing services to its clients in three major areas: public facilities; not-for-profit healthcare; and independent higher education and other not-for-profit institutions. DASNY issues State-supported debt, including Personal Income Tax Revenue Bonds, on behalf of public clients such as The State University of New York, The City University of New York, the Departments of Health and Education of the State, the Office of Mental Health, the Office of People with Developmental Disabilities, the Office of Alcoholism and Substance Abuse Services, the Office of General Services, and the Office of General Services of the State on behalf of the Department of Audit and Control. Other public clients for whom DASNY issues debt include Boards of Cooperative Educational Services (“BOCES”), school districts across the State and certain cities and counties that have accessed DASNY for the purpose of providing court facilities. DASNY’s private clients include independent colleges and universities, private hospitals, certain private secondary schools, special education schools, facilities for the aged, primary care facilities, libraries, museums, research centers and government-supported voluntary agencies, among others.

To carry out its programs, DASNY is authorized to issue and sell negotiable bonds and notes to finance the construction of facilities for such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions. At March 31, 2013, DASNY had approximately \$45 billion aggregate principal amount of bonds and notes outstanding. DASNY also is authorized to make tax-exempt leases, with its Tax-Exempt Leasing Program (TELP). As part of its operating activities, DASNY also administers a wide variety of grants authorized by the State for economic development, education and community improvement and payable to both public and private grantees from proceeds of Personal Income Tax Revenue Bonds issued by DASNY.

DASNY is a conduit debt issuer. Under existing law, and assuming continuing compliance with tax law, interest on most bonds and notes issued by DASNY has been determined to be excludable from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. All of DASNY's outstanding bonds and notes, both fixed and variable rate, are special obligations of DASNY payable solely from payments required to be made by or for the account of the client institution for which the particular special obligations were issued. DASNY has no obligation to pay its special obligations other than from such payments. DASNY has always paid the principal of and interest on all of its obligations on time and in full; however, as a conduit debt issuer, payments on DASNY's special obligations are solely dependent upon payments made by DASNY's client for which the particular special obligations were issued and the security provisions relating thereto.

DASNY also offers a variety of construction services to certain educational, governmental and not-for-profit institutions in the areas of project planning, design and construction, monitoring project construction, purchasing of furnishings and equipment for projects, interior design of projects and designing and managing projects to rehabilitate older facilities.

In connection with the powers described above, DASNY has the general power to acquire real and personal property, give mortgages, make contracts, operate certain 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, borrow money and adopt a program of self-insurance.

DASNY has a staff of approximately 520 employees located in three main offices (Albany, New York City and Buffalo) and at approximately 55 field sites across the State.

Governance

DASNY is governed by an eleven-member board. 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 DASNY meetings. The members of DASNY 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 DASNY annually choose the following officers, of which the first two must be members of DASNY: Vice-Chair, Secretary, Treasurer, Assistant Secretaries and Assistant Treasurers.

The current members of DASNY are as follows:

ALFONSO L. CARNEY, JR., *Chair*, New York.

Alfonso L. Carney, Jr. was reappointed as a Member of DASNY by the Governor on April 27, 2010. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical consulting services in New York City. He has served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he managed the staff of the Foundation, provided strategic oversight of the administration, communications and legal affairs teams, and developed selected Foundation program initiatives. Mr. Carney has held senior level legal positions with Altria Group Inc., Philip Morris Companies Inc., Philip Morris Management Corporation, Kraft Foods, Inc and General Foods

Corporation. His current term expired on March 31, 2013 and by law he continues to serve until a successor shall be chosen and qualified.

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

John B. Johnson, Jr. was reappointed as a Member of DASNY by the Governor on March 16, 2010. 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 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 expired on March 31, 2013 and by law he continues to serve until a successor shall be chosen and qualified.

JACQUES JIHA, Ph.D., *Secretary*, Woodbury.

Jacques Jiha was appointed as a Member of DASNY by the Governor on December 15, 2008. Mr. Jiha is the Executive Vice President/Chief Operating Officer & Chief Financial Officer of Earl G. Graves, Ltd/Black Enterprise, a multi-media company with properties in print, digital media, television, events and the internet. He is a member of the Investment Advisory Committee of the New York Common Retirement Fund and previously served as Deputy Comptroller for Pension Investment and Public Finance in the Office of the New York State Comptroller. 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 expired on March 31, 2011 and by law he continues to serve until a successor shall be chosen and qualified.

TIM C. LOFTIS, Esq., Buffalo.

Tim C. Loftis was appointed as a Member of DASNY by the Governor on June 20, 2012. Mr. Loftis is a partner in the Business and Corporate practice group of the law firm Jaeckle Fleischmann & Mugel, LLP. He has experience in business and corporate matters with an emphasis on transactional matters, including domestic and international mergers and acquisitions as well as complex commercial financing transactions. Mr. Loftis holds a Bachelor of Arts degree from the State University of New York at Buffalo and a Juris Doctor degree from Georgetown University Law Center. His term expires on March 31, 2015.

BERYL L. SNYDER, J.D., New York.

Beryl L. Snyder was appointed as a member of DASNY by the Governor on June 15, 2011. Ms. Snyder is a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expires on August 31, 2013.

SANDRA M. SHAPARD, Delmar.

Sandra M. Shapard was appointed as a Member of DASNY by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from 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 the Budget from 1991 to 1994. She began her career in New York State government with the Assembly where 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. 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.

GERARD ROMSKI, Esq., Mount Kisco.

Gerard Romski was reappointed as a Member of DASNY by the Temporary President of the State Senate on June 21, 2012. He is Counsel and Project Executive for “Arverne By The Sea,” where he is responsible for advancing and overseeing all facets of “Arverne by the Sea,” one of New York City’s largest mixed-use developments located in Queens, NY. Mr. Romski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

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

Roman B. Hedges was appointed as a Member of DASNY 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. 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 previously served as the Director of Fiscal Studies of the Assembly Committee on Ways and Means. 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.

JOHN B. KING, JR., J.D., Ed.D., *Commissioner of Education of the State of New York*, Slingerlands; *ex-officio*.

John B. King, Jr., was appointed by the Board of Regents to serve as President of the University of the State of New York and Commissioner of Education on July 15, 2011. As Commissioner of Education, Dr. King serves as Chief Executive Officer of the State Education Department and as President of the University of the State of New York, which is comprised of public and non-public elementary and secondary schools, public and independent colleges and universities, libraries, museums, broadcasting facilities, historical repositories, proprietary schools and services for children and adults with disabilities. He holds a Bachelor of Arts degree in Government from Harvard University, a Master of Arts degree in Teaching of Social Studies from Teachers College, Columbia University, a Juris Doctor degree from Yale Law School and a Doctor of Education degree in Educational Administrative Practice from Teachers College, Columbia University.

NIRAV R. SHAH, M.D., M.P.H., *Commissioner of Health*, Albany; *ex-officio*.

Nirav R. Shah, M.D., M.P.H., was appointed Commissioner of Health on January 24, 2011. Prior to his appointment he served as Attending Physician at Bellevue Hospital Center, Associate Investigator at the Geisinger Center for Health Research in central Pennsylvania, and Assistant Professor of Medicine at the NYU Langone Medical Center. Dr. Shah is an expert in use of systems-based methods, a leading researcher in use of large scale clinical laboratories and electronic health records and he has served on the editorial boards of various medical journals. He is a graduate of Harvard College, received his medical and master of public health degrees from Yale School of Medicine, was a Robert Wood Johnson Clinical Scholar at UCLA and a National Research Service Award Fellow at NYU.

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

Robert L. Megna was appointed Budget Director on June 15, 2009. He 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. Mr. Megna previously served as Commissioner of the New York State Department of Taxation and Finance, responsible for overseeing the collection and accounting of more than \$90 billion in State and local taxes, the administration of State and local taxes, including New York City and the City of Yonkers income taxes and the processing of tax returns, registrations and associated documents. He holds Masters degrees in Public Policy from Fordham University and Economics from the London School of Economics.

The principal staff of DASNY is as follows:

PAUL T. WILLIAMS, JR. is the President and chief executive officer of DASNY. Mr. Williams is responsible for the overall management of DASNY’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 to that, 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 public finance practice. 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 Vice President of DASNY, and assists the President in the administration and operation of DASNY. Mr. Corrigan came to DASNY 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 DASNY, 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 DASNY bond issuance in the capital markets, implementing and overseeing financing programs, overseeing DASNY's compliance with continuing disclosure requirements and monitoring the financial condition of existing DASNY 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. She holds a Bachelor's degree from the State University of New York at Albany.

PAUL W. KUTEY is the Chief Financial Officer of DASNY. Mr. Kutey oversees and directs the activities of the Office of Finance and Information Services. He is responsible for supervising DASNY's investment program, accounting functions, operation, maintenance and development of computer hardware, software and communications infrastructure; as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. Previously, Mr. Kutey was Senior Vice President of Finance and Operations for AYCO Company, L.P., a Goldman Sachs Company. He is a Certified Public Accountant and holds a Bachelor of Business Administration degree from Siena College.

MICHAEL E. CUSACK is General Counsel to DASNY. Mr. Cusack is responsible for all legal services including legislation, litigation, contract matters and the legal aspects of all DASNY financings. He is licensed to practice law in the State of New York and the Commonwealth of Massachusetts, as well as the United States District Court for the Northern District of New York. Mr. Cusack has over twenty years of combined legal experience, including management of an in-house legal department and external counsel teams (and budgets) across a five-state region. He most recently served as of counsel to the Albany, New York law firm of Young/Sommer, LLC, where his practice included representation of upstate New York municipalities, telecommunications service providers in the siting of public utility/personal wireless service facilities and other private sector clients. He holds a Bachelor of Science degree from Siena College and a Juris Doctor degree from Albany Law School of Union University.

STEPHEN D. CURRO, P.E. is the Managing Director of Construction. Mr. Curro is responsible for DASNY's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. Mr. Curro joined DASNY 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 has worked in the construction industry for more than 20 years. 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 L. WALLACE is the Managing Director of the Office of Executive Initiatives. Ms. Wallace is responsible for strategic efforts in program development, including maximizing the utilization of Minority and Women Owned Businesses, sustainability, training and marketing, as well as communicating with DASNY's clients, vendors, the public and governmental officials. She has more than 20 years of senior leadership experience in diverse private sector telecommunications businesses and civic organizations. Ms. Wallace holds a

Bachelor's Degree from Pepperdine University and a Master's Degree in Public Administration from Columbia University.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against DASNY, DASNY believes that such claims and litigation either are covered by insurance or by bonds filed with DASNY, or that DASNY has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such matters.

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 DASNY 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. DASNY obtains the approval of the PACB for the issuance of all of its bonds and notes.

Legislation

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect DASNY and its operations. DASNY 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 DASNY) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect DASNY and its operations.

Environmental Quality Review

DASNY 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 to the extent such acts and regulations are applicable.

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of DASNY for the fiscal year ended March 31, 2012. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

PART 8 – LEGALITY OF THE SERIES 2013 BONDS FOR INVESTMENT AND DEPOSIT

Under State law, the Series 2013 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. However, enabling legislation or bond resolutions of individual authorities of the State may limit the investment of funds of such authorities in the Series 2013 Bonds.

The Series 2013 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 2013 Bonds shall be negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2013 Resolution.

PART 10 – TAX MATTERS

In the opinion of Bond Counsel, under existing law and assuming compliance by DASNY and the Library with certain covenants and the accuracy and completeness of certain representations of DASNY and the Library, interest on the Series 2013 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”) and is not an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations under the Code. Such interest is, however, taken into account in determining adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

The Code, as amended to the date hereof, imposes various requirements that must be met in order that interest on the Series 2013 Bonds will be and remain excludable from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Series 2013 Bonds and the rebate of certain earnings in respect of such investments to the United States. Failure to comply with the requirements of the Code may cause interest on the Series 2013 Bonds to be includable in gross income for purposes of federal income tax retroactive to the date of original execution and delivery of the Series 2013 Bonds, regardless of the date on which the event causing such inclusion occurs. DASNY and the Library have covenanted in the Resolutions, Loan Agreement and the Tax Compliance Agreement to comply with the requirements of the Code and have made representations in such documents addressing various matters relating to the requirements of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy of such representations made by DASNY and the Library.

