



\$35,080,000	
DORMITORY AUTHORITY OF THE STATE OF NEW YORK	
ITHACA COLLEGE REVENUE BONDS, SERIES 2008	
Conversion Date: On or about September 17, 2009	Due: As shown on the inside cover

Payment and Security: The Ithaca College Revenue Bonds, Series 2008 (the "Series 2008 Bonds") are special obligations of the Dormitory Authority of the State of New York (the "Authority") payable solely from and secured by a pledge of the Revenues (as defined herein) and secured by a pledge of (i) the Revenues received under the Loan Agreement (the "Loan Agreement"), dated as of April 23, 2008, as amended and restated, between Ithaca College (the "College") and the Authority, and (ii) all funds and accounts (except the Arbitrage Rebate Fund) established under the Authority's Ithaca College Revenue Bond Resolution, adopted April 23, 2008, as amended and restated (the "Resolution"), and the Ithaca College Series 2008 Resolution Authorizing the Series 2008 Bonds, adopted on April 23, 2008, as amended and restated (the "Series 2008 Resolution" and, together with the Resolution, the "Resolutions"). Under the Resolutions, The Bank of New York Mellon, is serving as trustee (the "Trustee").

The Loan Agreement is a general obligation of the College and requires the College to pay, in addition to the fees and expenses of the Authority and the Trustee, amounts sufficient to pay, when due, the principal and Redemption Price of and interest on all Bonds issued under the Resolution, including the Series 2008 Bonds. The obligations of the College under the Loan Agreement to make such payments are secured by Pledged Revenues and by a Mortgage granted by the College to the Authority on the Mortgaged Property. For a more complete description of the security for the obligations of the College under the Loan Agreement, See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS."

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

Description: The Series 2008 Bonds are being converted to bear interest at fixed rates, and upon mandatory tender of the Series 2008 Bonds on the conversion date set forth above (the "2009 Conversion Date"). The converted fixed rate Series 2008 Bonds are being remarketed as described in this Reoffering Circular. Upon conversion, the Series 2008 Bonds will be reoffered in denominations of \$5,000 and any integral multiple thereof. Interest on the Series 2008 Bonds is payable on each January 1 and July 1, commencing January 1, 2010.

The Series 2008 Bonds are subject to optional and special redemption, and to optional purchase in lieu of redemption, prior to maturity, as more fully described herein. See "PART 3 - THE SERIES 2008 BONDS".

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2008 Bonds. Investors are advised to read the entire Reoffering Circular, including the appendices, to obtain information essential to the making of an informed decision.

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

Tax Exemption: In the opinion of Harris Beach PLLC, Bond Counsel to the Authority, under existing statutes, regulations, administrative rulings and court decisions as of the date of the remarketing of the Series 2008 Bonds, and assuming compliance with the tax covenants described herein, interest on the remarketed Series 2008 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. However, such interest is included in "adjusted current earnings" for purposes of calculating the federal alternative minimum tax liability of certain corporations. See "PART 9 – TAX MATTERS" herein regarding certain other related federal tax considerations. Bond Counsel is also of the opinion that, under existing statutes, including the Act (as defined herein), interest on the Series 2008 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof. Bond Counsel expresses no opinion regarding any other consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2008 Bonds.

The remarketing of the Series 2008 Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The remarketing is subject to the approval of legality by Harris Beach PLLC, Rochester, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the College by its counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York. Certain legal matters will be passed upon for the Remarketing Agents by their counsel, Nixon Peabody LLP, New York, New York. The Authority expects to convert and deliver the Series 2008 Bonds through the facilities of DTC in New York, New York, on or about September 17, 2009.

\$35,080,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
ITHACA COLLEGE REVENUE BONDS, SERIES 2008

Due July 1,	Principal Amount	Interest Rate	Yield	CUSIP⁺
2010	\$ 1,470,000	3.00%	1.35%	649905QM1
2011	2,020,000	5.00	1.78	649905QN9
2012	2,155,000	5.00	2.22	649905QP4
2013	2,300,000	3.00	2.57	649905QQ2
2014	1,620,000	2.75	2.91	649905QY5
2014	790,000	3.00	2.91	649905QR0
2015	2,520,000	3.00	3.16	649905QS8
2016	2,640,000	5.00	3.47	649905QT6
2017	19,565,000	5.00	3.70	649905QU3

+ “CUSIP” is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor’s, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed on this inside cover page are being provided solely for the convenience of Bondholders, and the Authority makes no representation with respect to such numbers nor undertakes any responsibility for its accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the remarketing of the Series 2008 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2008 Bonds.

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

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

The information set forth herein has been obtained from the Authority, the College and other sources which are believed to be reliable. Such information herein is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by any of such sources as to information from any other source. The information set forth herein relative to The Depository Trust Company ("DTC") and DTC's book-entry only system has been supplied by DTC for inclusion herein, and the Authority and the Remarketing Agents take no responsibility for the accuracy thereof. The College has reviewed the parts of the Reoffering Circular describing the College, the Principal and Interest Requirements and Appendix B. The College shall certify that such parts do not contain any untrue statements of a material fact and do not omit any material facts necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The College makes no representation as to the accuracy or completeness of any other information in this Reoffering Circular. The information and expressions of opinion set forth herein are subject to change without notice, and neither the delivery of this Reoffering Circular nor any sale hereunder shall create any implication that there has been no change in the affairs of the Authority or the College or in any other matter since the date hereof.

The Remarketing Agents have provided the following sentence for inclusion in this Reoffering Circular. The Remarketing Agents have reviewed the information in this Reoffering Circular in accordance with, and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agents do not guarantee the accuracy or completeness of such information.

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

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

The Series 2008 Bonds will not be registered under the Securities Act of 1933, as amended, and the Resolutions have not been qualified under the Trust Indenture Act of 1939, as amended in reliance upon the exemptions contained in such acts. The Series 2008 Bonds will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, or other governmental entity or agency will have passed upon the accuracy or adequacy hereof. In making an investment decision, investors must rely upon their own examination of the Series 2008 Bonds and the security therefor, including an analysis of the risk involved. The Series 2008 Bonds have not been recommended by any federal or state securities commission or regulatory authority. The registration, qualification or exemption of the Series 2008 Bonds in accordance with applicable provisions of securities laws of the various jurisdictions in which the Series 2008 Bonds have been registered qualified or exempted cannot be regarded as a recommendation thereof. Neither such jurisdictions nor any of their agencies have passed upon the merits of the Series 2008 Bonds or the adequacy, accuracy or completeness of this Reoffering Circular. Any representation to the contrary may be a criminal offense.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS REOFFERING CIRCULAR, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS REOFFERING CIRCULAR, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE SERIES 2008 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE REOFFERING CIRCULAR

TABLE OF CONTENTS

<p>PART 1 - INTRODUCTION..... 1</p> <p style="padding-left: 20px;">Purpose of the Reoffering Circular..... 1</p> <p style="padding-left: 20px;">Purpose of the Issue..... 1</p> <p style="padding-left: 20px;">Authorization of Issuance..... 2</p> <p style="padding-left: 20px;">The Series 2008 Bonds..... 2</p> <p style="padding-left: 20px;">Payment of the Series 2008 Bonds..... 2</p> <p style="padding-left: 20px;">Security for the Series 2008 Bonds..... 2</p> <p style="padding-left: 20px;">Covenants..... 3</p> <p style="padding-left: 20px;">Amendments..... 3</p> <p style="padding-left: 20px;">The College..... 3</p> <p style="padding-left: 20px;">The Authority..... 3</p> <p>PART 2 - SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS..... 3</p> <p style="padding-left: 20px;">Payment of the Series 2008 Bonds..... 4</p> <p style="padding-left: 20px;">Security for the Series 2008 Bonds..... 4</p> <p style="padding-left: 20px;">The Loan Agreement..... 4</p> <p style="padding-left: 20px;">Pledged Revenues..... 5</p> <p style="padding-left: 20px;">Defaults..... 5</p> <p style="padding-left: 20px;">Intercreditor Agreement..... 6</p> <p style="padding-left: 20px;">The Mortgage..... 6</p> <p style="padding-left: 20px;">Events of Default and Acceleration..... 6</p> <p style="padding-left: 20px;">Issuance of Additional Debt..... 7</p> <p style="padding-left: 20px;">General..... 8</p> <p>PART 3 - THE SERIES 2008 BONDS..... 8</p> <p style="padding-left: 20px;">Description of the Series 2008 Bonds..... 8</p> <p style="padding-left: 20px;">Redemption and Purchase in Lieu of Redemption..... 9</p> <p style="padding-left: 20px;">Book-Entry Only System..... 9</p> <p style="padding-left: 20px;">Principal and Interest Requirements..... 13</p> <p>PART 4 - THE COLLEGE..... 14</p> <p style="padding-left: 20px;">History of the College..... 14</p> <p style="padding-left: 20px;">Facilities..... 14</p> <p style="padding-left: 20px;">Institutional Plan..... 16</p> <p style="padding-left: 20px;">Governance..... 17</p> <p style="padding-left: 20px;">Administration..... 19</p> <p style="padding-left: 20px;">Admissions and Student Enrollment..... 20</p> <p style="padding-left: 20px;">Retention..... 24</p> <p style="padding-left: 20px;">Competition..... 24</p> <p style="padding-left: 20px;">Tuition and Fees..... 25</p> <p style="padding-left: 20px;">Student Financial Aid..... 25</p> <p style="padding-left: 20px;">State Aid..... 26</p>	<p style="padding-left: 20px;">Faculty..... 26</p> <p style="padding-left: 20px;">Employee Relations..... 27</p> <p style="padding-left: 20px;">Financial Reporting..... 28</p> <p style="padding-left: 20px;">Management Report of Operating Results..... 31</p> <p style="padding-left: 20px;">Net Assets..... 31</p> <p style="padding-left: 20px;">Fund Raising..... 32</p> <p style="padding-left: 20px;">Investments..... 32</p> <p style="padding-left: 20px;">Long Term Investments..... 32</p> <p style="padding-left: 20px;">Pension Plans..... 33</p> <p style="padding-left: 20px;">Post-Retirement Benefits..... 33</p> <p style="padding-left: 20px;">Plant Values..... 34</p> <p style="padding-left: 20px;">Outstanding Indebtedness of the College..... 34</p> <p style="padding-left: 20px;">Insurance Coverage..... 38</p> <p style="padding-left: 20px;">Litigation..... 38</p> <p>PART 5 - THE PROJECT..... 38</p> <p>PART 6 - THE AUTHORITY..... 39</p> <p style="padding-left: 20px;">Background, Purposes and Powers..... 39</p> <p style="padding-left: 20px;">Outstanding Indebtedness of the Authority (Other than Indebtedness Assumed by the Authority)..... 40</p> <p style="padding-left: 20px;">Outstanding Indebtedness of the Agency Assumed by the Authority..... 41</p> <p style="padding-left: 20px;">Governance..... 41</p> <p style="padding-left: 20px;">Claims and Litigation..... 47</p> <p style="padding-left: 20px;">Other Matters..... 47</p> <p>PART 7 - LEGALITY OF THE SERIES 2008 BONDS FOR INVESTMENT AND DEPOSIT..... 47</p> <p>PART 8 - NEGOTIABLE INSTRUMENTS..... 48</p> <p>PART 9 - TAX MATTERS..... 48</p> <p>PART 10 - STATE NOT LIABLE ON THE SERIES 2008 BONDS..... 50</p> <p>PART 11 - COVENANT BY THE STATE..... 51</p> <p>PART 12 - LEGAL MATTERS..... 51</p> <p>PART 13 - REMARKETING..... 51</p> <p>PART 14 - CONTINUING DISCLOSURE..... 51</p> <p>PART 15 - RATING..... 54</p> <p>PART 16 - INDEPENDENT ACCOUNTANTS..... 54</p> <p>PART 17 - NO LITIGATION..... 54</p> <p>PART 18 - MISCELLANEOUS..... 54</p>
<p>Appendix A — Certain Definitions..... A-1</p> <p>Appendix B — Financial Statements of Ithaca College and Independent Auditors’ Report..... B-1</p> <p>Appendix C — Summary of Certain Provisions of the Loan Agreement..... C-1</p> <p>Appendix D — Summary of Certain Provisions of the Resolution..... D-1</p> <p>Appendix E — Form of Opinion of Bond Counsel..... E-1</p>	