Certain requirements and procedures contained or referred to in the Resolutions, Loan Agreement, the Tax Compliance Agreement and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of Bond Counsel. The opinion of Hiscock & Barclay, LLP states that such firm, as Bond Counsel, expresses no opinion as to any Series 2013 Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of Bond Counsel other than Hiscock & Barclay, LLP.

The Series 2013 Bonds maturing July 1, 2026 through July 1, 2028, plus the Term Bond maturing July 1, 2033 (the “Discount Bonds”) are being sold to the initial purchasers at prices less than the stated principal amounts thereof. The difference between the stated principal amount of 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 were sold constitutes original issue discount that is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2013 Bonds. Further, such original issue discount accrues actuarially on a constant yield basis over the term of each Discount Bond and the basis of such Discount Bond acquired at such initial offering price by an initial purchaser of each Discount Bond will be increased by the amount of such accrued discount.

The Series 2013 Bonds maturing July 1, 2014 through July 1, 2025 (the “Premium Bonds”) are being sold to the initial purchasers at prices greater than the stated principal amount thereof. The Premium Bonds will be subject to requirements under the Code relating to tax cost reduction associated with the amortization of bond premium and, under certain circumstances, the initial owner of a Premium Bond may realize taxable gain upon disposition of Premium Bonds even though sold or redeemed for an amount less than or equal to such owner’s original cost of acquiring Premium Bonds. The amortization requirements may also result in the reduction of the amount of stated interest that an owner of Premium Bonds is treated as having received for federal tax purposes (and an adjustment to basis). Owners of Premium Bonds are advised to consult with their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

Prospective purchasers of the Series 2013 Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of the Series 2013 Bonds may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Series 2013 Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Interest paid on tax-exempt obligations is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. Interest on the Series 2013 Bonds may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Series 2013 Bonds and will be allowed as a refund or credit against such owner’s federal income tax liability (or the federal income tax liability of the beneficial owner of the Series 2013 Bonds, if other than the registered owner).

In the opinion of Bond Counsel, interest on the Series 2013 Bonds is exempt, under existing statutes, from personal income taxes of the State and its political subdivisions, as applicable. See “Appendix E – Form of Approving Opinion of Bond Counsel”.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents Bond Counsel’s judgment as to the proper treatment of the Series 2013 Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Series 2013 Bonds to be subject, directly or indirectly, to federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2013 Bonds for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Series 2013 Bonds. For example, proposals have been made that could limit the exclusion from gross income of interest on obligations like the Series 2013 Bonds for taxpayers who are individuals and whose income is subject to higher marginal tax rates or that could otherwise significantly reduce the benefit of the exclusion from gross income of interest on obligations like the Series 2013 Bonds. 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 2013 Bonds may occur. Prospective purchasers of the Series 2013 Bonds should consult their own advisers regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Bond Counsel’s engagement with respect to the Series 2013 Bonds ends with the issuance of the Series 2013 Bonds and, unless separately engaged, Bond Counsel is not obligated to defend DASNY or the Bondholders regarding the tax-exempt status of the Series 2013 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than DASNY and its appointed counsel, including the Bondholders, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which DASNY legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2013 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2013 Bonds, and may cause DASNY, the Library or the Bondholders to incur significant expense.

PART 11 – STATE NOT LIABLE ON THE SERIES 2013 BONDS

The Act provides that notes and bonds of DASNY shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of DASNY. The Resolution specifically provides that the Series 2013 Bonds shall not be a debt of the State nor shall the State be liable thereon.

PART 12 – COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of DASNY’s notes and bonds that the State will not limit or alter the rights vested in DASNY to provide projects, to establish and collect rentals therefrom and to fulfill agreements with the holders of DASNY’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 DASNY and with the holders of DASNY's notes or bonds.

PART 13 – LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2013 Bonds by DASNY are subject to the approval of Hiscock & Barclay, LLP, Albany, New York, Bond Counsel, whose approving opinion will be delivered with the Series 2013 Bonds. The proposed form of such opinion is set forth in Appendix E hereto. Certain legal matters will be passed upon for the Underwriter by its Counsel, Carter Ledyard & Milburn, LLP, New York, New York. Certain legal matters will be passed upon for the Library by its Counsel, Orrick, Herrington & Sutcliffe, LLP, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2013 Bonds or questioning or affecting the validity of the Series 2013 Bonds or the proceedings and authority under which they are to be issued. There is no litigation pending which in any manner questions the right of DASNY to finance the Project in accordance with the provisions of the Act, the Resolution, the Series 2013 Resolution and the Loan Agreement.

PART 14 – UNDERWRITING

Janney Montgomery Scott LLC (the "Underwriter") has agreed, subject to certain conditions, to purchase the Series 2013 Bonds from DASNY at an aggregate purchase price of \$5,280,719.90 (which represents the par amount of the Series 2013 Bonds, less the Underwriter's discount of \$55,333.40 plus premium of \$256,053.30) and to make a public offering of Series 2013 Bonds at prices that are not in excess of the public offering prices stated on the cover page of this Official Statement. The Underwriter will be obligated to purchase all such Series 2013 Bonds if any are purchased.

The Series 2013 Bonds may be offered and sold to certain dealers (including the Underwriter) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

PART 15 – CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as amended ("Rule 15c2-12"), the Library has undertaken in a written agreement (the "Continuing Disclosure Agreement") for the benefit of the Bondholders to provide to Digital Assurance Certification LLC ("DAC"), as DASNY's disclosure dissemination agent, on or before 150 days after the end of each fiscal year, commencing with the fiscal year of the Library ending December 31, 2012, for filing by DAC with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system for municipal securities disclosures, on an annual basis, operating data and financial information of the type hereinafter described which is included in "PART 4 - THE LIBRARY" of this Official Statement (the "Annual Information"), together with the Library's annual financial statements prepared in accordance with U.S. generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with such 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 the MSRB.

If, and only if, and to the extent that it receives the Annual Information and annual financial statements described above from the Library, DAC has undertaken in the Continuing Disclosure Agreement, on behalf of and as agent for the Library and DASNY, 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 Library, with the MSRB.

The Library also will undertake in the Continuing Disclosure Agreement to provide to DASNY, 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, DASNY and the Trustee have undertaken, for the benefit of the Bondholders, to provide such Notices to DAC, should DASNY have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the Library, the Trustee or DASNY, DAC will file the Notices with the MSRB in a timely manner. With respect to the Series 2013 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 Library 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 Library, the Trustee or DASNY and shall not be deemed to be acting in any fiduciary capacity for DASNY, the Library, the Holders of the Series 2013 Bonds or any other party. DAC has no responsibility for the failure of DASNY 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 Library, the Trustee or DASNY has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the Library, the Trustee and DASNY with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as DASNY's disclosure dissemination agent terminate, DASNY 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 means annual information concerning the Library which consists of financial and operating data of the type included in this Official Statement for the Library, which shall include information as described in "PART 4 – THE LIBRARY" under the headings "ANNUAL FINANCIAL STATEMENT INFORMATION" (unless such information is included in the audited financial statements of the Library) and "TAX INFORMATION," relating to *valuations, tax rates and levies* similar to that set forth under the table "Real Property Tax Assessment and Rates," together with a narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of financial and operating data concerning the Library.

The Notices include notices of any of the following events (each a "Notice event") with respect to the Series 2013 Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (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, IRS notices or other material events with respect to or affecting the tax-exempt status of the Series 2013 Bonds; (7) modifications to the rights of Holders of the Series 2013 Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2013 Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of the Library; (14) merger, consolidation or acquisition of the Library, if material; (15) appointment of a successor or additional trustee or the change of name of a trustee, if material; and (16) failure to provide annual financial information as required. In addition, DAC will undertake, for the benefit of the Holders of the Series 2013 Bonds, to provide to the MSRB in a timely manner, notice of any failure by the Library to provide the Annual Information and Audited Financial Statements by the date required in the Library's undertaking described above.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement described above is an action to compel specific performance of the undertaking of DAC, the Library, the Trustee and/or DASNY, and no person, including any Holder of the Series 2013 Bonds, may recover monetary damages thereunder under any circumstances. DASNY or the Library may be compelled to comply with their respective obligations under the Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required thereunder, by any Holder of Outstanding Series 2013 Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2013 Bonds, or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the Holders of the Series 2013 Bonds; provided, however, that the Trustee is not required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of Series 2013 Bonds at the time Outstanding. A breach or default under the Continuing Disclosure Agreement shall not constitute an Event of Default under the Resolution, the Series 2013 Resolution 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 Continuing Disclosure 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 Continuing Disclosure Agreement may be amended or modified without consent of the Holders of the Series 2013 Bonds under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreement when executed by the parties thereto upon the delivery of the Series 2013 Bonds will be on file at the principal office of DASNY.

PART 16 – RATING

Moody's Investors Service ("Moody's") has assigned a rating of "Aa3" to the Series 2013 Bonds. Such rating reflects only the views of such rating agency and any desired explanation of the significance of such rating or any outlooks or other statements with respect thereto should be obtained from the rating agency at the following addresses: Moody's, 7 World Trade Center, 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 the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2013 Bonds.

PART 17 – MISCELLANEOUS

Reference in this Official Statement to the Act, the Resolution, the Series 2013 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2013 Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2013 Resolution and the Loan Agreement are on file with DASNY and the Trustee.

The agreements of DASNY with Holders of the Series 2013 Bonds are fully set forth in the Resolution and the Series 2013 Resolution. Neither any advertisement of the Series 2013 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2013 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 Library and the Purpose of the Issue was supplied by the Library. DASNY believes that this information is reliable, but DASNY 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. DASNY believes that this information is reliable, but makes no representations or warranties whatsoever to the accuracy or completeness of this information.

"Appendix A – Definitions," "Appendix C – Summary of Certain Provisions of the Loan Agreement," "Appendix D – Summary of Certain Provisions of the Resolution," and "Appendix E — Form of Approving Opinion of Bond Counsel" have been prepared by Hiscock & Barclay, LLP, Albany, New York, Bond Counsel.

"Appendix B –Financial Statements of the Ethelbert B. Crawford Public Library and Independent Auditors' Report" contains certain audited financial statements of the Library for the years ended December 31, 2010 and December 31, 2011 and the report of the Library's independent auditor, Bachrach, Waschitz & Waschitz, LLP, on such financial statements.

The Library has reviewed the parts of this Official Statement describing the Library, the Purpose of the Issue, the Authorization of Project, Payment and Tax Levy, the Mortgage, the Estimated Sources and Uses of Funds and Appendix B hereto. The Library shall certify as of the dates of sale and delivery of the Series 2013 Bonds that such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

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

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

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

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

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

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DEFINITIONS

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DEFINITIONS

In addition to the other terms defined in this Official Statement, when used in this Official Statement, including the summaries of certain provisions of the Resolution and the Loan Agreement, the following terms have the meanings ascribed to them below. Any capitalized terms not defined herein shall have the definition ascribed to it under the Resolution and/or the Loan Agreement.

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 Healthcare Financing Construction Act, being Title 4-B of the Public Authorities Law of the State, as amended.

Annual Administrative Fee means the fee payable during each Bond Year for the general administrative and supervisory expenses of DASNY in an amount more particularly described in Schedule A attached to the Loan Agreement.

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

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

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

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

Authorized Officer means (i) in the case of DASNY, the Chair, the Vice-Chair, the Executive Director and President, the Deputy Executive Director and Vice President, the General Counsel and Assistant Secretary, the Chief Financial Officer and Treasurer, the Managing Director of Public Finance and Portfolio Monitoring, the Managing Director of Construction, the Managing Director, Construction and Metro New York Operations and Assistant Treasurer, the Managing General Counsels and Assistant Secretaries, the Director, Financial Management and Assistant Treasurer, and the Senior Financial Analysts and Assistant Treasurers, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of DASNY to perform such act or execute such document; (ii) in the case of the Institution, when used with reference to any act or document, means the person or persons authorized by a resolution or the by-laws of the Institution to perform such act or execute such document; and (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, an Assistant Corporate Trust Officer, a Trust Officer, an Assistant Trust Officer or an Authorized Signatory 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.

Board of Regents means the Board of Regents of the University of the State of New York.

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

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

Bond Series Certificate means a certificate of an Authorized Officer of DASNY fixing terms, conditions and other details of Bonds of a Series in accordance with the delegation of power to do so under the Resolution or under a Series Resolution as it may be amended from time to time.

Bond Year means, except as otherwise provided in a Series Resolution authorizing a Series of Bonds or the Bond Series Certificate relating thereto, a period of twelve (12) consecutive months beginning July 1 in any calendar year and ending on June 30 of the succeeding calendar year.

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

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

Business Day means any day which is not a Saturday, Sunday or a day on which banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York.

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

Collection Agreement means the Tax Pledge and Collection Agreement dated as of the date of issuance of the Series 2013 Bonds, or any other agreement, by and among the Institution, the Towns of Thompson, Bethel, Forestburgh, the Trustee and DASNY executed in connection with the issuance of a Series of Bonds, as the same shall have been amended, supplemented or otherwise modified.

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

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

Cost or Costs of Issuance means the items of expense incurred in connection with the authorization, sale and issuance of Bonds of a Series, which items of 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, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums, fees and charges for insurance on such Bonds, commitment fees or similar charges relating to a Reserve Fund Facility, costs and expenses of refunding such Bonds and other costs, charges and fees, including those of DASNY, in connection with the foregoing.

Cost or Costs of the Project means costs and expenses determined by DASNY to be necessary in connection with a 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 a 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 a Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of a Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the Institution shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of a Project, (vii) any sums required to reimburse the Institution or DASNY 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 a Project (including interest on moneys borrowed from parties other than the Institution), (viii) interest on the Bonds of a Series prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of a Project, and (ix) fees, expenses and liabilities of DASNY incurred in connection with such Project or pursuant the Resolution or to the applicable Loan Agreement or Mortgage. In connection with the issuance of Bonds to refund obligations of DASNY issued to make loans to the Institution for Costs of a Project, "Cost of a Project" amounts required to effect, and costs and expenses of, such refunding.

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

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

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

Defeasance Security means:

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

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

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

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

Exempt Obligation means:

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

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

(iii) a share or interest in a mutual fund, partnership or other fund 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.

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

Federal Agency Obligation means:

- (i) an obligation issued by any federal agency or instrumentality approved by DASNY;
- (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by a federal agency approved by DASNY;
- (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.

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 the 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 hereafter created, and having or asserting jurisdiction over the Project or the Mortgaged Property or any portion of either.

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

Institution or *Library* means Ethelbert B. Crawford Public Library, a special district public library created by Chapter 942 of the Laws of 1990 of the State, as amended by Chapter 229 of the Laws of 1991 of the State, existing under the laws of the State and chartered by the Board of Regents of the State, or any successor thereto.

Intercreditor Agreement means an agreement by and among, *inter alia*, DASNY, the Trustee, and creditors of the Institution relating to Parity Indebtedness, which agreement may pertain to (i) the relative priorities of the liens upon any Mortgage or Pledged Revenues or other 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.

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

Library District means the Ethelbert B. Crawford Public Library, established by Chapter 942 of the Laws of 1990 of the State, as amended by Chapter 229 of the Laws of 1991 of the State, and consisting of that portion of each of the Towns of Bethel, Forestburgh and Thompson located within the Monticello Central School District.

Loan Agreement means a Loan Agreement or any other agreement, by and between DASNY and the Institution in connection with the issuance of a Series of Bonds, as the same shall have been amended, supplemented or otherwise modified as permitted by the Resolution and by such Loan Agreement.

Maximum Annual Debt Service means on any date, when used with respect to the Bonds, the greatest amount required in the then current or any future calendar year to pay the sum of the principal and Sinking Fund Installments of and interest on Outstanding Bonds payable during such year.

Mortgage means a mortgage granted by the Institution to DASNY in form and substance satisfactory to an Authorized Officer of DASNY, on the Mortgaged Property as security for the performance of the Institution's obligations under the Loan Agreement with respect to a Series of Bonds, as such Mortgage may be amended or modified from time to time with the consent of DASNY.

Mortgaged Property means the land or interest therein described in each Mortgage, if any, together with the buildings and improvements thereon or hereafter erected thereon and the furnishings and equipment owned by the Institution located thereon or therein as may be specifically identified in a Mortgage.

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

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

Parity Indebtedness shall mean indebtedness secured by a parity lien on Pledged Revenues and/or the Mortgaged Property (excluding DASNY's security interest in the Project Levy) with the prior written consent of DASNY.

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

Permitted Collateral means:

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

Permitted Encumbrances means, when used in connection with the Project or the Mortgaged Property, any of the following

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

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

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

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

(v) Security interests, liens and other encumbrances to secure the purchase price of any equipment or furnishings; and

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

Permitted Investments means:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

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

(v) collateralized certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are, 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 longer 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.

Pledged Revenues means all Public Funds, all revenues received by the Institution from the operation of the Institution, all the proceeds, product, rents and profits of the Institution's facilities and all other income available to

the Institution from any other source, all proceeds from the sale of general intangibles, documents, instruments and inventory and all proceeds thereof owned, leased or used by the Institution in the conduct of all or any part of its business, all investment income, gifts, bequests, contributions, grants and donations, excluding only grants, gifts, bequests, contributions and other donations and any income derived therefrom to the extent specifically restricted by the donor or grantor to a specific object or purpose inconsistent with the support of payments to be made by the Institution under the Loan Agreement, and all supporting evidence and documents relating to any of the above described property, including without limitation, payment records, correspondence, together with all books of account and ledgers in which the same are reflected or maintained, all whether now existing or hereafter arising, along with the right of the Institution to exercise its rights under the Education Law and any and all proceeds resulting from the exercise of that right.

Prior Pledges means the “Prior Pledges” as such term is defined in a Loan Agreement, if applicable.

Project means each “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 a Series of Bonds, as more particularly described in a Loan Agreement or a Series Resolution.

Project Levy means the Public Funds authorized by referenda of the qualified voters of the Library District to be levied and collected yearly and to be paid to the Institution in an aggregate annual amount not less than the aggregate Maximum Annual Debt Service on all Series of Bonds issued pursuant to the Resolution and then Outstanding, and which referenda, in the case of the Series 2013 Bonds, shall include the referendum approved on August 9, 2012 authorizing an annual levy in an annual amount not to exceed \$510,000.00.

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

Public Funds means all moneys apportioned, appropriated or otherwise payable to the Institution by the State or a Political Subdivision, as such term is defined in Section 100 of the General Municipal Law including the Project Levy.

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

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

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

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

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

(iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by DASNY; 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 Fitch Ratings, Moody's Investors Service, Inc. and Standard & Poor's Rating Services, as the case may be, that have assigned a rating to Outstanding Bonds at the request of DASNY, or their respective successors and assigns.

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

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

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

Related Agreements means, in connection with the Bonds, each agreement, if any, entered into in connection with a Reserve Fund Facility or Credit Facility to which the Institution is a party.

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

Resolution means the Ethelbert B. Crawford Public Library Revenue Bond Resolution, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions of the Resolution.

Restricted Gift means, when used in connection with the Project, any gift, grant or bequest of money or other property made or given by any person the use of which has been restricted by such person to paying any cost or expense that constitutes a Cost of the Project.

Revenues means, with respect to a Series of Bonds, all payments received or receivable by DASNY which pursuant to the applicable Loan Agreement are required to be paid to the Trustee for such Series of Bonds (except payments to the Trustee for the administrative costs and expenses or fees of the Trustee and payments to the Trustee for deposit to the Arbitrage Rebate Fund), and all amounts received as a consequence of the enforcement of such Loan Agreement, including but not limited to amounts derived from the foreclosure or sale of or other realization upon the Pledged Revenues for such Series of Bonds.

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

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

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

Series 2013 Bonds means DASNY's Ethelbert B. Crawford Public Library Revenue Bonds, Series 2013 authorized by the Series 2013 Resolution.

Series 2013 Project means the Project more particularly described in the Loan Agreement.

Series 2013 Resolution means DASNY's Series Resolution Authorizing Up To \$5,340,000 Ethelbert B. Crawford Public Library Revenue Bonds, Series 2013.

Sinking Fund Installment means, with respect to a Series of Bonds, as of any date of calculation, when used with respect to any Bonds of such Series, so long as any such Bonds are Outstanding, the amount of money required by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto to be paid on a single future July 1 for the retirement of any Outstanding Bonds of said Series which mature after said future July 1, but does not include any amount payable by DASNY 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.

State means the State of New York.

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

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

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

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**FINANCIAL STATEMENTS OF
ETHELBERT B. CRAWFORD PUBLIC LIBRARY AND INDEPENDENT AUDITORS' REPORT**

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Ethelbert B. Crawford Public Library

FINANCIAL STATEMENTS

DECEMBER 31, 2011 and 2010

BACHRACH, WASCHITZ & WASCHITZ, LLP
CERTIFIED PUBLIC ACCOUNTANTS
598 WEST BROADWAY
P.O. BOX 871
MONTICELLO, NEW YORK 12701

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Ethelbert B. Crawford Public Library

We have audited the accompanying statements of financial position of the Ethelbert B. Crawford Public Library (the Library) as of December 31, 2011 and 2010 and the related statements of revenues and expenditures, changes in fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library carries its property, plant and equipment at appraisal values and does not record any depreciation expense. In our opinion, such assets should be stated at acquisition cost, if purchased, or at fair value, if donated and contributed, and those amounts should be depreciated over the useful lives of the assets to conform to accounting principles generally accepted in the United States of America. The effects on the financial statements of the preceding practices are not readily determinable.

In our opinion, except for the effects of the matter described in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Library as of December 31, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Bachrach, Waschitz + Waschitz, LLP

Monticello, NY
January 14, 2013

Ethelbert B. Crawford Public Library
Statement of Financial Position
As of December 31, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 354,951	407,154	762,105	444,437	402,960	847,397
Attorney Escrow (Property Deposit)	60,000	-	60,000	-	-	-
Prepaid Insurance	4,084	-	4,084	4,293	-	4,293
Prepaid Retirement	11,374	-	11,374	9,257	-	9,257
Prepaid Building Acquisition Cost	31,650	-	31,650	-	-	-
Due from Bennett Fund	3,395	-	3,395	1,785	-	1,785
Total Current Assets	465,454	407,154	872,608	459,772	402,960	862,732
Land, Building and Equipment						
Land and Building at Appraised Value	310,000	-	310,000	310,000	-	310,000
Total Assets	\$ 775,454	407,154	1,182,608	769,772	402,960	1,172,732
LIABILITIES AND FUND BALANCE						
Current Liabilities						
Accounts Payable	\$ 14,535	-	14,535	18,867	-	18,867
Fund Balance						
Unrestricted Fund Balance	760,919	-	760,919	750,905	-	750,905
Board Designated Fund Balance (Capital)	-	407,154	407,154	-	402,960	402,960
Total Fund Balance	760,919	407,154	1,168,073	750,905	402,960	1,153,865
Total Liabilities and Fund Balance	\$ 775,454	407,154	1,182,608	769,772	402,960	1,172,732

Ethelbert B. Crawford Public Library
Statement of Revenues and Expenditures
For the Years Ended December 31, 2011 and 2010