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

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

REOFFERING CIRCULAR RELATING TO

\$35,080,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
ITHACA COLLEGE
REVENUE BONDS, SERIES 2008

PART 1 - INTRODUCTION

Purpose of the Reoffering Circular

The purpose of this Reoffering Circular, including the cover page and appendices, is to provide information about the Dormitory Authority of the State of New York (the “Authority”) and Ithaca College (the “College”), in connection with the fixed rate conversion, to be effective on or about September 17, 2009, of \$35,080,000 aggregate principal amount of the Authority’s Ithaca College Revenue Bonds, Series 2008 (the “Series 2008 Bonds”).

The following is a brief description of certain information concerning the Series 2008 Bonds, the Authority and the College. The summaries in this Reoffering Circular are not comprehensive or definitive. All references to the Series 2008 Bonds, the Resolutions, the Loan Agreement and any other documents or legislation are qualified in their entirety by the definitive forms thereof. A more complete description of such information and additional information that may affect decisions to invest in the Series 2008 Bonds is contained throughout this Reoffering Circular, which should be read in its entirety. Certain terms used in this Reoffering Circular are defined in Appendix A hereto.

Purpose of the Issue

The Series 2008 Bonds were issued on May 29, 2008 for the purpose of providing funds which, together with other available moneys, were used (i) to pay the Costs of the Series 2008 Project, which consists of various renovation projects throughout the College’s campus, (ii) to refund the remaining outstanding maturities of the Authority’s Ithaca College Insured Revenue Bonds, Series 1998 (the “Series 1998 Bonds”) and (iii) to pay certain Costs of Issuance of the Series 2008 Bonds.

Prior to the conversion of the Series 2008 Bonds to bear interest at fixed rates and the termination of the existing direct-pay letter of credit issued by RBS Citizens, N.A., the College has caused to be extended, a direct-pay letter of credit and liquidity facility in connection with the Tompkins County Industrial Development Agency (the “IDA”) Variable Rate Demand Civic Facility Revenue Bonds (Ithaca College Project), Series 2004 (the “Series 2004 Bonds”), has caused the renewal of the direct-pay letter of credit originally issued in connection with the IDA’s Variable Rate Demand Civic Facility Revenue Bonds (Ithaca College Project), 2005B (the “Series 2005B Bonds” and together with the IDA’s Civic Facility Revenue Bonds (Ithaca College Project), 2005A Bonds, the “Series 2005 Bonds”) and

caused the conversion of the IDA's Variable Rate Demand Civic Facility Revenue Bonds (Ithaca College Project), Series 2007 (the "Series 2007 Bonds" and together with the Series 2004 Bonds and the Series 2005 Bonds, the "IDA Bonds") to a fixed rate of interest. The IDA Bonds were issued for the benefit of the College.

As described more fully herein under the caption "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS – Pledged Revenues," the Series 2008 Bonds are secured by the Authority's pledge and assignment to the Trustee of its security interest in the College's Pledged Revenues (as defined herein), on a parity with liens granted in the College's Pledged Revenues to secure the IDA Bonds in accordance with the Intercreditor Agreement (as defined herein). See "PART 2 - SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS - Intercreditor Agreement." In addition, the College's obligations to the Authority in connection with the Series 2008 Bonds are further secured by a mortgage (the "Mortgage"), and, subject to the terms of the Intercreditor Agreement the proceeds of a foreclosure of such Mortgage would be shared pro-rata with the trustees for the IDA Bonds.

Authorization of Issuance

The Resolution authorizes the issuance of Bonds pursuant to separate Series Resolutions for the benefit of the College. The Series 2008 Bonds were issued pursuant to the Act, the Resolution, and the Series 2008 Resolution. The Series 2008 Bonds were the first Series of Bonds to be issued under the Resolution. In addition to the Series 2008 Bonds, the Resolution authorizes the issuance of other Series of Bonds (collectively, the "Bonds") to pay other Costs of one or more Projects, to pay the Costs of Issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of the Authority issued on behalf of the College. Pursuant to the Resolution, each Series of Bonds will be separately secured from each other Series of Bonds. Except as provided in the Resolution, there is no limit on the amount of additional Bonds that may be issued under the Resolution. The Series 2008 Bonds are currently the only Series of Bonds Outstanding under the Resolution. See "PART 3 – THE SERIES 2008 BONDS."

The Series 2008 Bonds

The Series 2008 Bonds, upon their conversion to bear interest at fixed rates, will be dated the date of their conversion, on or about September 17, 2009, will bear interest from their date and will mature as described on the cover page hereof, subject to prior redemption or purchase, as described herein. See "PART 3 — THE SERIES 2008 BONDS — Description of the Series 2008 Bonds."

Payment of the Series 2008 Bonds

The Series 2008 Bonds are special obligations of the Authority payable solely from the Revenues, which consist of certain payments to be made by the College under the Loan Agreement. The Loan Agreement is a general obligation of the College. Pursuant to the Resolution and the Series 2008 Resolution, the Revenues and the Authority's right to receive the Revenues have been pledged to the Trustee. See "PART 2 — SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS — Payment of the Series 2008 Bonds."

Security for the Series 2008 Bonds

The Series 2008 Bonds are secured by the Revenues, the Authority's security interest in the Pledged Revenues (subject to the Intercreditor Agreement) and by all funds and accounts established under the Resolutions (with the exception of the Arbitrage Rebate Fund). See "PART 2 — SOURCES

OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS — Security for the Series 2008 Bonds” and “— Intercreditor Agreement.”

The Loan Agreement constitutes a general obligation of the College, and the College’s obligations under the Loan Agreement are secured by a pledge of the College’s Pledged Revenues (as defined in the Loan Agreement) and by the Mortgage on certain of the College’s facilities granted by the College to the Authority. *See* “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS – Loan Agreement,” “– Pledged Revenues,” “— Intercreditor Agreement” and “– The Mortgage” herein.

Covenants

The College has entered into certain financial covenants in the Loan Agreement, including a provision for the maintenance of debt service coverage, a provision for the maintenance of balance sheet liquidity and a covenant related to incurrence of additional indebtedness. For a description of such covenants, *see* “PART 2 –SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS – Loan Agreement - *Covenants*” and “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.”

Amendments

In connection with the conversion of the Series 2008 Bonds to bear interest at fixed rates, certain amendments will be made to certain of the documents pursuant to which the Series 2008 Bonds were initially issued and secured. These amendments include changing the amortization of the Series 2008 Bonds, terminating the letter of credit previously securing the Series 2008 Bonds, the provision of certain financial covenants of the College relating to maintenance of financial ratios and limitations on additional indebtedness and changing the terms on which the Authority’s security interest in the Pledged Revenues and the Mortgage are shared pursuant to the Intercreditor Agreement described below. *See* “APPENDIX A – CERTAIN DEFINITIONS”, “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS” attached hereto.

The College

The College is an independent, coeducational, nonsectarian, not-for-profit institution of higher education chartered by the Board of Regents of the State. The College is located in Ithaca, New York *See* “PART 4 — THE COLLEGE” and “APPENDIX B — FINANCIAL STATEMENTS OF ITHACA COLLEGE AND INDEPENDENT AUDITORS’ REPORT.”

The Authority

The Authority is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, healthcare, governmental and not-for-profit institutions. *See* “PART 6 — THE AUTHORITY.”

PART 2 - SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2008 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolution, the Series 2008 Resolution and the Intercreditor Agreement. Copies of the Loan

Agreement, the Resolution, the Series 2008 Resolution and the Interc Creditor Agreement are on file with the Authority and the Trustee. See also “APPENDIX C —SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT” and “APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION” for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2008 Bonds

The Series 2008 Bonds are special obligations of the Authority payable solely from the Revenues, which consist of the payments required to be made by the College under the Loan Agreement.

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

Security for the Series 2008 Bonds

The Series 2008 Bonds are secured by the Revenues, all funds and accounts established under the Resolution (with the exception of the Arbitrage Rebate Fund) and the Authority’s security interest in the Pledged Revenues. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Series 2008 Bonds. Each Series of Bonds issued pursuant to the Resolution will be separately secured from each other Series of Bonds. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

The Loan Agreement

The College’s obligations under the Loan Agreement are secured by a pledge of the College’s Pledged Revenues (as defined in the Loan Agreement) and by the Mortgage on certain of the College’s facilities granted by the College to the Authority. See “Pledged Revenues” and “The Mortgage” below.

Covenants

The Loan Agreement contains certain financial covenants of the College relating to maintenance of financial ratios and limitations on additional indebtedness, described below.

Debt Service Coverage Ratio. The College covenants to charge and maintain during each Fiscal Year, student tuition, fees and other charges which, together with all other receipts and revenues of the College and any other funds available therefor, shall be sufficient to provide a Debt Service Coverage Ratio of 1.20:1. If the College fails to satisfy the Debt Service Coverage Ratio requirement for two consecutive Fiscal Years or the Debt Service Coverage Ratio falls below 1:1 on any Test Date, the Authority may require the College to retain a Management Consultant.

Unrestricted Resources to Debt Ratio. The College covenants to have available on each Testing Date, Unrestricted Resources at least equal to (a) 50% of the College’s Long Term Indebtedness for the Fiscal Year ending in 2010 through 2011, (b) 60% of the College’s Long Term Indebtedness for the Fiscal Year ending in 2012 through 2014, and (c) 75% of the College’s Long-Term Indebtedness for the Fiscal Year ending in 2015 and thereafter. If the College fails to satisfy the requirement at the end of any

Fiscal Year, the Authority may require the College to retain a Management Consultant and if this ratio declines by 40% or greater, the College must provide the Authority with a report summarizing reasons and actions the College has initiated or plans to initiate in response.

Management Consultant. Whenever a Management Consultant is required to be engaged as a consequence of any covenant default described above, promptly upon receipt of the report issued by such Management Consultant and subject to applicable requirements or restrictions imposed by law or regulation, the College shall revise its tuition, fees and charges, its methods of operation or collections or its debt and investment management and shall take such other action as shall be in conformity with the recommendations contained in such report. If the College complies in all material respects with the reasonable recommendations of the Management Consultant, the College will be deemed to have complied with the required financial covenants.