Appendix B

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating Income:						
Property Taxes	\$ 610,000	-	610,000	561,000	-	561,000
Other Income	1,049	-	1,049	1,879	-	1,879
Library Charges	11,421	-	11,421	13,180	-	13,180
Interest Income	5,833	4,194	10,027	7,483	2,960	10,443
Income from Bennett Fund	19,021	-	19,021	20,179	-	20,179
Grants	9,778	-	9,778	3,151	-	3,151
State Aid	8,678	-	8,678	2,583	-	2,583
Gifts & Donations	2,087	-	2,087	4,610	-	4,610
Total Operating Income	667,867	4,194	672,061	614,065	2,960	617,025
Operating Expenditures:						
Certified Librarians	150,568	-	150,568	94,214	-	94,214
Other Salaries	177,460	-	177,460	209,122	-	209,122
Repairs - Grounds, Buildings. & Equipment	75,192	-	75,192	23,075	-	23,075
Books	47,528	-	47,528	52,294	-	52,294
Serials	4,521	-	4,521	5,168	-	5,168
Materials for Blind	2,657	-	2,657	3,688	-	3,688
AV Materials and Rental	-	-	-	350	-	350
Office & Postage	15,471	-	15,471	18,328	-	18,328
Telephone	561	-	561	538	-	538
Annual Election	312	-	312	469	-	469
Computer & Computer Software	1,850	-	1,850	1,488	-	1,488
Travel	1,849	-	1,849	2,160	-	2,160
Automation Related Expenses	26,134	-	26,134	30,018	-	30,018
Professional Fees	9,980	-	9,980	12,395	-	12,395
Education & Training	759	-	759	2,586	-	2,586
Fuel & Utilities	13,929	-	13,929	12,697	-	12,697
Advertising	240	-	240	-	-	-
Insurance	8,316	-	8,316	6,299	-	6,299
Bank Charges	-	-	-	30	-	30
Retirement	43,380	-	43,380	30,783	-	30,783
Payroll Taxes	27,106	-	27,106	25,414	-	25,414
Health Insurance	50,040	-	50,040	45,234	-	45,234
Total Operating Expenditures	657,853	-	657,853	578,350	-	578,350
Excess of Revenues over Expenditures	\$ 10,014	4,194	14,208	35,715	2,960	38,675

Ethelbert B. Crawford Public Library
Statement of Changes in Fund Balance
For the Years Ended December 31, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Unrestricted Fund Balance, Beginning	\$ 750,905	-	750,905	805,190	-	805,190
Adjustment for Appraisal Value- Land and Building	-	-	-	310,000	-	310,000
Unrestricted Fund Balance, As Adjusted	750,905	-	750,905	1,115,190	-	1,115,190
Excess (Deficiency) of Revenues over Expenditures	10,014	-	10,014	35,715	-	35,715
Transfer- To Board Designated Capital Fund	-	-	-	(400,000)	-	(400,000)
Unrestricted Fund Balance, Ending	760,919	-	760,919	750,905	-	750,905
Board Designated Fund Balance (Capital), Beginning	-	402,960	402,960	-	-	-
Transfer - From Unrestricted Fund	-	-	-	-	400,000	400,000
Earnings - Capital Funds	-	4,194	4,194	-	2,960	2,960
Board Designated Fund Balance (Capital), Ending	-	407,154	407,154	-	402,960	402,960
Total Fund Balance	\$ 760,919	407,154	1,168,073	750,905	402,960	1,153,865

See Accompanying Notes and Independent Auditor's Report
Bachrach, Waschitz & Waschitz, LLP

Ethelbert B. Crawford Public Library
Statement of Cash Flows
For the Years Ended December 31, 2011 and 2010

Appendix B

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Cash Flows From Operating Activities						
Net Profit/ (Loss)	\$ 10,014	4,194	14,208	35,715	2,960	38,675
Adjustments to Reconcile Net Profit to Net Cash Provided by Operating Activities:						
(Increase)/decrease in Prepaid Expenses	(33,558)	-	(33,558)	(6,548)	-	(6,548)
(Increase)/decrease in Due from Bennett Fund	(1,610)	-	(1,610)	(1,467)	-	(1,467)
Increase/(decrease) in Accounts Payable	(4,332)	-	(4,332)	6,604	-	6,604
Net Cash Flow Provided by (Used in) Activities	<u>(29,486)</u>	<u>4,194</u>	<u>(25,292)</u>	<u>34,304</u>	<u>2,960</u>	<u>37,264</u>
Cash Flows From Investing Activities						
Transfer to Attorney Escrow Account	(60,000)	-	(60,000)	-	-	-
Transfer from Unrestricted Fund	-	-	-	(400,000)	400,000	-
Net Cash Flow Used in Investing Activities	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>	<u>(400,000)</u>	<u>400,000</u>	<u>-</u>
Cash and Cash Equivalents at Beginning of Year	<u>444,437</u>	<u>402,960</u>	<u>847,397</u>	<u>810,133</u>	<u>-</u>	<u>810,133</u>
Cash and Cash Equivalents at End of Year	<u>\$ 354,951</u>	<u>407,154</u>	<u>762,105</u>	<u>444,437</u>	<u>402,960</u>	<u>847,397</u>

See Accompanying Notes and Independent Auditor's Report
Bachrach, Waschitz & Waschitz, LLP

Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Ethelbert B. Crawford Public Library is presented to assist in understanding the Library's financial statements. The financial statements and notes are representations of the Library's management which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

a. Nature of Activities

The Library is a member of the Ramapo Catskill Library System and is located in Monticello, New York. It is the only public library in Monticello and provides the following services: adult and children books, audio-visual materials, DVD's, books on CD, digital books, music CD's, Spanish language collection, Great Books Teaching Company lecture series, weekly visits by Head Start, pre-school and toddler story time, summer reading program for youth, various adult and children programming and a summer lecture series.

b. Basis of Accounting

The Library prepares its financial statements in accordance with generally accepted accounting principles which involves the application of accrual accounting; consequently, revenues are recognized when earned, and expenses are recorded when incurred.

c. Basis of Presentation and Change for New Pronouncements

In 1995, the Library adopted SFAS No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117, the Library is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted assets. The Library has no permanently restricted assets.

d. Property, Plant & Equipment

Land and buildings are shown on the statement of financial position at current appraisal values and no depreciation expense is recorded. The original building was built in 1936. The land and building were appraised in January 2013. The appraisal value was used for both years. There were no amounts recorded on the books to substantiate the original cost of these assets. Subsequent building improvements and equipment purchases were expensed when acquired and no depreciation expense was ever recorded. It is presumed that the original building noted above would be fully depreciated. More recent building improvements and equipment purchases such as computers and office equipment may or may not be fully depreciated depending on when they were purchased and the estimated useful lives assigned to them. Fixed asset purchases acquired and expensed in 2011 and 2010 were \$53,267 and \$0 respectively. The 2011 capital expenditures include renovations to the reading room of the Library. Accounting principles generally accepted in the United States of America require that property, plant and equipment be capitalized and stated at cost, if purchased, or at fair value, if donated or contributed, and those amounts should be reduced by depreciation based on the estimated useful lives of the assets.

Ethelbert B. Crawford Public Library

Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

e. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Library to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

f. Inexhaustible Collections and Books

Because the value of the existing inexhaustible collection, including research books, is not readily determinable, the Library has not capitalized them. Books used in the circulating Library have not been capitalized because their useful lives are not determinable.

2. Income Taxes

The Library is an organization exempt from Federal and State income taxes under the Internal Revenue Code Section 501(c)(3). Accordingly, no provision for Federal or State income taxes has been made.

3. Compensated Absences

Employees of the Library are entitled to paid vacation, paid sick, and personal days off, depending on job classification, length of service, and other factors. However, the Library only records expenditures when disbursed. The Library's policy is to recognize the costs of compensated absences when actually paid to employees.

4. Economic Dependence

Primary funding for the Library is generated from tax levies from the towns of Thompson, Bethel and Forestburgh in Sullivan County, New York. It does not appear that funding for the library will be eliminated. A significant reduction in the level of support, if it should occur, may have a material effect on the Library's programs and activities. The Library is also one of the beneficiaries of various endowments including the Mildred Bennett Memorial Fund and the Mildred A. Smith Trust.

5. Concentration of Credit Risk

The Library maintains cash balances at one bank in Sullivan County, New York. The Library at times has cash balances that exceed \$250,000 in one account in an individual bank. The Federal Deposit Insurance Corporation insures the first \$250,000 of funds at member banks in the current year. The Library feels the commercial bank that they use is financially sound and the risk is minimal.

Ethelbert B. Crawford Public Library

Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

6. New Library Facility

In September 2011, the Library contracted to purchase property in Monticello, New York. The purchase price is \$600,000 and a deposit of \$60,000 was put into escrow. The Library has made application to the Dormitory Authority of the State of New York, a public benefit corporation of the State of New York (the "Authority"), for financial assistance through the issuance of revenue bonds of the Authority not to exceed \$5,340,000 to finance the costs of the acquisition of a parcel of land and the building thereon and reconstruction of said building located at 479 Broadway, in Monticello, New York to serve as a new Public Library District facility, including original equipment, machinery, apparatus, appurtenances, site work and incidental construction, reconstruction, improvements and expenses in connection therewith. A Spring 2013 purchase date is anticipated.

7. Retirement Plan

The Library participates in the New York State & Local Retirement System. Contributions are made for the employees benefit on an annual basis. Employee eligibility is based on length of service. The contributions to the plan for the years ended December 31, 2011 and 2010 were \$43,380 and \$30,783 respectively.

8. Board Designated Fund Balance

At the August 2010 Board Meeting, the Board of Trustees resolved to move \$400,000 from the Operating Fund to a temporarily restricted fund.

9. Subsequent Events

Management has evaluated subsequent events through January 14, 2013, the date on which the financial statements were available to be issued.

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

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

The following is a summary of certain provisions of the Loan Agreement pertaining to the Series 2013 Bonds and the Project. This summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of its provisions. Defined terms used in this Appendix have the meanings ascribed to them in Appendix A.

Construction of the Project

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

(Section 5)

Amendment of the Project; Additional Bonds

(a) The Institution, with the prior written consent of DASNY, may amend the Project to decrease, increase or otherwise modify the scope thereof. Any such increase may provide for the addition of any further acquisition, design, construction, reconstruction, rehabilitation, renovation, improving, or otherwise providing, furnishing and equipping of the Project which DASNY is authorized to undertake. The Institution shall provide such moneys as in the reasonable judgment of DASNY may be required for the cost of completing the Project in excess of the moneys in the Construction Fund established for such Project, whether such moneys are required as a result of an increase in the scope of the Project or otherwise. Such moneys shall be paid to the Trustee for deposit in the Construction Fund within fifteen (15) days after receipt by the Institution of written notice from DASNY that such moneys are required.

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

(Section 6)

Financial Obligations

(a) Except to the extent that moneys are available therefor under the Resolution or the Series Resolution or the Loan Agreement, including, without limitation, moneys in the Debt Service Fund, but excluding interest accrued but unpaid on investments held in the Debt Service Fund, if any, the Institution unconditionally agrees to pay or cause to be paid, so long as the Bonds are Outstanding, to or upon the order of DASNY, from its general funds or any other moneys legally available to it:

(i) On or before the date of delivery of the Bonds, DASNY Fee as set forth in Schedule B attached to the Loan Agreement;

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

(iii) [Reserved];

(iv) On or before each March 1 commencing on March 1, 2013, an amount equal to the interest coming due on the Bonds on the immediately succeeding July 1 and January 1;

(v) On or before each March 1 commencing on March 1, 2013, an amount equal to the principal and Sinking Fund Installment on the Bonds coming due on the immediately succeeding July 1;

(vi) Except as otherwise agreed to in writing by DASNY, at least forty-five (45) days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased, other than Bonds being redeemed pursuant to Sinking Fund Installments in accordance with clause (v) above, is to be paid, the amount required to pay the Redemption Price or purchase price of such Bonds;

(vii) The Annual Administrative Fees as set forth in Schedule A to the Loan Agreement;

(viii) Promptly after notice from DASNY, 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 DASNY (A) for DASNY Fee then unpaid, (B) to reimburse DASNY for payments made by it pursuant to the Loan Agreement and any expenses or liabilities incurred by DASNY pursuant to the Loan Agreement, (C) to reimburse DASNY for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of the Project, (D) for the costs and expenses incurred by DASNY to compel full and punctual performance by the Institution of all the provisions of the Loan Agreement or of the Mortgage or the Resolution in accordance with the terms thereof and (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution;

(ix) Promptly upon demand by DASNY (a copy of which shall be furnished to the Trustee), all amounts required to be paid by the Institution as a result of an acceleration pursuant to the Loan Agreement,

(x) Promptly upon demand by DASNY, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Bonds or otherwise available therefor under the Resolution and the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds, and any fees or expenses incurred by DASNY in connection therewith including those of any rebate analyst or consultant engaged by DASNY ;

(xi) [Reserved]; and

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

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

Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Bonds so delivered. In addition, subject to the provisions of the Loan Agreement and of the Collection Agreement, the Institution shall receive a credit against the amounts required to be paid by the Institution during a Bond Year as described paragraphs (a)(iv) and (v) above on account of payments made to the Trustee pursuant to the Collection Agreement.

DASNY pursuant to the Loan Agreement directs the Institution, and the Institution agrees, to make the payments required by this paragraph (a) as follows: (i) the payments required by paragraphs (a)(iv), (a)(v), (a)(vi), (a)(ix) and (a)(xii) above directly to the Trustee for deposit and application in accordance with the Resolution; (ii) the payments required by paragraph (a)(ii) above directly to the Trustee for deposit in the Construction Fund or other fund established under the Resolution, as directed by DASNY; (iii) the payments required by paragraphs (a)(x) above directly to the Trustee for deposit in the Arbitrage Rebate Fund; and (iv) the payments required by paragraphs (a)(i), (a)(vii) and (a)(viii) under this heading "Financial Obligations" to or upon the written order of DASNY.

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

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

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

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

(e) DASNY shall have the right in its sole discretion to make on behalf of the Institution any payment required pursuant to the Loan Agreement which has not been made by the Institution when due. No such payment by DASNY shall limit, impair or otherwise affect the rights of DASNY described under the heading "Defaults and

Remedies” arising out of the Institution’s failure to make such payment and no payment by DASNY shall be construed to be a waiver of any such right or of the obligation of the Institution to make such payment.

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

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

(Section 9)

Security Interest in Pledged Revenues.

As security for the payment of all liabilities and the performance of all obligations of the Institution pursuant to the Loan Agreement, the Institution does continuously pledge, grant a security interest in, and assign to DASNY the Pledged Revenues, together with the Institution’s right to receive and collect the Pledged Revenues and the proceeds of the Pledged Revenues.

The Institution represents and warrants that no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any lien, pledge, security interest or assignment, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the Institution’s performance under the Loan Agreement. The Institution agrees that it shall not, except as provided by the Resolution, hereafter create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal to the pledge described under this heading “Security Interest in Pledged Revenues;” provided, however, that the Institution may incur indebtedness secured by a parity lien on Pledged Revenues and/or the Mortgaged Property (excluding however DASNY’s security interest in the Project Levy) with the prior written consent of DASNY (“Parity Indebtedness”), which consent shall not be unreasonably withheld.

(Section 11)

Collection of Pledged Revenues

(a) Subject to the provisions of paragraph (b) below, commencing on the date on which the Bonds are first issued and delivered and continuing until no Bonds are Outstanding, the Institution, pursuant to the provisions of the Collection Agreement or otherwise, shall deliver to the Trustee for deposit in accordance with the Resolution all Pledged Revenues (other than the amounts subject to any Parity Indebtedness) within ten (10) days following the Institution’s receipt thereof unless and until there is on deposit in the Debt Service Fund an amount at least equal to the sum of (i) the interest coming due on or prior to the earlier of the next succeeding January 1 or July 1, (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, and (iii) the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased, and accrued interest thereon to the date of redemption or purchase. In the event that, pursuant to the provisions of the Loan Agreement, DASNY notifies the Institution that account debtors are to make

payments directly to DASNY or to the Trustee, such payments shall be made directly to DASNY or the Trustee notwithstanding anything contained in this paragraph, but the Institution shall continue to deliver to the Trustee for deposit in accordance with the Resolution any payments received by the Institution with respect to the Pledged Revenues.

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

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

(d) It is agreed that all State officers or local officers, including without limitation, officers of the State Education Department, the Towns of Thompson, Bethel and Forestburgh and the County of Sullivan, and officers of the Institution are authorized, required and directed to pay Public Funds to DASNY or the Trustee for deposit in the funds created under the Resolution upon the filing of a certificate by an Authorized Officer of DASNY with such officer stating the amount, if any, needed to satisfy the obligations of the Institution which have not been satisfied by the Institution when due under the Loan Agreement. Such certificate may be filed at any time. The direction may be rescinded by DASNY by the filing of a rescinding notice with the officer receiving the certificate. Copies of any certificate filed pursuant to this paragraph shall be delivered to the Trustee and the Institution.

(Section 12)

Mortgage(s); Lien on Fixtures, Furnishings and Equipment

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

Prior to any assignment of the Mortgage to the Trustee, DASNY, however, without the consent of the Trustee or the Holders of Bonds, may consent to the amendment, modification, termination, subordination or satisfaction of such Mortgage and of any security interest in fixtures, furnishings or equipment located in or on or used in connection with such Mortgaged Property and the property subject to such Mortgage or security interest may be released from the lien thereof, all upon such terms and conditions as DASNY may reasonably require. As a condition to such approval, DASNY may require that the Institution pay to the Trustee for deposit in the Debt Service Fund an amount not to exceed the principal amount of the Bonds Outstanding at the date of such transfer, sale or conveyance, as such amount is determined by DASNY. Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures in the Mortgaged Property provided that the Institution substitutes equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

(Section 13)

Warranty of Title; Title Insurance; Utilities and Access

The Institution warrants and represents to DASNY that (i) it has good and marketable title to the Project and the Mortgaged Property, free and clear of liens and encumbrances, except Permitted Encumbrances, so as to permit it to have quiet enjoyment and use thereof for purposes of the Loan Agreement and the Institution's programs and (ii) the Institution has such rights of way, easements or other rights in land as may be reasonably

necessary for ingress and egress to and from the Project and the Mortgaged Property for proper operation and utilization of the Project and the Mortgaged Property and for utilities required to serve the Project and the Mortgaged Property, together with, if applicable, such rights of way, easements or other rights in, to and over land as may be necessary for construction by the Institution of the Project.

The Institution covenants that title to the Project and the Mortgaged Property shall be kept free from any encumbrances, liens or commitments of any kind, other than Permitted Encumbrances.

Upon delivery of the Mortgage pursuant to the Loan Agreement, the Institution shall provide (i) a title insurance policy in form and substance, and by insurer(s), acceptable to DASNY, in the amount of the aggregate principal amount of the Bonds issued or such other amount as is acceptable to DASNY, insuring the Mortgage to be a valid first lien on applicable Mortgaged Property, free and clear of liens and encumbrances except Permitted Encumbrances, and (ii) a current survey or surveys, including a metes and bounds description, of such Mortgaged Property, certified to DASNY and the issuer of the title insurance policy and showing any easements to which such Mortgaged Property is subject.

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

(Section 14)

Consent to Pledge and Assignment by DASNY

The Institution consents to and authorizes the assignment, transfer or pledge by DASNY to the Trustee of DASNY's rights to receive any or all of the payments required to be made pursuant to the Loan Agreement, any or all security interests granted by the Institution under the Loan Agreement, including without limitation the Mortgage, the security interest in the Pledged Revenues given by the Institution pursuant to the Loan Agreement, and all funds and accounts established by the Resolution and pledged under the Resolution, in each case to secure any payment or the performance of any obligation of the Institution 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 DASNY to the Trustee. The Institution further agrees that DASNY may pledge and assign to the Trustee any and all of DASNY's rights and remedies under the Loan Agreement. Upon any pledge and assignment by DASNY to the Trustee described in this paragraph, the Trustee shall be fully vested with all of the rights of DASNY 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 Institution's obligation to make all payments required by the Loan Agreement and to performing all other obligations required to be performed by the Institution under the Loan Agreement. Any realization upon the Mortgage or any pledge made or security interest granted by Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the Institution under the Loan Agreement.

(Section 15)

Additional Representation and Covenants

The Institution warrants and represents that (i) it has the requisite power and authority (A) to authorize, execute and deliver, and to perform its obligations under, the Loan Agreement, the Collection Agreement, the Mortgage and the Related Agreements, (B) to incur the indebtedness contemplated thereby and (C) to make the pledge of and grant the security interest in the Pledged Revenues given in the Loan Agreement, (ii) the Loan Agreement, the Collection Agreement, the Mortgage and the Related Agreements constitute the valid and binding obligations of the Institution enforceable in accordance with their terms, and (iii) the execution and delivery of, consummation of the transactions contemplated by and performance of the Institution's obligations under the Loan Agreement, the Collection Agreement, the Mortgage and each of the Related Agreements, including, but not limited to, the pledge of and security interest in the Pledged Revenues made or granted pursuant to the Loan Agreement, do

not violate, conflict with or constitute a default under the charter or bylaws of the Institution or any indenture, mortgage, trust, or other commitment or agreement to which the Institution is a party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the Institution or any of its properties.

The Institution warrants, represents and covenants (i) that the Pledged Revenues, or any right to receive or collect the same or the proceeds thereof, are and will be free and clear of any pledge, lien, charge, security interest or encumbrance thereon or with respect thereto, other than any Parity Indebtedness, prior to, or of equal rank with, the pledge thereof made pursuant to the Loan Agreement and (ii) that all corporate action on the part of the Institution to authorize the pledge thereof and the granting of a security interest therein has been duly and validly taken. The Institution further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect such pledge and security interest and all of the rights of DASNY and the Holders of Bonds thereunder against all claims and demands of all persons whomsoever.

(Section 16)

Tax-Exempt Status of the Institution

(a) The Institution represents that (i) it is a public library as described in Section 253 of article 5, title 1, of Chapter 16 of the Consolidated Laws of the State of New York (Education Law), (ii) it was validly created and established in 1991 as a special district public library by a majority vote of the voting electorate in the portion of each of the Towns of Thompson, Bethel and Forestburgh, in Sullivan County, New York, which is located in the Monticello Central School District, pursuant to Chapter 942 of the Laws of 1990 of the State, as amended by Chapter 229 of the Laws of 1991 of the State, and has received its charter from the Board of Regents, (iii) its board of trustees is elected by vote of the voting electorate in the portion of each of the Towns of Thompson, Bethel and Forestburgh which is located in the Monticello Central School District, (iv) no part of its earnings inure to the benefit of any private non-governmental entity or individual, (v) it is not subject to federal, state or local taxation, (vi) upon dissolution, its assets must be returned to the Board of Regents to the extent of any state aid or gifts for public use received by it, with remaining assets, if any, to be used as directed in the vote abolishing the library, (vii) its full-time employees are subject to the state civil service laws and regulations, and (viii) substantially all of the employees are members of the New York State and Local Employees Retirement System.

(b) The Institution agrees that it shall take no action, enter into any agreement, or use or permit the Project to be used in any manner, nor shall it fail to take any action or consent to the failure to take any action, which could adversely affect the exclusion of interest on the Bonds from federal gross income pursuant to Section 103 of the Code.

(Section 17)

Use and Possession of the Project

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

(Section 21)

Restrictions on Religious Use

The Institution agrees that with respect to the Project or portion thereof, so long as such Project or portion thereof exists and unless and until such Project or portion thereof is sold for the fair market value thereof such

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

(Section 22)

Covenant as to Insurance

(a) The Institution 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 entities located in the State of a nature similar to that of the Institution, which insurance shall include property damage, fire and extended coverage, public liability and property damage liability insurance in amounts estimated to indemnify the reasonably anticipated damage, loss or liability, subject to reasonable deductible provisions. The Institution shall at all times also maintain worker's compensation coverage and disability benefits insurance coverage as required by the laws of the State.