Additional Indebtedness. The College covenants that it shall not incur any additional Long Term Indebtedness without the prior written consent of the Authority unless the College can demonstrate that: (i) such additional Long Term Indebtedness refunds indebtedness existing as of the time of this reoffering; or (ii) the College maintains a debt rating in the “A” category (without regard to qualification of such rating by symbols such as “+” or “-” and either such additional Long Term Indebtedness issued in any Fiscal Year is no greater than ten percent (10%) of the unrestricted net assets for the prior Fiscal Year or the College certifies that the maintenance covenants described above would be satisfied for the prior on a pro forma basis taking into account the proposed additional Long Term Indebtedness.

The College may also, without the Authority's consent, (i) incur Non-Recourse Indebtedness provided the assets pledged for repayment of such Non Recourse Indebtedness were acquired subsequent to the issuance of the Series 2008 Bonds, and (ii) incur Short-Term Indebtedness if during any twelve month period, such Short Term Indebtedness will have a zero outstanding balance for a period of at least 30 days, or such shorter period as the Authority may permit.

For a more complete description of the financial covenants of the College, *see* “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.”

Pledged Revenues

Pursuant to the Loan Agreement, the College’s obligations to the Authority under such Loan Agreement are secured by the Pledged Revenues, which consist of the tuition and fees charged by the College to students for academic instruction, and the right to receive such tuition and fees, however, the IDA Bonds are secured by a parity lien on the Pledged Revenues. Upon the holders of permitted long-term indebtedness becoming a party to the Intercreditor Agreement described below, such long-term indebtedness will also be secured on a parity with the lien on the Pledged Revenues created by the Loan Agreement.

Defaults

The Loan Agreement contains the certain events of default relating to, among others, the College's failure to make payment of amounts due on the Series 2008 Bonds, breach of covenants, insolvency or bankruptcy, and sale, dissolution or other event that causes the College to cease conducting business. In addition, a default and acceleration with respect to any outstanding indebtedness of the College other than the Series 2008 Bonds may also constitute an event of default under the Loan Agreement. For a more detailed description of the various events of default under the Loan Agreement, *see* “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.”

Intercreditor Agreement

The Authority, the Trustee, The Bank of New York Mellon, as trustee for the Series 2004 Bonds, The Bank of New York Mellon, as trustee for the Series 2005 Bonds, The Bank of New York Mellon, as trustee for the Series 2007 Bonds, TD Bank, N.A., as Credit Facility Provider for the Series 2004 Bonds, HSBC Bank USA, National Association, as Credit Facility Provider for the Series 2005 Bonds, RBS Citizens, National Association, as Credit Facility Provider for the 2008 Bonds, Syncora Guarantee Inc. (formerly known as XL Capital Assurance Inc.), as Bond Insurer for the Series 2004 Bonds, the Series 2005 Bonds and the Series 2007 Bonds (collectively, the “Creditors”) and the College, have entered into the Intercreditor Agreement. The Intercreditor Agreement provides, among other things, that upon the occurrence of an event of default and acceleration by any of the Creditors under any of the Financing Documents (as defined in the Intercreditor Agreement), any claim held by each of the Creditors with respect to any amount recovered from the College after the occurrence of an event of default and acceleration, including the receipt or collection of Pledge Revenues, shall be equal and ratable in right without regard to order of priority. The occurrence of an event of default and acceleration of obligations under any of the Financing Documents by any Creditor shall constitute an event of default under all other Financing Documents applicable to each other Creditor. If any Creditor has a notice of an event of default and acceleration under any of the Financing Documents, and such Creditor receives or recovers any payment from the College after such event of default and acceleration occurs, those proceeds shall be applied first to the recovery of such Creditor’s costs and expenses, second to the Creditors on a *pari passu* basis for any unpaid principal and interest or other amounts due with respect to the Bonds (as defined in the Intercreditor Agreement), the Reimbursement Obligations and the Insured Obligations (each as defined in the Intercreditor Agreement) and third on a *pari passu* basis for all other amounts owed to the Creditors. Upon the occurrence of an event of default and acceleration under the Mortgage, the Authority’s right to take any action and pursue remedies pursuant to the Mortgage is subject to the direction of a majority of the Creditors under the Intercreditor Agreement. Upon payment or recovery of proceeds realized from any such action, after payment of costs and expenses, the proceeds shall be shared with the other Creditors in accordance with the Intercreditor Agreement.

If the College issues, incurs or assumes long-term indebtedness secured by a lien on Pledged Revenues pursuant to additional financing documents, any holder of such parity obligation shall be required to become a party to the Intercreditor Agreement and to subject the net proceeds of any recovery of proceeds realized from any additional collateral to the terms of the Intercreditor Agreement.

The Mortgage

The College’s obligations to the Authority under the Loan Agreement in connection with the Series 2008 Bonds are secured by the Mortgage on the Mortgaged Property and a security interest in certain fixtures now or hereafter located thereon granted by the College to the Authority. The Mortgage has been assigned to the Trustee. Property subject to the Mortgage may be released, and the Mortgage may be amended, with the prior written consent of the Authority, subject to the Intercreditor Agreement, without the consent of the Trustee or the Holders of the Series 2008 Bonds. The proceeds of any foreclosure on the Mortgage will be shared with the other Creditors subject to the terms of the Intercreditor Agreement described above. See “PART 2 –SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2008 BONDS – Intercreditor Agreement.”

Events of Default and Acceleration

The following events with respect to the Series 2008 Bonds constitute a default under the Resolution: (i) a default by the Authority in the payment of the principal, Sinking Fund Installment or Redemption Price of any Series 2008 Bond; (ii) a default by the Authority in the payment of interest on

any Series 2008 Bond; (iii) a default by the Authority in the due and punctual performance of any covenant or agreement contained in the Series 2008 Resolution to comply with the provisions of the Section 103 of the Code necessary to maintain the exclusion of interest on such Bonds from gross income for purposes of federal income taxation; (iv) a default by the Authority in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Series 2008 Bonds or in the Resolutions which continues for 30 days after written notice thereof is given to the Authority by the Trustee (such notice to be given in the Trustee's discretion or at the written request of the Holders of not less than 25% in principal amount of Outstanding Bonds) or if such default is not capable of being cured within 30 days, if the Authority fails to commence within 30 days and diligently prosecute the cure thereof; or (v) the Authority shall have notified the Trustee that an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the College under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the College under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Outstanding Series 2008 Bonds, shall declare the principal of and interest on all the Outstanding Series 2008 Bonds to be due and payable. At the expiration of 30 days from the giving of such notice, such principal and interest will become due and payable. At any time after the principal of the Series 2008 Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than 25% in principal amount of Series 2008 Bonds not yet due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

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

Issuance of Additional Debt

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

The Loan Agreement also permits the College under certain conditions to incur additional long-term indebtedness secured by the Pledged Revenues. Upon the holders of such permitted long-term indebtedness becoming a party to the Intercreditor Agreement described above, such long-term indebtedness will be secured on a parity with the lien on the Pledged Revenues created by the Loan Agreement.

General

The Series 2008 Bonds will not be a debt of the State and the State will not be liable on the Series 2008 Bonds. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal of or interest on its bonds or notes. See “PART 6 — THE AUTHORITY.”

PART 3 - THE SERIES 2008 BONDS

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

Description of the Series 2008 Bonds

The Series 2008 Bonds were issued pursuant to the Act, the Resolution, the Series 2008 Resolution and the Bond Series Certificate. Upon conversion to bear interest at fixed rates, the Series 2008 Bonds will be dated the 2009 Conversion Date, will bear interest from such date at the rates, and will mature on the dates, subject to the rights of redemption and purchase described below, as set forth on the inside cover of this Reoffering Circular. Interest on the Series 2008 Bonds will be payable on each January 1 and July 1, commencing January 1, 2010. Interest on the Series 2008 Bonds will accrue on the basis of a 360-day year consisting of twelve 30-day months.

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

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

Interest shall be payable on each January 1 and July 1 in immediately available funds payable by check mailed to each registered owner of a Series 2008 Bond on the Record Date immediately preceding such Interest Payment Date to the address thereof as it appears on the registry books of the Authority. Notwithstanding the foregoing, interest payable on any Interest Payment Date during which the Series 2008 Bonds are Book Entry Bonds shall be paid by wire transfer to the Depository for the Series 2008

Bonds or its nominee, at the wire transfer address therefore. Interest payable on each Interest Payment Date shall be the interest accrued and unpaid to and including the day preceding such Interest Payment Date.

Redemption and Purchase in Lieu of Redemption

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

Optional Redemption. The Series 2008 Bonds maturing on July 1, 2016 and July 1, 2017 are subject to redemption prior to maturity at the election of the Authority upon the request of the College, in whole or in part, on or after July 1, 2015, on any Business Day at a Redemption Price equal to 100% of the principal amount of each Series 2008 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the redemption date.

Special Redemption. The Series 2008 Bonds are also subject to redemption, in whole or in part, at 100% of the principal amount thereof plus accrued interest thereon, at the option of the Authority on any Interest Payment Date, (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the 2008 Project (as such term is defined in the Loan Agreement) and (ii) from unexpended proceeds of the Series 2008 Bonds upon abandonment of all or a portion of the 2008 Project due to a legal or regulatory impediment.

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

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

The Trustee shall cause notice of such purchase of Series 2008 Bonds to be given to Bondholders not less than thirty (30) days prior to the purchase date. Each notice of purchase may state, in addition to any other condition, that the purchase is conditioned upon the availability on the purchase date of moneys made available or caused to be made available by the College sufficient to pay the purchase price of the Series 2008 Bonds to be purchased.

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

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2008 Bonds. The Series 2008 Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC’s partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2008 Bond certificate will be issued for

each maturity of the Series 2008 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

The information contained in the following paragraphs of this subsection “Book Entry Only System” has been extracted from information provided by DTC. The Authority, the College and the Remarketing Agents make no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2008 Bonds may wish to take certain steps to augment the transmissions to them of notices of significant events with respect to the Series 2008 Bonds, such as redemptions, tenders, defaults and proposed amendments to the principal financing documents. For example, Beneficial Owners of the Series 2008 Bonds may wish to ascertain that the nominee holding the Series 2008 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2008 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2008 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2008 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2008 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2008 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2008 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2008 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2008 Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2008 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions or transfers or exchanges adopted by the Authority; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect

Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its service as depository with respect to the Series 2008 Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2008 Bond certificates are required to be printed and delivered.

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

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

Each person for whom a Participant acquires an interest in the Series 2008 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2008 BONDS.

So long as Cede & Co. is the registered owner of the Series 2008 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2008 Bonds (other than under the caption "PART 9 — TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2008 Bonds.

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

For every transfer and exchange of Series 2008 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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

NEITHER THE AUTHORITY, THE COLLEGE, THE REMARKETING AGENTS, NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY

INDIRECT PARTICIPANT, (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2008 BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2008 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2008 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2008 BONDS; OR (VI) ANY OTHER MATTER.