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

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

(Section 25)

Indemnity by Institution

(a) To the extent permitted by law, the Institution releases and agrees to hold harmless and indemnify DASNY and its members, officers, officials, counsel, consultants, agents and employees from and against all, and agrees that DASNY and its members, officers, officials, counsel, consultants, agents and employees shall not be liable for any, (i) liabilities, suits, actions, claims, demands, damages, losses, expenses and costs of every kind and nature resulting from any action taken in accordance with, or permitted by, the Loan Agreement, the Collection Agreement, the Mortgage, any Related Agreement or the Resolution, or arising therefrom or incurred by reason thereof or arising from or incurred by reason of the financing of the Project, or (ii) loss or damage to property or any injury to or death of any or all persons that may be occasioned by any cause whatsoever pertaining to the Project or the Mortgaged Property or arising by reason of or in connection with the presence on, in or about the premises of

such Project or the Mortgaged Property of any person; including in each case, without limiting the generality of the foregoing, causes of action and attorney's fees and other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing and including any loss, damage or liability which may arise as a result of the negligence (but excluding any loss, damage or liability which may arise as a result of the gross negligence, willful misconduct or intentional misrepresentation) of any party so indemnified by the Institution, and to deliver at the request of DASNY any further instrument or instruments in form satisfactory to DASNY as in the reasonable judgment of DASNY may be necessary to effectuate more fully the provisions of this paragraph (a); provided, however, that (i) the indemnity provided in this sentence shall be effective only to the extent of any loss or liability that may be sustained by DASNY in excess of net proceeds received from any insurance carried with respect to such loss or liability and (ii) DASNY and the Institution shall each provide waiver of rights of subrogation against the other in any insurance coverage obtained relating to the Project and the Mortgaged Property. The indemnity provided for such parties by this paragraph (a) shall be in addition to and not limited by any of the provisions of paragraph (b) below or any provisions of the Loan Agreement relating to the Institution's maintenance of insurance, taxes and assessments; provided, however, that, to the extent DASNY receives indemnification pursuant to such provisions, DASNY shall not be entitled to additional indemnification pursuant to this paragraph (a).

(b) The Institution agrees, to the extent permitted by law, to indemnify and hold harmless DASNY, any member, officer, official, employee, counsel, consultant and agent of DASNY, each and any purchaser of Bonds whose name is set forth in a contract of purchase between any such purchaser or purchasers and DASNY providing for the sale of Bonds by DASNY or on a bid submitted at public sale for the purchase of Bonds and each person, if any, who controls any such purchaser within the meaning of Section 15 of the Securities Act of 1933, as amended (all such parties being collectively called the "Indemnified Parties") against any and all losses, claims, damages, liabilities or expenses whatsoever, joint or several, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) are caused by, arise out of or are based upon any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact relating to the Institution, the Project, the Mortgaged Property or the use of proceeds of the Bonds made, provided or certified by the Institution or any agent thereof and contained in an official statement, or other offering document, or any amendment thereof or supplement thereto, relating to the Bonds offered for sale thereby, or caused by, arising out of or based upon any omission or alleged omission from such an official statement, or any amendment thereof or supplement thereto, of any material fact relating to the Institution or the Project or the Mortgaged Property or the use of proceeds of the Bonds necessary in order to make the statements made therein in the light of the circumstances under which they were made not misleading.

(c) In case any action shall be brought in respect of which indemnity may be sought against the Institution pursuant to the Loan Agreement, any person seeking indemnity under the Loan Agreement shall promptly notify the Institution in writing, and the Institution shall promptly assume the defense thereof, including the employment of counsel and the payment of all expenses; provided, however, that the Institution shall have the right to negotiate and consent to settlement and that it shall be the duty of such person to cooperate with the Institution in asserting such defense and in reaching such settlement. Any such person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such person unless the employment of such counsel has been specifically authorized by the Institution. The Institution shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Institution or if there be a final judgment for the plaintiff in any such action with or without the Institution's consent, the Institution agrees to indemnify and hold harmless such person from and against any loss or liability by reason of such settlement or judgment in accordance with this paragraph.

(Section 30)

Defaults and Remedies.

(a) The term "Event of Default" shall mean:

(i) the Institution shall (A) default in the timely payment of any amount payable as described under the heading "Financial Obligations" (other than as described in paragraphs (a)(i), (a)(ii) or (a)(xii) thereof) or the payment of any other amounts required to be delivered or paid by or on behalf of the

Institution in accordance with the Loan Agreement, the Series Resolution or with the Resolution, and such default continues for a period in excess of seven (7) days or (B) default in the timely payment of any amount payable as described under the heading “Financial Obligations” in paragraphs (a)(i), (a)(ii), or (a)(xii) thereof; or

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

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

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

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

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

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

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

(ix) a petition shall be filed with a court having jurisdiction for an order directing or providing for the sale, disposition or distribution of all or substantially all of the property belonging to the Institution which petition shall remain undismissed or unstayed for an aggregate of thirty (30) days; or

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

(xi) a final judgment for the payment of money, which is not covered by insurance or reserves set aside by the Institution, which in the judgment of DASNY will adversely affect the rights of the Holders of the Bonds shall be rendered against the Institution and at any time after thirty (30) days

from the entry thereof, (A) such judgment shall not have been discharged or paid, or (B) the Institution shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within thirty (30) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal;

(xii) the Institution shall be in default in connection with any indebtedness secured by the Pledged Revenues or the Mortgaged Property and as a consequence thereof such indebtedness has been or is capable of being declared immediately due and payable; or

(xiii) -the Institution defaults under the Mortgage and such default continues beyond any applicable grace period.

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

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

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

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

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

(v) realize upon any pledge of or security interest in the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement by any one or more of the following actions: (A) enter the Institution and examine and make copies of the financial books and records of the Institution relating to the Pledged Revenues and take possession of all checks or other orders for payment of money and moneys in the possession of the Institution representing Pledged Revenues or proceeds thereof (B) notify any account debtors obligated on any Pledged Revenues to make payment directly to DASNY or to the Trustee, as DASNY may direct, and of the amount to be so paid; provided, however, that (1) DASNY may, in its discretion, immediately collect the entire amount of interest, principal, or Sinking Fund Installments, if any, coming due on Outstanding Bonds on the next interest payment date therefor, and may continue to do so commencing on each such interest payment date to the extent of amounts due on Outstanding Bonds on the next interest payment date therefor, with respect to the Pledged Revenues, until such amounts are fully collected, (2) written notice of such notification shall be mailed to the Institution five (5) days prior to mailing or otherwise making such notification to account debtors and (3) until the Institution shall receive such notice it shall have full authority and responsibility to enforce and collect Pledged Revenues owing from its account debtors; (C) following the above mentioned notification to account debtors, collect, compromise, settle, compound or extend amounts payable as Pledged Revenues which are in the form of accounts receivable or contract rights from the Institution's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Institution whether or not the full amount of any such account receivable or contract right owing shall be paid to DASNY; (D) require the Institution to deposit all moneys, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned under the Loan Agreement within five (5) business days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by DASNY; provided, however, that (1) the moneys in such fund or account shall be applied by DASNY to the payment of any of the obligations of the Institution under the Loan Agreement, including the fees and expenses of DASNY, (2) DASNY in its sole discretion may authorize the Institution to make withdrawals from such fund or account

for its corporate purposes and (3) the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the Institution when all Events of Default under the Loan Agreement by the Institution have been cured; (E) forbid the Institution to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Pledged Revenues, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; or (F) endorse in the name of the Institution any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;

(vi) to the extent permitted by law and as applicable, (A) enter upon the Project and complete the construction thereof in accordance with the plans and specifications with such changes therein as DASNY may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the Institution, consent to such entry being hereby given by the Institution, (B) at any time discontinue any work commenced in respect of the construction of the Project or change any course of action undertaken by the Institution and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (C) assume any construction contract made by the Institution in any way relating to the construction of the Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the Institution, whether or not previously incorporated into the construction of such Project, and (D) in connection with the construction of the Project undertaken by DASNY pursuant to the provisions of this subparagraph (vi), (1) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of such Project, (2) pay, settle or compromise all bills or claims which may become liens against the Project or against any moneys of DASNY applicable to the construction of such Project, or which have been or may be incurred in any manner in connection with completing the construction of the Project or for the discharge of liens, encumbrances or defects in the title to the Project or against any moneys of DASNY applicable to the construction of such Project, and (3) take or refrain from taking such action under the Loan Agreement as DASNY may from time to time determine. The Institution shall be liable to DASNY for all sums paid or incurred for construction of the Project whether the same shall be paid or incurred pursuant to the provisions of this subparagraph (vi) or otherwise, and all payments made or liabilities incurred by DASNY under the Loan Agreement of any kind whatsoever shall be paid by the Institution to DASNY upon demand. The Institution irrevocably constitutes and appoints DASNY its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the Institution for the purpose of exercising the rights granted to DASNY by this subparagraph (vi) during the term of the Loan Agreement;

(vii) Reserved;

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

(ix) realize upon any security interest in the fixtures, furnishings and equipment, including any one or more of the following actions: (i) enter the Project or Mortgaged Property and take possession of any such fixtures, furnishings and equipment; or (ii) sell, lease or otherwise dispose of any such fixtures, furnishings and equipment either together with a sale, lease or other disposition of the Mortgaged Property pursuant to the Loan Agreement or to the Mortgage, or separately, whether or not possession has been secured; provided, however, that if sold, leased or otherwise disposed of separately, such sale, lease or other disposition shall be in a commercially reasonable manner and upon five (5) days' prior written notice to the Institution of the time and place of such sale.

All rights and remedies in the Loan Agreement given or granted to DASNY are cumulative, nonexclusive and in addition to any and all rights and remedies that DASNY 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 DASNY's right to exercise such remedy thereafter.

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

(Section 31)

Arbitrage; Tax Exemption

Each of the Institution and DASNY covenants that it shall take no action, nor shall it approve the Trustees taking any action or making any investment or use of the proceeds of the Bonds, which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Bonds at the time of such action, investment or use.

Neither the Institution nor any “related person” (as such term is defined for purposes of Section 148 of the Code) shall purchase any Series 2013 Bonds other than for delivery to and cancellation by the Trustee, unless the Trustee shall receive an opinion of Bond Counsel to the effect that the purchase by the Institution or by a related person of Series 2013 Bonds will not cause interest on the Series 2013 Bonds to be included in the gross income of the owners of the Series 2013 Bonds for purposes of federal income taxation.

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

DASNY has undertaken full responsibility for performing rebate calculations that may be required from time to time with respect to the Bonds. Upon request, the Institution covenants that it will provide such information not in DASNY’s possession as DASNY deems necessary to calculate the yield on the Bonds and to comply with the arbitrage and rebate requirements of the Code, and any other information as may be necessary to prepare the rebate calculation to DASNY or an entity which DASNY has designated no less than once a year measured from the date of issuance of the Bonds. The Institution shall be obligated to pay the costs in connection therewith in accordance with the Loan Agreement. DASNY shall retain in its possession, so long as required by the Code, copies of all documents, reports and computations made by it in connection with the calculation of excess earnings and the rebate of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable times to the inspection of the Institution and its agents and representatives, any of whom may make copies thereof. Upon written request from the Institution, DASNY shall as soon as practicable provide the Institution with a copy of such documents, reports and computations.

(Section 36)

Consultation with the Institution

(a) DASNY agrees that it will consult with the Institution prior to (i) giving any direction for the deposit or application of voluntary payments pursuant to the terms of the Loan Agreement, (ii) giving any notice to the Trustee of its election to redeem Bonds or of the Bonds to be redeemed pursuant to the Resolution and (iii) rebating any moneys to the Department of the Treasury of the United States of America; provided, however, that such consultation shall not be a condition precedent to any action to be taken by the Trustee pursuant to a direction of, or upon receipt of a notice from, DASNY, and failure to so consult with the Institution shall not affect the validity of any proceedings for the redemption of the Bonds or of any other action taken by the Trustee pursuant to such direction or upon receipt of such notice.

(b) DASNY 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 on the gross proceeds of the Bonds, as determined in accordance with the Code, and the rebate of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable times to the inspection of the Institution and its agents and representatives, any of whom may make copies thereof. Upon written request from the Institution DASNY shall as soon as practicable provide the Institution with a copy of such documents, reports and computations.