Principal and Interest Requirements

The following table sets forth, for each respective year ending June 30, the preliminary estimated amounts required to be made available by the College in such year for payment of debt service on the IDA Bonds, debt service on the Series 2008 Bonds, and total debt service, after giving effect to the fixed rate conversion of the Series 2008 Bonds as of the 2009 Conversion Date:

Year Ending <u>June 30</u>	Debt Service on Outstanding <u>IDA Bonds (1)</u>	Series 2008 <u>Bonds Principal</u>	Series 2008 Bonds Interest <u>Payments</u>	Total Series 2008 Bonds <u>Debt Service</u>	Total Debt <u>Service (2)</u>
2010	\$ 6,431,695	\$ 1,470,000	\$ 1,243,249	\$ 2,713,249	\$ 9,144,944
2011	6,007,638	2,020,000	1,531,850	3,551,850	9,559,488
2012	6,018,796	2,155,000	1,430,850	3,585,850	9,604,646
2013	6,028,864	2,300,000	1,323,100	3,623,100	9,651,964
2014	6,019,820	2,410,000	1,254,100	3,664,100	9,683,920
2015	6,044,074	2,520,000	1,185,850	3,705,850	9,749,924
2016	32,040,728	2,640,000	1,110,250	3,750,250	35,790,978
2017	4,318,085	19,565,000	978,250	20,543,250	24,861,335
2018	4,325,471	-	-	-	4,325,471
2019	4,342,396	-	-	-	4,342,396
2020	4,339,023	-	-	-	4,339,023
2021	4,355,657	-	-	-	4,355,657
2022	7,781,624	-	-	-	7,781,624
2023	7,815,992	-	-	-	7,815,992
2024	7,834,948	-	-	-	7,834,948
2025	7,867,351	-	-	-	7,867,351
2026	7,891,590	-	-	-	7,891,590
2027	1,717,051	-	-	-	1,717,051
2028	1,723,184	-	-	-	1,723,184
2029	1,731,835	-	-	-	1,731,835
2030	1,734,166	-	-	-	1,734,166
2031	1,739,282	-	-	-	1,739,282
2032	1,747,796	-	-	-	1,747,796
2033	1,753,544	-	-	-	1,753,544
2034	1,757,885	-	-	-	1,757,885
2035	-	-	-	-	9,144,944
2036	-	-	-	-	9,559,488
2037	-	-	-	-	9,604,646
2038	-	-	-	-	9,651,964

(1) Assumes an interest rate of 3.00% on the \$18.54 million unhedged Series 2004 Bonds and the corresponding fixed swap rates for all hedged bonds.

(2) See "Part 4 – THE COLLEGE – The Series 2008 Bonds - Related Swaps" for information regarding the swaps related to the Series 2008 Bonds.

PART 4 - THE COLLEGE

GENERAL INFORMATION

History of the College

The College is a nationally recognized comprehensive college offering both liberal arts education and professional preparation through its five schools: Business, Communications, Health Sciences and Human Performance, Humanities and Sciences, Music and the Division of Interdisciplinary and International Studies. Founded in 1892 as the Ithaca Conservatory of Music, the College currently enrolls approximately 6,380 undergraduate and 410 graduate students. Its 750-acre campus overlooks Cayuga Lake and the city of Ithaca, New York.

The College offers ninety-six undergraduate, seventeen graduate, and two certificate (undergraduate, non-degree) programs. Baccalaureate degrees (B.A., B.S., B.F.A., or Mus.B.) are offered in over one hundred registered programs. At the graduate level, the College offers the master's degree (M.S., M.M., M.B.A.) in seventeen registered programs. In addition, there are two dual (B.S. and M.S.) degree programs. There is one graduate program and fourteen undergraduate programs that lead to teacher certification in New York State. Plans of study may incorporate dual majors, major/minor combinations, independent and interdisciplinary studies, and elective courses drawn from all instructional fields. In academic year 2007-2008, 1,340 baccalaureate degrees and 309 graduate degrees were awarded.

In addition to its instructional program during the regular year, the College offers a summer program of courses and workshops for both community and residential students, professionals, and artists. The Ithaca College London Center provides foreign study opportunities for both the College's students and those from other colleges. The College offers students a high quality academic/internship program in Washington, D.C., and the Walkabout Down Under program gives students the opportunity to experience several different regions of Australia. The School of Communications has a semester-long program in Los Angeles and the College maintains a number of cooperative relationships with other institutions. The College has developed articulation agreements with selected area two-year colleges designed to bring qualified students to the College. The College has cross-registration programs with Cornell University and Wells College. In conjunction with Cornell, Clarkson, Rensselaer, and SUNY at Binghamton, the College offers a highly successful program in physics and engineering. Affiliation agreements with the Pennsylvania College of Optometry and the State University of New York College of Optometry enable the College's students to receive both a bachelor's degree and doctor of optometry degree in seven years. There are also one-year and 4+1 M.B.A. programs with Clarkson University, The American Graduate School of International Management (Thunderbird), and Rochester Institute of Technology. The College also maintains cooperative relationships with a large number of hospitals and other health care organizations in order to provide clinical experiences and internships for students in the health sciences.

The College is accredited by the Middle States Association of Colleges and Schools, and its degree programs are registered by the Regents of the University of the State of New York. The College is also accredited by professional associations in the following fields: chemistry, theatre, music, physical therapy, speech pathology and audiology, accounting, recreation, and athletic training.

Facilities

Facilities at the College's campus are the product of a building program begun in the early 1960s. There are now fifty-eight buildings, including thirty one residence halls. In 1965-66 the College officially occupied the new campus, which currently includes 250 developed acres among its 750 contiguous acres.

During the following ten years, existing structures were refined and the original Campus Plan was completed. Three major structures were completed between 1973 and 1976: the Physical Plant and Safety and Security Building, the Muller Chapel, and a two-floor addition to and renovation of the existing three-story library (now Gannett Center). The chapel and the remodeling of the library were completed with donated moneys. Two smaller additions, a boat house and an FM radio facility, also were funded by gifts to the College. An ongoing dormitory renovation program has been in effect since 1974. The Ceracche Athletic Center, completed in the fall of 1979 and financed primarily by contributions, provides facilities for intercollegiate athletics, offices, training facilities, and a viewing room. In the fall of 1982, the College opened a new academic building with general classrooms, offices and program space for the Health Sciences and the School of Business. A new residence hall was completed in 1983 to accommodate 100 additional students; in 1984 a central receiving facility was completed.

In 1987 the College completed a renovation of its student union, one of the first buildings to be constructed on the South Hill Campus, and expanded it to nearly three times its original size. The facility, now known as the Campus Center, serves as the hub of the campus and contains a dining hall, food court, lounges, meeting rooms, student service offices and a large multi-purpose room capable of seating 900 people.

During 1989 the College completed two major additions to its campus with the opening of the Roy H. Park School of Communications and the William V. Emerson residence hall for 282 students. The Park School is an 80,000-square-foot facility that is the home of the College's academic programs in television/radio; telecommunications management; cinema and photography; film, photography, and visual arts; journalism; media studies; and corporate communication. Emerson residence hall offers air-conditioning and individual bathrooms in each double room.

In 1993 a 125,000-square-foot science facility, housing classrooms and laboratories for biology, chemistry, and physics was completed; a year later extensive renovations to Williams Hall, the former science building, allowed it to house the psychology, mathematics and computer science programs. During the 1990s the entire Terrace residence hall complex was completely remodeled.

The most recent additions to the College's academic facilities include: a 93,000 square foot building for programs in the College's School of Health Sciences and Human Performance which provides classrooms, laboratories, faculty offices and clinic spaces for programs in that School; a 67,000 square foot addition to Ford Hall, the home of the College's founding school of music, has also added faculty studios, a large recital hall, two rehearsal halls, office space and an electronic music studio; and a fitness and recreation center, all completed in 1999. In 2002, the Center for Public Safety and General Administrative Services was completed and in 2003, the addition of the College Circle Apartment complex, through a long-term leasing arrangement, was added to accommodate 694 additional students.

The College's library collection consists of 400,000 holdings in books, periodicals, multimedia formats, and microforms. In addition, the Library provides access, both on and off campus, to more than 15,000 full-text journals and 150 databases. The College also has a special collection in music. Comprehensive computer facilities provide access for students in all five schools. The College's computer network is comprised of a campus-wide network with 3 digital VAX mainframes, SUN Microsystems workstations, several Novell microcomputer networks, and hundreds of terminals and microcomputers in satellite stations, laboratories, and classrooms across the campus. In 2003, the College installed an Oracle based enterprise wide information system supporting financial services, payroll, and human resources information management. Two theaters, a concert hall, a recital room, science and language laboratories, television and radio stations as well as extensive athletic facilities are also found on campus.

In 2004 the College commenced a \$31,100,000 campus improvement project including \$16,000,000 for an extensive renovation of the Garden Apartments student housing complex, \$8,500,000 for the design and implementation of a new student information system, and \$4,500,000 for upgrading the campus electrical infrastructure.

In 2008 the College's School of Business opened its new 34,000 square foot building, the Dorothy D. and Roy H. Park for Business and Sustainable Enterprise. This facility includes classrooms, collaborative breakout rooms, trading room, and faculty offices. It received platinum LEED (Leadership in Energy and Environmental Design) certification, the highest level granted by the U.S. Green Building Council.

In 2009 a 58,000 square foot administrative facility was completed. This building is expected to receive at least gold LEED certification.

The Series 2008 Bonds are secured by the Mortgage on Phillips Hall, Egbert Hall, and the College Bookstore.

Institutional Plan

The College's vision is to become the standard of excellence for residential comprehensive colleges, fostering intellect, creativity, and character in an active, student-centered learning community. The mission is to provide a foundation for a lifetime of learning, by being dedicated to fostering intellectual growth, aesthetic appreciation, and character development in its students. The College community thrives on the principles that knowledge is acquired through discipline, competence is established when knowledge is tempered by experience, and character is developed when competence is exercised for the benefit of others. The College is committed to attracting a diverse body of students, faculty, and staff. All members of the College community are encouraged to achieve excellence in their chosen fields and to share the responsibilities of citizenship and service in the global community.

The College has identified the following nine strategic priorities for becoming the standard of excellence for residential comprehensive colleges.

- Strengthen the College's academic offerings, including interdisciplinary programs, shared academic experiences, and graduate programs;
- Enhance the diversity of students, faculty, and staff and create a supportive environment and programs for the entire College community;
- Optimize enrollment in all programs while continuing to build a strong academic profile;
- Develop curricular and co-curricular programs that encourage or incorporate field-based, experiential, and performance-based learning; collaborative research; and partnerships with educational, professional, and service organizations;
- Maintain and enhance the College's academic, residential, recreational, athletic, and administrative facilities and grounds;
- Enhance its students' educational experience and help ensure their success through the development of comprehensive residential, co-curricular, and campus life programs and support systems;
- Ensure that the College is seen as a first-choice employer;
- Enable the College to become less tuition-dependent and reliant on debt by increasing financial resources from public, private, and entrepreneurial sources; and

- Ensure that the College is a recognized innovator in blending contemporary technology with educational techniques and administrative support practices.