(c) In the event that DASNY is notified in writing that the 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 Institution. In the event that the Institution is notified in writing that the 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 DASNY. Upon the occurrence of such an event, the Institution and DASNY shall fully cooperate with one another and participate in all aspects of the conduct of the response thereto.

(Section 38)

Termination

The Loan Agreement shall remain in full force and effect until no Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the Institution shall have been made or provision made for the payment thereof; provided, however, that the liabilities and the obligations of the Institution under the Loan Agreement and to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to the Loan Agreement shall nevertheless survive any such termination. Upon such termination, DASNY shall promptly deliver such documents as may be reasonably requested by the Institution to evidence such termination and the discharge of the Institution's duties under the Loan Agreement, including the satisfaction of the Mortgage and the release or surrender of any security interests granted by the Institution to DASNY pursuant to the Loan Agreement.

(Section 45)

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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**SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTION**

The following is a summary of certain provisions of the Resolution pertaining to the Bonds and the Project. Such summary does not purport to be complete and reference is made to the Resolution for full and complete statements of each of its provisions. Defined terms used in this Appendix shall have the meanings ascribed to them in Appendix A. Unless otherwise indicated, references to section numbers herein refer to sections in the Resolution.

Resolution and Bonds Constitute a Contract

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

(Section 1.03)

Refunding Bonds and Additional Obligations

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

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

DASNY reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of DASNY, 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 and pursuant to a Series Resolution, or prior or equal to the rights of DASNY and Holders of Bonds of a Series; provided, however, that this paragraph shall not prohibit the Institution from incurring Parity Indebtedness.

(Sections 2.04 and 2.05)

Pledge of Revenues

The proceeds from the sale of a Series of Bonds, the applicable Revenues, DASNY's security interest in the applicable Pledged Revenues and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution, other than the Arbitrage Rebate Fund, are subject to the adoption of a Series

Resolution, pledged and assigned to the Trustee as security for the payment of the principal and Redemption Price of and interest on such Series of Bonds, all in accordance with the provisions thereof. The pledge of the applicable Revenues and the assignment of DASNY's security interest in the applicable Pledged Revenues shall also be for the benefit of the applicable Facility Provider as security for the payment of any amounts payable to such Facility Provider under the Resolution; provided, however, that, except as otherwise provided in the applicable Series Resolution or Bond Series Certificate, such pledge and assignment shall, in all respects, be subject and subordinate to the rights and interest therein of the Bondholders of such Series of Bonds. The pledge made shall relate only to the Bonds of a Series authorized by such Series Resolution and no other Series of Bonds and such pledge shall not secure any such other Series of Bonds. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of a Series of Bonds, the applicable Revenues, DASNY's security interest in the applicable Pledged Revenues and all funds and accounts established by the Resolution and by a Series Resolution which are pledged by the Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against DASNY 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 DASNY payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the applicable Revenues, DASNY's security interest in the applicable Pledged Revenues and the funds and accounts established by the Resolution and pursuant to a Series Resolution and which are pledged by the Resolution, which pledge shall constitute a first lien thereon, subject only to the applicable Prior Pledges and any parity lien on Pledged Revenues (excluding the Project Levy) securing Parity Indebtedness.

(Section 5.01)

Establishment of Funds and Accounts

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

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

Accounts and subaccounts within each of the foregoing funds may from time to time be established in accordance with a Series Resolution, a Bond Series Certificate or upon the direction of DASNY. All moneys at any time deposited in any fund, account or subaccount created and pledged by the Resolution or by a Series Resolution or required thereby to be created shall be held in trust for the benefit of the Holders of Bonds of a Series, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Resolution, unless otherwise provided in the applicable Series Resolution; provided, however, that any Debt Service Reserve Fund established by or pursuant to a Series Resolution, the amounts held therein and amounts derived from any Reserve Fund Facility related thereto, shall not be held in trust for the benefit of the Holders of Bonds other than the Bonds of the Series secured thereby as provided in such Series Resolution and are pledged solely thereto and no Holder of the Bonds of any other Series shall have any right or interest therein.

(Section 5.02)

Application of Bond Proceeds and Allocation Thereof

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

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

(Section 5.03)

Application of Moneys in the Construction Fund

As soon as practicable after the delivery of a Series of Bonds, the Trustee shall deposit in the Construction Fund the amount required to be deposited therein pursuant to the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series. In addition, DASNY shall pay over to the Trustee and the Trustee shall deposit in the Construction Fund any moneys paid to DASNY for the acquisition, construction, reconstruction, renovation or equipment of any Project. The Trustee shall also deposit in the Construction Fund all amounts paid to it by the Institution which by the terms of the applicable Loan Agreement are required to be deposited therein.

(a) Except as otherwise provided in the Resolution and in any applicable Series Resolution or Bond Series Certificate, moneys deposited in the Construction Fund shall be used only to pay the Costs of Issuance and the Costs of the Project with respect to such Series of Bonds or for refunding other notes or bonds of DASNY the proceeds of which were applied to making a loan to the Institution. For purposes of internal accounting, the Construction Fund may contain one or more further subaccounts, as DASNY or the Trustee may deem proper.

(b) Payments for Costs of Issuance shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of DASNY stating the names of the payees, the purpose of each payment in terms sufficient for identification, and the respective amounts of each such payment. Payments for Costs of each Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of DASNY, (which certificate shall, to the extent that the Institution has undertaken the primary responsibility for the construction of such Project or any portion thereof, be substantiated by a certificate filed with DASNY signed by an Authorized Officer of the Institution naming the Project in connection with which payment is to be made and describing in reasonable detail the purpose for which moneys were used and the amount thereof, and further stating that such purpose constitutes a necessary part of the Costs of such Project), except that payments to pay interest on Bonds of a Series shall be made by the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of DASNY directing the Trustee to transfer such amount from the Construction Fund to the Debt Service Fund.

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

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

Upon receipt by the Trustee of a certificate relating to the completion of a Project, the moneys, if any, then remaining in the Construction Fund relating to such Project, after making provision in accordance with the direction of an Authorized Officer of DASNY for the payment of any Costs of Issuance and Costs of the Project in connection with such Project which are 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 DASNY, to the Arbitrage Rebate Fund, the amount set forth in such direction;

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

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

(Section 5.04)

Deposit of Revenues and Allocation Thereof

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

First: To the Debt Service Fund, unless otherwise provided in the applicable Series Resolution or Bond Series Certificate, 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 Outstanding Bonds of a Series payable on and prior to the next succeeding July 1, and (b) the purchase price or Redemption Price of Outstanding Bonds of Outstanding Bonds theretofore contracted to be purchased or called for redemption pursuant to the Resolution, plus accrued interest thereon to the date of purchase or redemption;

Second: To reimburse each Facility Provider for Provider Payments which are then unpaid the respective Provider Payments and to replenish each Debt Service Reserve Fund, if any, to its respective Debt Service Reserve Fund Requirement, pro rata, in proportion to the amount the respective Provider Payments then unpaid to each Facility Provider and the amount of the deficiency in each Debt Service Reserve Fund bears to the aggregate amount of Provider Payments then unpaid and deficiencies in the respective Debt Service Reserve Funds;

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

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

The Trustee shall, promptly after making the above required payments, notify DASNY and the Institution of any balance of Revenues remaining on the immediately succeeding July 1. After making the above required payments, the balance, if any, of the Revenues then remaining shall, upon the direction of an Authorized Officer of DASNY, be paid by the Trustee to the Construction Fund or the Debt Service Fund, or paid to the Institution, in the respective amounts set forth in such direction, free and clear of any pledge, lien, encumbrance or security interest created by the Resolution.

(Section 5.05)

Debt Service Fund

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

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

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

(iii) the Sinking Fund Installments, if any, due and payable on all Outstanding Bonds of a Series on such interest payment date.

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

(b) Notwithstanding the provisions of paragraph (a) above, DASNY 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 moneys on deposit in the Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds of a Series to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased and any Term Bond purchased by the Institution and delivered to the Trustee in accordance with the applicable Loan Agreement shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to DASNY. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date; provided, however, that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

(c) Moneys in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds of a Series payable on and prior to the next succeeding July 1, the interest on Outstanding Bonds of a Series payable on and prior to the earlier of the next succeeding January 1 or July 1, and the purchase price or Redemption Price of Outstanding Bonds of a Series theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, shall be applied by the Trustee in accordance with the direction of an Authorized Officer of DASNY to the purchase of Outstanding Bonds of a Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of DASNY shall direct. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Debt Service Fund, such moneys shall be applied by the Trustee in accordance with the direction of an Authorized Officer of DASNY given pursuant to the provisions of the Resolution to the redemption of Bonds of a Series as provided in the Resolution, at the Redemption Prices specified in the Series Resolution authorizing the issuance of the Bonds to be redeemed or the Bond Series Certificate relating to such Bonds.

(Section 5.06)

Arbitrage Rebate Fund

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

Moneys on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of DASNY to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as DASNY shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which an Authorized Officer of

DASNY 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.

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

(Section 5.07)

Application of Moneys in Certain Funds for Retirement of Bonds

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

(Section 5.08)

Investment of Funds and Accounts Held by the Trustee

(a) Money held under the Resolution by the Trustee shall, as nearly as may be practicable, be invested by the Trustee, upon direction of DASNY, signed by an Authorized Officer of DASNY (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 DASNY 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 heading, the Trustee shall, upon direction of DASNY, signed by an Authorized Officer of DASNY, invest money in the 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 DASNY reasonably believes such money will be required for the purposes of the Resolution, provided, further, that (x) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of DASNY, 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 hereof 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, DASNY, 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 heading. Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in order to provide money to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise DASNY and the Institution in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions of paragraphs (a), (b) and (c) of this heading. The details of such investments shall include the par value, if any, the cost and the current market value of such investments as of the end of the preceding month. The Trustee shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

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

(Section 6.02)

Creation of Liens

Except as permitted under the Resolution or by a Series Resolution DASNY shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds of a Series on the proceeds from the sale of such Bonds, the Revenues pledged for such Series of Bonds, the Pledged Revenues or the funds and accounts established by the Resolution or by a Series Resolution which are pledged by the Resolution; provided, however, that nothing contained in the Resolution shall prevent DASNY from issuing bonds, notes or other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution; and provided, further, however, that nothing contained in the Resolution shall prevent the Institution from incurring Parity Indebtedness.

(Section 7.06)

Amendment of Loan Agreement

(a) A Loan Agreement may, without the consent of the Holders of Bonds of the applicable Series, be amended, changed, modified 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 Institution’s obligations under such Loan Agreement that is not contrary to or inconsistent with the covenants and agreements of the Institution contained in such Loan Agreement;

(ii) to prescribe further limitations and restrictions upon the Institution’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 Institution, if surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Institution contained in such Loan Agreement; provided, however, that if the same would adversely affect the rights of a Facility Provider, no amendment, change, modification, termination or waiver shall become effective until consented to in writing by the Facility Provider affected thereby;

(iv) to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of a Project, to amend the description of a Project or to add an additional Project to such Loan Agreement or to account for the issuance of Refunding Bonds or other obligations of DASNY refinancing the debt incurred by DASNY to generate the amounts loaned to the Institution under the Loan Agreement;

(v) to amend such Loan Agreement to establish, amend or modify DASNY Fee or the Annual Administrative Fee payable by the Institution 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 such Loan Agreement which may be defective or inconsistent with any other provisions contained in the Resolution or in such Loan Agreement or to amend, modify or waive any other provision of such Loan Agreement provided that the same does not adversely affect the interests of the Bondholders of such Series of Bonds in any material respect.

(b) Notwithstanding the provisions of paragraph (a) above, a Loan Agreement may not be amended, changed, modified or terminated, nor may any provision thereof be waived, without the consent of the Holders of Outstanding Bonds of the applicable Series, as hereinafter provided, if such amendment, change, modification, termination or waiver (i) reduces the amount payable by the Institution under such 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 such Loan Agreement, (iii) diminishes, limits or conditions the rights or remedies of DASNY under such Loan Agreement upon the occurrence of an “Event of Default” thereunder, or (iv) adversely affects the rights of the Bondholders of such Series of Bonds in any material respect. No such amendment, change, modification, termination or waiver shall take effect without the prior written consent of the Holders of at least a majority in principal amount of the Bonds of such Series then Outstanding.