Governance

The College is governed by a 35-member Board of Trustees. The President of the College serves as an ex-officio member. Twenty-seven of the trustees are term trustees, one is a faculty trustee, two are alumni trustees, one is a staff trustee, and one is a student trustee. For term trustees, the first term of active membership does not exceed four years. If reelected, the subsequent term(s) do not exceed three years. All terms shall expire on May 31, and the memberships are arranged so that approximately an equal number of terms expire each year. Trustees may be elected to serve up to three consecutive terms. They may be then reelected after a one-year absence from the board for up to three additional three-year terms. The alumni, faculty and staff trustees are elected for three-year terms. The student trustee is elected for a two-year term. In addition, there are currently fifteen honorary trustees, including one Chair Emeritus trustee, who do not vote. There are currently two vacancies on the Board of Trustees.

The Board of Trustees meets regularly in September or October, February and May of each year. In addition, the Executive Committee and subcommittees may meet at other times throughout the year as necessary.

The current members of the Board of Trustees include:

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& Compliance
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Ms. Adelaide P. Gomer Trustee, Park Foundation Ithaca, NY	Ms. Susan J. Scanlon, '71 Attorney; Principal Corporate Legal Management Pittsford, NY	

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Administration

The President of the College is appointed by the Board of Trustees, and as Chief Executive Officer, is charged with the principal responsibility for administration of the College. The College's current principal administrative officers include:

Dr. Thomas Rochon, President Dr. Thomas Rochon became the eighth president of Ithaca College in July 2008. He previously spent five years as Executive Vice President and Chief Academic Officer at the University of St. Thomas in Minnesota, following an academic career divided between Princeton University and Claremont Graduate University.

Dr. Rochon received a B.A. in Political Science with high distinction from the University of Michigan in 1973, followed by an M.A. and a Ph.D. in Political Science from the University of Michigan in 1976 and 1980. His 1998 book, *Culture Moves: Ideas, Activism and Changing Values*, received a Distinguished Scholarship Prize from the American Sociological Association and was named one of Choice's Outstanding Academic Book of 1998.

Dr. Kathleen Rountree, Provost and Vice President for Academic Affairs. Dr. Rountree, joined Ithaca College in this role on August 1, 2007. Dr. Rountree came to Ithaca from Greensboro, North Carolina, where she served as Associate Provost for Undergraduate Education at The University of North Carolina at Greensboro. Dr. Rountree earned her doctorate of music degree from Florida State University, a master's degree in music from Southern Illinois University at Edwardsville, and a bachelor's degree in music from East Carolina University.

Brian McAree, Vice President Student Affairs and Campus Life. Mr. McAree joined the College in 1983 as director of residential life. He was named assistant vice president for student affairs and campus life in 1989 and was promoted to associate vice president in 1997. He was appointed to his current position of Vice President in 2001. Mr. McAree earned a master of arts degree in college student personnel at Bowling Green State University, a master of pastoral studies degree at Loyola University, and a bachelor of science degree in psychology at the State University of New York College at Cortland.

Nancy E. Pringle, Vice President and College Counsel. Ms. Pringle joined the College in 1994. Prior to that she was Vice president of Client Services for Market Street Trust Company in Corning, NY. She received her law degree from the State University of New York at Buffalo.

Carl E. Sgrecci, Vice President for Finance and Administration. Mr. Sgrecci joined Ithaca College in 1969 as an Instructor and Assistant Professor of Accounting. Since that time he has served as Comptroller, Treasurer and Controller, Acting Vice President for Student Affairs, and in 1984 became Vice President and Treasurer, assuming his current position in 2003. In addition to a Bachelors degree in accounting from Ithaca College, he holds an M.B.A. from Syracuse University and is a New York State Certified Public Accountant.

Shelly Semmler, Vice President of Institutional Advancement. Ms. Semmler joined the college in 1996 as the Associate Vice President for College Relations and Resource Development, she was appointed to the Vice President of Institutional Advancement position in 1999. Prior to that, she was a Senior Associate with Carol O'Brien Associates, Durham, NC, a firm that provided fund-raising and alumni relations counsel for universities and non-profit organizations throughout the U.S. She worked at Cornell University from 1978 to 1994 serving as an Accountant, Business Manager, Campaign Manager and Director of Development, Director of Leadership Gifts, and Director of Special Projects. She holds a M.S. in Curriculum from Cortland State.

Eric Maguire, Vice President for Enrollment Management. Mr. Maguire joined Ithaca College on June 1, 2009 as the institution's first Vice President for Enrollment Management. Prior to joining Ithaca, Mr. Maguire served as Associate Vice President for Enrollment Management at Franklin & Marshall College. He has moderated and presented at regional ACAC conferences and served as the Enrollment Track Chair for the American Marketing Association's Higher Education Symposium. Mr. Maguire received his M.S. in Higher Education Administration from Indiana University and earned his B.A. from Muhlenberg College.

OPERATING INFORMATION

Admissions and Student Enrollment

The following table shows freshman applications received, accepted and enrolled students for the fall semesters of the past five years.

ADMISSIONS STATISTICS

Fall Semester- Freshman Only

<u>Year</u>	<u>Applied</u>	<u>Accepted</u>	<u>Enrolled</u>	<u>Percent Accepted</u>	<u>Percent Enrolled</u>
2004	11,074	6,977	1,460	63.0%	20.9%
2005	11,087	7,870	1,680	70.9%	21.3%
2006	12,342	7,784	1,521	63.0%	19.5%
2007	12,506	8,327	1,797	66.6%	21.6%
2008	13,546	8,014	1,441	59.2%	18.0%

For the Fall 2009 freshman class the College received 12,752 applications for admission, accepted 9,505 (74.5%) and has received 2,165 deposits as of May 31, 2009. As of the opening of classes in late August, 2009, the College has projected a 2009 full-time freshman class of 2,040, which net of financial aid is expected to generate revenues to exceed FY 2009-2010 budget targets.

The average SAT scores for freshman entering the College have been above the national average as demonstrated by the table below.

Freshman SAT Scores

<u>Academic Year</u>	<u>Humanities & Science</u>	<u>Business</u>	<u>Communications</u>	<u>Health Sciences & Human Performance</u>	<u>Music</u>	<u>National Average*</u>
2004-2005	1174	1143	1252	1163	1244	1026
2005-2006	1175	1135	1234	1145	1249	1028
2006-2007	1178	1140	1236	1166	1241	1021
2007-2008	1184	1136	1230	1159	1245	1017
2008-2009	1183	1177	1245	1197	1224	1017

* Source: Educational Testing Service

Over 15% of the College's 2008 freshmen were ranked in the top 5% of their high school class. The following table shows the high school ranking all freshmen in 2008

High School Standing of Freshman Class, Fall 2008

	<u>%</u>	<u>Cumulative %</u>
Top 5% of HS class	15.9	15.9
Top 6-10% of HS class	18.7	34.6
Top 11-15% of HS class	14.1	48.7
Top 16-20% of HS class	15.1	63.8
Top 21-25% of HS class	9.1	72.9
Top 26-30% of HS class	8.3	81.2
Top 31-35% of HS class	4.0	85.1
Top 36-40% of HS class	5.3	90.5
Top 41-99% of HS class	9.5	100.0

Freshman Geographic Profile

<u>Entering Fall Semester*</u>	<u>New York</u>	<u>Connecticut</u>	<u>Massachusetts</u>	<u>New Jersey</u>	<u>Pennsylvania</u>	<u>Other U.S.**</u>	<u>Foreign***</u>	<u>Total</u>
2004	632	68	138	147	126	297	52	1,460
2005	709	88	142	198	151	349	43	1,680
2006	667	73	141	208	130	284	18	1,521
2007	771	95	161	201	169	361	39	1,797
2008	584	76	129	160	154	299	39	1441

*-Fall opening enrollment

**-Includes Protectorates

***-Includes nonresident aliens, as well as U.S. citizens whose permanent residence is in a foreign country.

In 2008 the College accepted 295 of the 540 transfer applications submitted. Set forth below is a table outlining transfer applications over the past 5 years.

Transfer Applications and Acceptances

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Transfers					
Applications	570	641	726	564	540
Acceptances	287	379	370	326	295
Acceptance Rate	50.4%	59.1%	51.0%	57.8%	54.6%

For the Fall 2009 the College received 557 applications for admission from transfer students, accepted 385 (66.7%) and has received 183 deposits as of May 31, 2009. The College expects 160 new transfer students in the Fall of 2009.

Enrollment Summary

In the fall of 2008, the College enrolled 5,951 full-time and 80 part-time undergraduate students as well as 417 graduate students. Approximately 70% of the undergraduate student body resides in on-campus housing. The following table presents the fall enrollment for the past five years.

Fall Semester Enrollment (Headcount)

Academic Year	Undergraduate Enrollment			Graduate Enrollment			Grand Total
	Full Time	Part Time	Total	Full Time	Part Time	Total	
2004-2005	5,966	141	6,107	212	18	230	6,337
2005-2006	5,961	137	6,098	291	23	314	6,412
2006-2007	5,917	111	6,028	339	42	381	6,409
2007-2008	6,140	120	6,260	358	42	400	6,660
2008-2009	5,951	80	6,031	372	45	417	6,448

Total Full Time Equivalent Enrollment

Fall FTE	2004	2005	2006	2007	2008
Undergraduate	6,019	6,008	5,967	6,197	5,987
Graduate	<u>222</u>	<u>299</u>	<u>360</u>	<u>380</u>	<u>395</u>
Total	<u>6,241</u>	<u>6,307</u>	<u>6,327</u>	<u>6,577</u>	<u>6,382</u>

As of the opening of classes in late August, 2009, the College has a total enrollment of 6,790 FTE, consisting of 6,380 undergraduates and 410 graduate students.

Fall Total Enrollment (Headcount)	2004	2005	2006	2007	2008
BUSINESS	614	592	640	717	741
COMMUNICATIONS	1,254	1,270	1,278	1,370	1,306
HUMANITIES & SCIENCE	2,467	2,421	2,341	2,336	2,200
HEALTH SCIENCES & HUMAN PERFORMANCE	1,307	1,423	1,458	1,524	1,509
MUSIC	546	529	521	532	502
INTERDISCIPLINARY	61	68	91	101	116
CONTINUING EDUCATION	<u>88</u>	<u>109</u>	<u>80</u>	<u>80</u>	<u>74</u>
Total	<u>6,337</u>	<u>6,412</u>	<u>6,409</u>	<u>6,660</u>	<u>6,448</u>

Note: "Headcount" is distinguished from full time enrollment (FTE) in that FTE accounts for credit hours. As such, a student who takes fewer than 12 credit hours is counted as a fraction of the 12 credits and represents a lower FTE number than headcount number.

Retention

Set forth below is a table that depicts the percent of full-time entering freshmen who re-enrolled for their third semester.

Third Semester Retention Rates				
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
86.2%	85.4%	86.9%	86.9%	84.1%

Competition

The College's primary competitors are illustrated below:

<u>Institution*</u>	<u>%</u>
Syracuse University	24
Boston University	16
New York University	15
Northeastern University	15
Quinnipiac University	13
University of Mass Amherst	13
University of Vermont	13
Pennsylvania State University	12
SUNY Binghamton	11
Emerson College	10

*Competitors are measured by the percentage of Ithaca applicants who also apply to competitor institutions.

The following table sets forth the number of degrees conferred by the College over the past five years:

Degrees Conferred

<u>Academic Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
2004-2005	1,541	181	1,722
2005-2006	1,396	227	1,623
2008-2007	1,399	264	1,663
2007-2008	1,340	309	1,649

In Academic year 2008-2009 the College awarded 1,737 degrees, including 1,446 undergraduate degrees and 291 graduate degrees.

Tuition and Fees

The tuition, room and board costs for full-time undergraduate students for the past four and current academic years are as follows:

Student Charges

	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>
Tuition	\$23,690	\$25,194	\$26,832	\$28,670	\$30,606
Room & Board *	<u>9,704</u>	<u>9,950</u>	<u>10,314</u>	<u>10,728</u>	<u>11,162</u>
Total	\$33,394	\$35,144	\$37,146	\$39,398	\$41,768

* - double occupancy

For the 2009-2010 academic year total student charges are \$43,840, consisting of full-time tuition of \$32,060 (a 4.75% increase) and \$11,780 for room and board (increases of 6% and 5%, respectively). The College is projecting total financial aid in FY 2009-2010 to be \$81 million which is expected to result in a discount rate of 38%.

Student Financial Aid

In the 2007-2008 academic year the College administered a student aid program under which approximately 80% of the undergraduates received aid. This program was comprised of the following components:

SOURCES OF UNDERGRADUATE SCHOLARSHIP AND GRANT AID

Scholarships (Undergraduates).....	\$59,719,666
Scholarships (Graduate).....	2,176,544
PELL.....	3,080,321
Academic Competitiveness Grant.....	327,512
National SMART Grant	46,000
Supplemental Educational Opportunity Grants	<u>970,991</u>
Total.....	<u>\$66,321,034</u>

Undergraduate scholarships are provided to students in amounts from \$500 to \$10,000 per year and were awarded primarily on the basis of financial need. The College also awards merit scholarships ranging from \$3,000 to \$16,000 based on students qualifications and choice of program. These merit scholarships are made in recognition of academic and personal achievement, are renewable annually, and carry the expectation of continued high performance. Recipients of merit scholarships are also eligible for need-based access grants of up to \$10,000. Combined Ithaca College merit scholarship and need-based grants may total up to \$22,000.

The College also provides Martin Luther King Jr. scholarships and grants that provide \$18,000 in merit-based aid and need-based aid up to \$10,670 to underrepresented groups who demonstrate high academic achievement, community service and the embodiment of the ideals of Martin Luther King, Jr.

In addition to the above programs, students at the College are eligible for Perkins loans, Stafford loans and, if residents of New York State, the Tuition Assistance Program (TAP).

State Aid

The College also benefits from New York's Bundy Aid Program, which pays aid, unrestricted as to use, to certain institutions of higher education based on the number of academic degrees conferred each year. In 2007-2008 \$723,920 was received, and during 2008-2009 fiscal year the College is scheduled to receive \$691,553 from the program. Future payments by the State are dependent on the enactment of annual appropriations and the ability of the State to pay the sums appropriated.

Faculty

The total number of faculty members currently employed by the College is 627 of which 468 serve full-time. The majority of the College's full-time faculty are appointed within one of the four principal academic ranks: Professor, Associate Professor, Assistant Professor and Instructor. The following table sets forth the faculty profile for the past five academic years:

FACULTY PROFILE

	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009*</u>
Full-Time	467	454	474	472	463
Part-Time & Adjuncts	<u>138</u>	<u>166</u>	<u>158</u>	<u>168</u>	<u>216</u>
Total	605	620	632	640	679
Tenured	216	223	225	241	248

* Fall Semester

Employee Relations

In addition to its 627 faculty members, the College has approximately 73 administrators and approximately 853 other professional, facilities and clerical employees. The College currently has one union for its Public Safety work group.

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ANNUAL FINANCIAL STATEMENT INFORMATION

Financial Reporting

The following tables present summaries of the College's Statement of Activities and Statement of Financial Condition as of and for the six years ended on May 31.

Statements of Financial Position As of May 31,

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u> <u>(unaudited)</u>
Assets:						
Cash	\$ 265,929	\$ 145,287	\$ 426,526	\$ 567,633	\$ 182,795	\$ 109,915
Short-term investments	40,493,296	39,664,579	49,114,789	62,116,145	74,070,715	81,386,398
Accounts receivable, net of allowances	3,045,069	3,395,241	1,609,930	1,609,630	1,744,266	1,598,758
Contributions receivable, net	44,203,332	45,451,811	48,409,396	48,150,186	28,325,696	17,195,123
Inventories, def. charges and prepaids	5,122,654	6,359,079	7,225,258	5,243,428	5,784,318	6,127,396
long-term investments at market	164,433,025	181,625,856	205,696,284	237,324,893	237,254,934	165,324,374
Deposits held with bond trustee	-	28,789,174	9,491,870	28,690,203	25,748,818	5,068,228
Notes receivable, net of allowances	6,412,253	6,560,761	6,646,425	6,831,619	7,446,561	8,203,474
Interest rate swap agreements	-	-	3,682,489	3,165,875	308,817	733,910
Property, plant and equipment, net	<u>163,089,310</u>	<u>168,761,283</u>	<u>187,143,375</u>	<u>198,306,350</u>	<u>259,119,279</u>	<u>288,041,432</u>
Total Assets	<u>\$427,064,868</u>	<u>\$480,753,071</u>	<u>\$519,446,342</u>	<u>\$592,005,962</u>	<u>\$639,986,199</u>	<u>\$573,789,008</u>
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accruals	\$ 19,456,563	\$ 26,558,363	\$ 27,617,828	\$ 30,727,232	\$ 33,915,275	\$ 32,152,691
Deposits and deferred revenues	6,814,700	6,755,323	4,871,443	5,397,429	5,185,141	5,411,038
Conditional asset retirement obligation	-	-	1,177,985	1,231,425	1,249,085	1,261,785
Long-term debt	83,870,099	112,873,627	116,001,507	144,651,589	147,744,948	145,379,427
U.S. Governmental grants refundable	8,098,968	8,258,300	8,305,740	8,357,618	8,361,513	8,376,073
Capital Lease	0	0	0	0	40,808,881	41,114,245
Interest rate swap agreements	0	0	0	923,268	2,160,392	10,275,562
Total Liabilities	118,240,330	154,445,613	157,974,503	191,288,561	239,425,235	243,970,821
Net Assets:						
Designated:						
Federal Government Loan Program	1,001,227	143,384	143,384	143,384	143,384	223,393
For Quasi-Endowment	88,096,973	99,015,321	110,584,907	131,120,340	130,636,520	78,313,307
For Property, Plant and Equipment	60,923,443	60,054,803	80,367,453	82,172,444	89,483,204	59,736,142
Unexpended Bond Proceeds	-	28,789,174	9,491,870	28,690,203	25,748,818	5,068,228
Interest rate swap				2,242,607	(1,851,575)	(9,541,652)

<u>Undesignated:</u>							
Property, Plant & Equipment (net)	69,416,688	46,261,755	61,692,589	44,382,104	46,908,113	78,240,875	
For Current Operations	6,854,518	7,613,909	8,380,258	11,202,441	14,636,945	21,808,724	
Total unrestricted	226,292,849	241,878,346	270,660,461	299,953,523	305,705,409	233,849,017	
<u>Temporarily Restricted:</u>							
For Current Operations	3,227,019	3,101,347	3,145,869	3,000,033	303,507	576,366	
Term Endowments and Life Income	108,750	143,000	202,002	335,466	373,520	343,044	
For Property, Plant & Equipment	9,802,523	9,625,901	9,449,279	9,272,657	23,657,337	22,722,711	
Land and Buildings	40,949,227	42,604,272	47,994,992	56,287,562	36,829,088	38,306,577	
Total Temporarily Restricted	54,087,519	55,474,520	60,792,142	68,895,718	61,163,452	61,948,698	
<u>Permanently Restricted:</u>							
For Endowment	28,427,593	28,938,015	30,002,659	31,851,583	33,692,103	34,020,472	
For Student Loan Programs	16,577	16,577	16,577	16,577	0	0	
Total permanently restricted	28,444,170	28,954,592	30,019,236	31,868,160	33,692,103	34,020,472	
Total net assets	<u>308,824,538</u>	<u>326,307,458</u>	<u>361,471,839</u>	<u>400,717,402</u>	<u>400,560,964</u>	<u>329,818,187</u>	
Total Liabilities and Net assets	<u>\$427,064,868</u>	<u>\$480,753,071</u>	<u>\$519,446,342</u>	<u>\$592,005,962</u>	<u>\$639,986,199</u>	<u>\$573,789,008</u>	

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Statement of Activities
Fiscal Years ended May31,

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u> <u>(unaudited)</u>
Operating Revenues:						
Tuition and fees	\$140,426,722	\$146,073,624	\$156,808,019	\$166,233,732	\$184,089,675	\$189,883,631
Less financial aid	<u>54,162,632</u>	<u>55,239,972</u>	<u>57,707,988</u>	<u>60,394,383</u>	<u>65,443,747</u>	<u>69,263,263</u>
Net tuition and fees	86,264,090	90,833,652	99,100,031	105,839,349	118,645,888	120,620,368
Sales of auxiliary services	46,142,962	46,179,088	49,050,973	50,224,529	53,955,513	51,256,918
Investment income	1,099,479	1,570,678	3,910,326	5,136,042	5,668,126	3,278,507
Private gifts and grants	4,502,835	4,657,445	5,033,649	5,191,071	5,319,797	5,581,720
Federal grants and contracts	4,082,878	3,686,760	3,179,466	3,209,943	3,290,051	2,577,159
State appropriations	970,350	935,788	1,005,428	1,173,983	1,204,030	973,972
Sales/services educational departments	2,243,054	2,541,081	2,924,886	3,071,364	3,437,474	3,272,094
Other revenue	1,344,478	1,453,887	1,246,507	1,326,592	1,455,174	1,886,462
Net investment appreciation designated for operations	<u>6,620,110</u>	<u>6,210,688</u>	<u>5,128,564</u>	<u>5,754,514</u>	<u>6,036,589</u>	<u>7,494,921</u>
Total revenues	<u>153,270,236</u>	<u>158,069,067</u>	<u>170,579,830</u>	<u>180,927,387</u>	<u>199,012,642</u>	<u>196,942,121</u>
Operating Expenses:						
Instruction, research and public						
Services	64,538,356	66,874,328	70,082,580	74,580,906	78,480,124	80,747,750
Academic support	12,942,092	13,344,905	14,091,368	15,555,685	16,430,124	17,704,925
Student services	13,279,974	14,948,537	15,056,819	16,699,035	17,524,348	18,681,376
Institutional support	25,310,654	26,358,597	27,956,128	29,306,643	33,634,502	31,864,815
Auxiliaries	<u>33,627,828</u>	<u>34,553,272</u>	<u>36,675,078</u>	<u>38,370,571</u>	<u>41,668,539</u>	<u>39,198,415</u>
Total expenses	<u>149,698,904</u>	<u>156,079,639</u>	<u>163,861,973</u>	<u>174,512,840</u>	<u>187,737,637</u>	<u>188,197,281</u>
Increase in net assets from operating activities	<u>3,571,332</u>	<u>1,989,428</u>	<u>6,717,857</u>	<u>6,414,547</u>	<u>11,275,005</u>	<u>8,744,840</u>
Non-Operating Activities:						
Capital gifts	7,802,069	2,624,667	6,575,497	10,541,518	28,813,625	1,719,657
Net investment appreciation (depreciation)	25,620,916	19,150,358	27,618,036	35,214,891	2,440,127	(67,408,251)
Investment income on unexpended bond proceeds	-	386,361	411,285	251,791	1,363,443	749,818
Cost of pension benefit obligation curtailment	-	-	(614,013)	(3,753,365)	879,428	636,156
Change in value of interest rate swap agreements	-	(457,206)	4,139,695	(1,439,882)	(4,094,182)	(7,690,076)
Cumulative effect of change in accounting principle	-	-	(1,116,573)	-	-	-
Loss on bond defeasance	-	-	(3,438,839)	-	(597,294)	-
Statement No. 158 recognition provisions	-	-	-	(2,229,424)	-	-
Reversal of Pledge Rec. – land & buildings	-	-	-	-	(34,200,000)	-
Net investment appreciation designated for operations	<u>(6,620,110)</u>	<u>(6,210,688)</u>	<u>(5,128,564)</u>	<u>(5,754,514)</u>	<u>(6,036,589)</u>	<u>(7,494,921)</u>
Change in net assets	<u>30,374,207</u>	<u>17,482,920</u>	<u>35,164,381</u>	<u>39,245,562</u>	<u>(156,437)</u>	<u>(70,742,777)</u>
Net assets at beginning of year	<u>278,450,331</u>	<u>308,824,538</u>	<u>326,307,458</u>	<u>361,471,839</u>	<u>400,717,401</u>	<u>400,560,964</u>
Net assets at end of year	<u>\$308,824,538</u>	<u>\$326,307,458</u>	<u>\$361,471,839</u>	<u>\$400,717,401</u>	<u>\$400,560,964</u>	<u>\$329,818,187</u>