(c) No amendment, change, modification or termination of a Loan Agreement, or waiver or a provision thereof shall be made other than pursuant to a written instrument signed by the parties thereto. No such amendment, change, modification or waiver shall become effective unless there has been delivered to the Trustee an opinion of Bond Counsel to the effect that the same is not inconsistent herewith and will not adversely affect the exclusion of interest on a Bond of a Series from gross income for purposes of federal income taxation. A copy of each such amendment, change, modification, termination or waiver shall be filed with the Trustee.

(d) For the purposes of this heading, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase, may consent to an amendment, change, modification, alteration or termination permitted under this heading 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 of a Series; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the amendment, change, modification, alteration or termination and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series.

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

For all purposes of this heading, 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 or alteration adversely affects the interests of any Holders of Bonds of a Series then Outstanding in any material respect.

(Section 7.11)

Modification and Amendment Without Consent

Notwithstanding any other provisions of the Resolution, DASNY may without the consent of the Holders of the Bonds Outstanding adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of DASNY:

- (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 DASNY for the purpose of further securing the payment of the Bonds of a Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of DASNY contained in the Resolution;
- (c) To prescribe further limitations and restrictions upon the issuance of Bonds of a Series and the incurring of indebtedness by DASNY 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 DASNY by the terms hereof, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of DASNY contained the Resolution;
- (e) To confirm, as further assurance, any pledge under the Resolution or under a Series Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, or any Series Resolution, of the Revenues, or any pledge of any other moneys, securities or funds;
- (f) To modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of a 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 of such Series issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions; or
- (g) 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 the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders of a Series in any material respect.

(Section 9.01)

Supplemental Resolutions Effective with Consent

The provisions of the Resolution or of a Series Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of the Holders of a Series of Bonds 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 DASNY. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 9.02)

Events of Default

An event of default shall exist under the Resolution and under a Series Resolution (herein called “Event of Default”) if:

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

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

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

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

(e) With respect to a Series of Bonds, DASNY shall have notified the Trustee that an “Event of Default” as defined in the applicable Loan Agreement, arising out of or resulting from the failure of the Institution to comply with the requirements of such Loan Agreement shall have occurred and is continuing and all sums payable by the Institution under such Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any Event of Default specified in the Resolution, other than an Event of Default specified in paragraph (c) under the heading “Event of 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 a Series shall, by notice in writing to DASNY, declare the principal of and interest on all of the Outstanding Bonds of such Series to be due and payable. At the expiration of thirty (30) days after notice

of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in a Series Resolution or in the Bonds of a Series to the contrary notwithstanding. At any time after the principal of the Bonds of a Series 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 may, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of such Series of Bonds not then due by their terms and then Outstanding, by written notice to DASNY, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds of such Series (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by DASNY under the Resolution and under a Series Resolution (other than principal amounts payable only because of a declaration and acceleration described under this heading) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default actually known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in such Series Resolution or in such Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration described under this heading) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

Enforcement of Remedies

Upon the happening and continuance of any Event of Default specified in the Resolution, then and in every such case, the Trustee may proceed, and upon the written request of the applicable Facility Provider or of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of a Series, shall proceed (subject to the provisions of the Resolution relating to the compensation of the Trustee) to protect and enforce its rights and the rights of the Bondholders under the Resolution or of such Facility Provider or under the applicable Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or under any Series Resolution or in aid or execution of any power in the Resolution or therein granted, or for an accounting against DASNY as if DASNY were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

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

(Section 11.04)

Priority of Payment After Default

If at any time the moneys held by the Trustee under the Resolution and under a Series Resolution shall not be sufficient to pay the principal of and interest on the Bonds of a Series as the same become due and payable (either by their terms or by acceleration of maturity), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies described under this

heading or otherwise, shall be applied (after first depositing in the Arbitrage Rebate Fund all amounts required to be deposited therein and then paying all amounts owing to the Trustee under the Resolution) as follows:

(a) Unless the principal of all the Bonds of a Series has become or been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds of such Series which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all such amounts due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) Unless otherwise provided in a Series Resolution, if the principal of all of the Bonds of a Series has become or been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon such Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond of such Series over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to the difference in the respective rates of interest specified in such Bonds.

The provisions of this heading are in all respects subject to the provisions of the Resolution describing extension of payment of Bonds.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Resolution described under this heading, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for application in accordance with the provisions of the Resolution shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to DASNY, to any Holder of Bonds of a Series or to any other person for any delay in applying any such moneys so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions hereof as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be on an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

Amounts held by the Trustee after payments to be made pursuant to the Resolution have been made and no Bonds of such Series are Outstanding shall be paid and applied in accordance with the Resolution.

(Section 11.05)

Bondholders' Direction of Proceedings

Anything in the Resolution to the contrary notwithstanding, the Holders of not less than a majority in principal amount of the Outstanding Bonds of a Series shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Resolution and under a Series Resolution, provided, such direction shall not be otherwise than in accordance with law and the provisions of the Resolution and of such Series Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

(Section 11.07)

Limitation of Rights of Individual Bondholders

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

(Section 11.08)

Defeasance

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

(b) Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) above. All Outstanding Bonds of a Series or any maturity within such Series or a portion of a maturity within such 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) above if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, DASNY shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution, notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will, as verified by the report of a firm of independent certified public accountants, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds of a Series on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, DASNY 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, if any, appearing on the registration books, and, if directed by an Authorized Officer of DASNY, 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 paragraph and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds. DASNY shall give written notice to the Trustee of its selection of the Series and maturity the payment of which is to be made in accordance with this paragraph. The Trustee shall select which Bonds of such Series and maturity payment of which shall be made in accordance with this paragraph in the manner provided in the Resolution. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to this paragraph nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; provided, however, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be; provided, further, that money and Defeasance Securities may be withdrawn and used by DASNY 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 moneys 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 DASNY; second, to each Facility Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Facility Provider; third, to DASNY the amount certified by an Authorized Officer of DASNY to be then due or past due pursuant to the applicable Loan Agreement for fees and expenses of DASNY or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the applicable Loan Agreement.

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

(Section 12.01)

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FORM OF APPROVING OPINION OF BOND COUNSEL

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FORM OF APPROVING OPINION OF BOND COUNSEL

April 30, 2013

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

We have examined the record of proceedings relating to the \$5,080,000.00 aggregate principal amount of Ethelbert B. Crawford Public Library Revenue Bonds, Series 2013 (the "Series 2013 Bonds") issued by the Dormitory Authority of the State of New York ("DASNY"), a body corporate and politic constituting a public benefit corporation of the State of New York, created and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Chapter 524 of the Laws of 1944 of the State of New York, as amended to the date hereof (the "Act"). 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. Capitalized terms used herein without other definition have the meanings set forth in the Resolution (hereinafter defined).

The Series 2013 Bonds are issued under and pursuant to the Act and the Ethelbert B. Crawford Public Library Revenue Bond Resolution of DASNY, adopted February 13, 2013 (the "Resolution"), and the Ethelbert B. Crawford Public Library Series 2013 Resolution Authorizing Up To \$5,340,000 Series 2013 Bonds of DASNY, adopted February 13, 2013 (the "Series 2013 Resolution" and, together with the Resolution, the "Resolutions"). The Series 2013 Bonds are being issued for the purposes set forth in the Resolutions.

DASNY has entered into a Loan Agreement with Ethelbert B. Crawford Public Library (the "Institution"), dated as of February 13, 2013 (the "Loan Agreement"), providing, among other things, for a loan to the Institution for the purposes permitted thereby and by the Resolutions. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal, sinking fund installments and redemption price, if applicable, of and interest on the Series 2013 Bonds as the same become due, which payments have been pledged by DASNY to the Trustee for the benefit of the holders of the Series 2013 Bonds. DASNY, the Institution and the Trustee have also entered into a Tax Compliance Agreement dated as of the date hereof relating to the Series 2013 Bonds (the "Tax Compliance Agreement").

The Internal Revenue Code of 1986, as amended (the "Code"), prescribes a number of qualifications and conditions for the interest on state and local obligations to be and to remain excluded from gross income for federal income purposes, some of which, including provisions for potential payments by DASNY to the federal government, require future or continued compliance after issuance of the Series 2013 Bonds in order for the interest thereon to be and to continue to be so excluded from the date of issuance. DASNY and the Institution have covenanted in the Resolutions, the Loan Agreement and the Tax Compliance Agreement to comply with the requirements of the Code, and to take the actions required of them for the interest on the Series 2013 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

Based upon the foregoing, we are of the opinion that:

(1) DASNY 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 2013 Bonds thereunder.

(2) The Resolution has been duly and lawfully adopted by DASNY. The Series 2013 Resolution has been duly and lawfully adopted by DASNY in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions are in full force and effect, and are legal, valid and binding obligations of DASNY enforceable in accordance with their respective terms. The Resolutions create the valid pledge and the valid lien upon the Revenues that they purport to create, subject only to the provisions of the

Resolutions permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolutions.

(3) The Series 2013 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 2013 Bonds are legal, valid and binding special obligations of DASNY payable as provided in the Resolutions, are enforceable in accordance with their terms pursuant to the Resolutions and are entitled to the equal benefits of the Resolutions and the Act.

(4) DASNY has the right and lawful authority and power to enter into the Loan Agreement. The Loan Agreement has been duly authorized, executed and delivered by DASNY and, assuming due authorization, execution and delivery of the Loan Agreement by the Institution, constitutes a legal, valid and binding obligation of DASNY enforceable in accordance with its terms.

(5) Under existing law:

(a) interest on the Series 2013 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code;

(b) interest on the Series 2013 Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code; provided, however, that such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations; and

(c) interest on the Series 2013 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.

In rendering the opinions set forth in paragraph (5) above, we have assumed the accuracy of certain factual certifications of, and continuing compliance with the covenants set forth in the Resolutions, the Loan Agreement and the Tax Compliance Agreement by, DASNY and the Institution. In the event of the inaccuracy or incompleteness of any of the certifications made by DASNY or the Institution, or of the failure by DASNY or the Institution to comply with their respective covenants set forth in the Resolutions, the Loan Agreement and the Tax Compliance Agreement, the interest on the Series 2013 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of such Bonds, regardless of the date on which the event causing such inclusion occurs. We render no opinion as to the exclusion from gross income of interest on the Series 2013 Bonds for purposes of federal income taxation on or after the date on which any change occurs or action is taken or omitted under the Resolutions, the Loan Agreement and the Tax Compliance Agreement or under any other relevant documents without the advice or approval of, or upon the advice or approval of any bond counsel other than, Hiscock & Barclay, LLP. In addition, we have not undertaken to determine, or to inform any person, whether any actions taken, or not taken, or events occurring, or not occurring, after the date of issuance of the Bonds may affect the tax status of interest on the Series 2013 Bonds. Further, although the interest is excludable from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Series 2013 Bond. The tax effect of receipt or accrual of the interest will depend upon the tax status of a holder of a Series 2013 Bond and such holder's other items of income, deduction or credit. We express no opinion with respect to any such effect.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the Institution or as to the accuracy, completeness or sufficiency of the Official Statement or other offering materials relating to the Series 2013 Bonds except to the extent, if any, stated in the Official Statement. In addition, we have relied on the opinion of counsel to the Institution, Orrick Herrington & Sutcliffe, regarding, among other matters, the current qualifications of the Institution as a special district public library validly established pursuant to Chapter 942 of the Laws of 1990 of the State of New York, amended by Chapter 229 of the Laws of 1991 of the State of New York.

We have examined a fully executed Series 2013 Bond and, in our opinion, the form of said Series 2013 Bond and its execution is 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 2013 Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws effecting creditors' rights generally and as to the availability of any particular remedy.

Very truly yours,

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