Management Report of Operating Results

For the past fifty years of College operations, total unrestricted revenues have exceeded expenditures.

The Board of Trustees of the College approves the annual operating budget for the College and reviews and approves tuition and fee increases, the student financial aid budget and increases in salaries, wages and employee benefits. Specifically, the Finance Committee of the Board of Trustees has responsibility for initial review and recommendation for approval as well as for continuing surveillance of actual performance in relation to the approved budget. Reports comparing actual performance to budget are available to department heads and senior administrators via the College's on-line management information system.

The College has actively been implementing its plan to enhance its position as a comprehensive residential institution by striving for excellence in the development of its students' intellect, creativity and character. The College's core strength is its mix of professional programs in Business, the Health Sciences, Communications and its founding School of Music, with those in the School of Humanities and Sciences. It is the ability of students to major in one school and participate in the course offerings of others that supports its brand of "Educating Professionals in the Liberal Arts Tradition." As part of the plan, major improvements to campus facilities and services have been accomplished in recent years, as are described elsewhere in this document.

The College's goal is to stabilize enrollment at approximately current levels over the long-term while maintaining the academic quality profile of its students. The College would also like to lessen its dependency on students from a revenue perspective, but recognizes this is a pattern that will change slowly as it experiences more success from its fundraising efforts. Currently, the College's tuition charges are well positioned relative to much of its competition with many of the colleges and universities with which there are admission application overlaps priced significantly higher than Ithaca.

Academic Year 2008-2009 Results – The College's 2008-2009 financial statements are expected to be available in September 2009. However, the College anticipates realizing a surplus of approximately \$8,744,840 from operating activities and is projecting a loss of \$79,487,617 from non-operating activities, primarily reflecting investment losses and mark to market changes in the value of the College's interest rate swaps.

Academic Year 2009-2010 Budget – In February 2009, the College adopted a budget based on total FTE enrollment of 5,400 students, an incoming class of 1,600 full time freshmen and a discount rate of 36%. Full time tuition was increased 4.75% and operating expenses were budgeted to decline modestly from the 2008-2009 fiscal year which was expected to produce a net operating deficit of \$2.5 million. As the Fall 2009 enrollment of 6,790 FTEs including full time freshmen of 2,040 has been achieved, the College expects to realize an operating surplus of \$3 million net of an increase in the discount rate to 38%.

Net Assets

The College's unrestricted assets of approximately \$234 million as of May 31, 2009 consisted primarily of investments of \$143 million, generating investment return in support of the College's educational mission and purposes, and \$78 million in land, facilities, and funds designated for facilities. Temporarily restricted net assets are generally available for program purposes such as financial aid, facilities and equipment, and deferred giving arrangements. Permanently restricted net assets are

restricted by the donor, the investment return from which is used to support program activities such as financial aid and instruction.

Fund Raising

GIFTS, GRANTS AND BEQUESTS

	<u>Operations</u>	<u>Endowment</u>	<u>Plant</u>	<u>Total</u>
2004-2005	\$ 8,344,205	\$ 496,794	\$ 2,127,873	\$ 10,968,872
2005-2006	8,213,115	1,083,523	5,491,974	14,788,612
2006-2007	8,355,968	1,941,112	8,600,406	18,897,486
2007-2008	8,609,848	1,712,084	27,101,541	37,423,473
2008-2009 (unaudited)	8,158,879	527,025	1,192,632	9,878,536

Investments

Total investments include long-term and short-term investments and deposits with trustees. The following table provides the market value of the College's total investments for the past five fiscal years including estimates as of May 31, 2009:

	Total Investments				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u> (unaudited)
Commercial paper, money market funds and foreign currency securities	\$60,225,551	\$52,316,049	\$84,307,646	\$98,201,077	\$52,664,274
Government and corporate bonds	49,095,871	63,035,101	41,786,697	78,736,061	60,863,451
Common Stock	101,430,062	110,001,002	128,373,573	72,567,349	56,577,933
Hedge funds and absolute return	34,617,498	32,765,221	56,641,611	60,450,756	39,696,560
Private Equity	1,177,682	2,652,625	5,622,202	8,576,616	12,588,109
Real Estate Partnerships	3,532,945	3,532,945	11,399,512	18,542,608	29,388,673
	<u>\$250,079,609</u>	<u>\$264,302,943</u>	<u>\$328,131,241</u>	<u>\$337,074,467</u>	<u>\$251,799,000</u>

As of May 31, 2009 the College estimates approximately \$192 million of investments could be liquidated within 120 days.

Long Term Investments

The market value of the College's investments held for long term purposes was \$165,324,374 on May 31, 2009. The College has adopted a total return spending policy on its endowment and similar investments. Under this policy, the College utilizes an amount ranging between 4% and 6% of the average quarterly market values of its pooled investment portfolio for the preceding three years. The College utilized 4.510% and 4.640% of the average quarterly market values of its pooled investment portfolio in fiscal 2008 and 2007, respectively. The spending for the 2009-2010 fiscal year is 4.554%.

To the extent that the total spending requirement for the current year is not fulfilled by interest and dividends, the College utilizes realized appreciation of the endowment and assets held for similar purposes. Net realized and unrealized gains and losses, which are recognized as either unrestricted, temporarily restricted, or permanently restricted, dependent upon donor stipulations, are also maintained within the portfolio of endowment and other assets held for similar purposes.

The College's endowment is overseen by the Investment Committee of the Board of Trustees, and supported by Prime Buchholz as investment consultant. The Investment Committee has the responsibility for maintaining the investment policy including the spending policy, asset allocation and rebalancing of the portfolio, and hiring managers and consultants. The Investment Committee meets on a quarterly basis with its consultants to review performance, asset allocation and any other issues.

The following table details the market value of the College's endowment investments for the past five fiscal years:

	Long-Term Investments				
	2005	2006	2007	2008	2009 (unaudited)
Endowment and similar purposes	\$128,096,336	\$140,719,568	\$163,307,390	\$164,702,143	\$112,676,823
Property, plant and equipment purposes	53,529,520	64,906,716	74,017,503	72,552,791	52,647,551
Total	\$181,625,586	\$205,596,284	\$237,324,893	\$237,254,934	\$165,324,374

Pension Plans

Retirement Annuity Plan. Academic and certain other salaried employees of the College are participants in the Retirement Annuity Plan administered by the Teachers' Insurance and Annuity Association Program ("TIAA") and the College Retirement Equities Fund ("CREF"). Under this arrangement, the College makes annual contributions to the plan which are immediately vested for the benefit of the participants. There are no unfunded past service costs under this plan. The College's contributions to TIAA/CREF are based on a percentage of the employees' salaries. College contributions to the TIAA/CREF plan amounted to \$5,531,938 and \$4,972,658 for the years ended May 31, 2009 and 2008, respectively.

Defined Benefit Pension Plan. The College also maintained a noncontributory defined benefit pension plan for employees who are not eligible to participate in the TIAA/CREF plan. Benefits were based upon the employee's years of service and earnings. The College terminated this plan in fiscal 2006.

Post-Retirement Benefits

The College sponsors two defined benefit postretirement plans. One plan provides medical benefits, and the other provides life insurance benefits to all of the College's employees who reach age 60 with at least 10 years of service or age 55 with at least 20 years of service. The retirees may elect the Open Choice or the Managed Choice Plan upon retirement from the College. The postretirement health care plan and the life insurance plan are noncontributory. Spouse coverage costs are contributory and assumed to increase at the ultimate inflation rate for medical claims. Medical benefits cease at age 65. The College's postretirement plans are not funded.

Postretirement benefit plans		
	2009 (unaudited)	2008
Change in benefit obligation:		
Benefit obligation, beginning of year	\$(7,798,690)	\$(8,072,936)
Service cost	(309,851)	(384,487)
Interest cost	(481,340)	(474,160)
Plan participant's contributions	(41,579)	(35,001)
Actuarial gain (loss)	563,015	754,795
Benefits paid	435,278	413,099
Amendments/Curtailments/Special Terminations	-	-
Annuity purchase	-	-
Lump sum payments	-	-
Settlement (loss)	-	-
Benefit obligation, end of year	<u>\$(7,663,167)</u>	<u>\$(7,798,690)</u>

Plant Values

During the five years ended May 31, 2008, the physical plant of the College increased in net book value from \$163,089,310 to \$219,285,688. The following table represents the additions to the College's physical plant over the past five fiscal years net of accumulated depreciation.

	<u>Fiscal Year Ended May 31,</u>				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u> (unaudited)
Land & improvements	\$ 4,882,415	\$ 5,112,046	\$ 5,093,539	\$ 5,337,144	\$ 8,709,116
Buildings & building improvements	232,534,823	253,918,442	273,190,981	296,859,236	366,216,793
Furniture & equipment	61,133,839	65,924,801	66,766,998	71,392,751	76,037,110
Totals	<u>298,551,077</u>	<u>324,955,289</u>	<u>345,051,518</u>	<u>373,589,131</u>	<u>450,963,019</u>
Less: Accumulated Depreciation	<u>(129,789,794)</u>	<u>(137,811,914)</u>	<u>(146,745,168)</u>	<u>(154,303,443)</u>	<u>(162,921,586)</u>
Property Plant & Equipment	\$168,761,283	\$187,143,375	\$196,306,350	\$219,285,688	\$288,041,432

Outstanding Indebtedness of the College

Outstanding indebtedness of the College at May 31, 2008 was \$145,379,427 and is summarized as follows:

Outstanding Indebtedness

Issue	Maturity	Outstanding
Series 2004 Bonds	2034	\$29,695,000
Series 2005A Bonds	2013	\$6,155,880
Series 2005B Bonds	2026	\$40,498,547
Series 2007 Bonds	2037	\$30,525,000
Series 2008 Bonds*	2038	\$38,505,000

* Maturity and Outstanding amount to be changed by the reoffering described herein.

Tompkins County Industrial Development Agency Series 2004

The Series 2004 Bonds are special limited obligations secured by a guarantee of the College, a security interest in the Pledged Revenues and an insurance policy issued by Syncora Guarantee Inc. (formerly known as XL Capital Assurance Inc.) (“Syncora”) guaranteeing the timely payment of principal and interest on the Series 2004 Bonds.

The Series 2004 Bonds were issued at full face value of \$31,100,000 with a variable rate of interest, which is reset on a weekly basis. A liquidity facility was provided by HSBC Bank USA. The proceeds of the issue were used to fund the renovation of the Garden Apartments student housing complex, the design and implementation of a new student information system, the upgrade of the campus electrical infrastructure, and other campus renovation projects.

On April 10, 2008 HSBC Bank USA issued a direct-pay letter of credit to provide additional credit enhancement for the Series 2004 Bonds. The insurance policy issued by Syncora remains in place and the HSBC liquidity facility is suspended while the Letter of Credit is in effect. On August 5, 2009, TD Bank, NA issued a three-year direct pay letter of credit and liquidity facility to replace the HSBC letter of credit and liquidity facility. The Syncora bond insurance policy will remain in place and the liquidity facility will continue to be suspended. Under the agreement with TD Bank, the College has agreed to certain financial covenants including an annual debt service coverage ratio of 1.20x and a liquidity ratio (liquid unrestricted net assets) to long-term debt of 75%.

Concurrent with the issuance of the Series 2004 Bonds, the College entered into an interest rate swap agreement for the notional amount of \$10,420,000 with UBS AG wherein the College agreed to pay to UBS AG a fixed rate and to receive from UBS AG a variable payment. The interest rate received by the College is reset on a weekly basis. The agreement expires coincident with the maturity of the Series 2004 Bonds on July 1, 2034. Under the agreement with UBS AG, the College is required to post collateral if the rating on its bonds falls below an ‘A3’ rating and could be terminated if the rating on the College’s bonds falls below ‘Baa3’.

The College made principal payments of \$715,000 and \$690,000 on the Series 2004 Bonds in fiscal years 2009 and 2008 respectively, and net interest payments of \$633,028 on the Series 2004 Bonds for the year ended May 31, 2009 and \$1,222,310 for the year ended May 31, 2008.

Tompkins County Industrial Development Agency Series 2005A and 2005B

The Series 2005 Bonds are special limited obligations secured by a guarantee of the College, a security interest in the Pledged Revenues and an insurance policy issued by Syncora guaranteeing the timely payment of principal and interest on the Series 2005 Bonds.

The Series 2005A and Series 2005B Bonds were issued at premiums of \$45,779 and \$162,768, respectively, resulting in net proceeds to the College of \$49,115,675. The premiums are being amortized over the term of the Series 2005 Bonds using the effective interest method. The net proceeds of the Series 2005A and Series 2005B Bonds were used to advance refund the entire Series 1997 bonds and \$5,955,000 of the Series 1998 Bonds. A liquidity facility for the Series 2005B Bonds was provided by HSBC Bank USA.

On April 10, 2008 HSBC Bank USA issued a direct-pay letter of credit to provide additional credit enhancement for the Series 2005B Bonds. The insurance policy issued by Syncora remains in place and the HSBC liquidity facility is suspended while the letter of credit is in effect. On August 21, 2009 HSBC issued a renewal of their direct pay letter of credit with an expiration of August 5, 2012. The Syncora bond insurance policy remains in place and the liquidity facility will continue to be suspended. Under the agreement with HSBC the College has agreed to certain financial covenants including an annual debt service coverage ratio of 1.20x and a liquidity ratio (liquid unrestricted net assets) to long-term debt of 75%.

Concurrent with the issuance of the Series 2005B Bonds, the College entered into an interest rate swap agreement for the notional amount of \$40,290,000 with Dexia Credit Local ("Dexia") wherein the College agreed to pay Dexia a fixed rate of interest, and receive from Dexia a variable payment. The interest rate received by the College is reset on a weekly basis. The agreement expires coincident with the maturity of the Series 2005 Bonds on July 1, 2026. On August 20, 2009 the College entered into an novation agreement with Bank of America whereby Bank of America assumed the swap from Dexia. Under the agreement, the College is required to post collateral if the rating on its bonds falls below an 'A3' rating and could be terminated if the rating on the College's bonds falls below 'Baa3.'

The College made principal payments of \$1,095,000 and \$1,060,000 on the Series 2005A bonds in fiscal years 2009 and 2008 respectively, and net interest payments of \$1,641,907 on the Series 2005A and Series 2005B Bonds for the year ended May 31, 2009 and \$1,924,018 for the year ended May 31, 2008.

The College was recently informed that Internal Revenue Service (the "IRS") has selected the Series 2005 Bonds for examination. The IRS routinely examines municipal debt issuances to determine compliance with Federal tax requirements, and the IRS has not indicated that it has any reason to believe that the Series 2005 Bonds do not meet the requirements for the interest thereon to be excluded from gross income for Federal income tax purposes. As a result, the College does not believe that the examination will result in any adverse action taken by the IRS. Notwithstanding, there can be no assurance that the IRS will not determine that the Series 2005 Bonds do not meet one or more requirements for tax exemption and take appropriate action, including declaring the interest on the Series 2005 Bonds to be taxable.

Tompkins County Industrial Development Agency Series 2007

The Series 2007 Bonds are special limited obligations secured by a guarantee of the College and a security interest in the Pledged Revenues. Upon issuance of the Series 2007 Bonds, Syncora issued an insurance policy guaranteeing the timely payment of principal and interest on the Series 2007 Bonds.

The Series 2007 Bonds were issued at full face value of \$31,075,000 and bore interest at the seven-day Auction Rate from issuance until May 7, 2008. On April 29, 2008 HSBC Bank USA issued a direct pay letter of credit to provide additional credit enhancement for the Series 2007 Bonds and the College converted the Series 2007 Bonds to weekly variable rate demand bonds from auction rate securities. The Syncora insurance policy remained in place. The proceeds of the issue were used to fund various capital projects including the construction of a new administrative office building, the completion of construction of Park Center, and the renovation of certain other existing College facilities.

In anticipation of issuing additional bonds in fiscal 2007, on September 13, 2005, the College entered into a forward interest rate swap agreement with Dexia Credit Local (“Dexia”) for \$12,000,000. Under the terms of the agreement, commencing on November 1, 2007, the College agreed to pay Dexia a fixed rate of interest and receives from Dexia a variable payment. The interest rate to be received by the College is reset on a weekly basis. The agreement expires coincident with the anticipated maturity of the Series 2007 Bonds on July 1, 2037. On August 20, 2009 the College entered into an novation agreement with the Royal Bank of Canada (“RBC”) whereby RBC assumed the swap from Dexia. Under the agreement with RBC, the College is required to post collateral if the rating on its bonds falls below an ‘A3’ rating and could be terminated if the rating falls below ‘Baa3’.

Concurrent with the issuance of the Series 2007 Bonds, the College entered into an interest rate swap agreement for the notional amount of \$19,075,000 with RBC wherein the College agreed to pay to RBC a fixed rate of interest and receives from RBC a variable payment. The interest rate to be received by the College resets on a monthly basis. The agreement expires coincident with the maturity of the Series 2007 Bonds on July 1, 2037. Under the agreement with RBC, the College is required to post collateral if the rating on its Series 2007 Bonds falls below an ‘A3’ rating and could be terminated if the rating falls below ‘Baa3.’

On August 20, 2009, the Series 2007 Bonds were converted to fixed rate serial bonds. The Syncora insurance policy was cancelled upon the reoffering of the Series 2007 Bonds. In connection with the conversion of the Series 2007 Bonds, the College agreed to certain financial covenants with the Trustee, including an annual debt service coverage ratio of 1.20x. The College entered into offsetting fixed receiver swaps with RBC whereby it will receive a fixed rate and pay 67% of USA-LIBOR-BBA for the term of the fixed rate Series 2007 Bonds.

The College made a principal payments of \$500,000 in fiscal year 2009, and net interest payments of \$1,168,616 and \$1,475,581 on the Series 2007 Bonds for the years ended May 31, 2009 and 2008 respectively.

The Series 2008 Bonds - Related Swaps

In anticipation of issuing additional bonds in fiscal 2008, on February 28, 2007, the College entered into a forward interest rate swap agreement with RBC for \$31,640,000. Under the terms of the agreement, commencing on June 1, 2008, the College agreed to pay RBC a fixed rate of interest and to receive from RBC a payment equal to 67% of USA-LIBOR-BBA. On May 20, 2008, this agreement was amended with RBC to an amount of \$38,505,000, whereby the College agreed to pay RBC a fixed rate of interest of 3.447% and to receive from RBC a payment equal to 67% of USA-LIBOR-BBA. The interest rate to be received by the College resets on a monthly basis. The agreement expires coincident with the maturity of the Series 2008 Bonds on July 1, 2038. In connection with the conversion of the Series 2008 Bonds, the College entered into an offsetting fixed receiver swap with RBC whereby it will receive a fixed rate and pay 67% of USA-LIBOR-BBA for the term of the Series 2008 Bonds.

Constant Maturity Swap Transaction

On July 26, 2006, the College entered into a Constant Maturity Swap Agreement with RBC for \$40,290,000. The swap is layered with the Dexia swap on the Series 2005B Bonds. Under the terms of the agreement, commencing on July 1, 2008, the College agreed to pay a variable rate based on one month Libor and receive from RBC a variable rate payment based on a ten year swap rate. The interest rates received and paid by the College resets on a monthly basis. The agreement expires coincident with the maturity of the Series 2005B Bonds on July 1, 2026. The College received net interest payments of \$315,677 on the Constant Maturity Swap for the year ended May 31, 2009 and did not make or receive any payments under the terms of this swap in fiscal 2008.

The following table summarizes the College's current swaps as of May 31, 2009 including the marked to market value as provided by swap counterparties:

Summary of Curent College Swaps					
Swap Counterparty	Current Notional Amount	Maturity Date	Payor Rate	Receiver Rate	Marked to Market Value as of 5/31/09
UBS AG	\$ 10,420,000	07/01/2034	3.4049%	59% of 1 mon. LIBOR + 40bp	\$ (1,122,071)
Dexia	\$ 40,290,000	07/01/2026	3.11%	67% of 1 mon. LIBOR	\$ (2,144,915)
Dexia	\$ 11,785,000	07/01/2037	3.288%	67% of 1 mon. LIBOR	\$ (897,719)
Royal Bank of Canada	\$ 18,740,000	07/01/2037	3.721%	67% of 1 mon. LIBOR	\$ (2,587,498)
Royal Bank of Canada	\$ 40,290,000	07/01/2026	67% of 1 mon. LIBOR	67% of ISDA Swap Rate minus .49250 %	\$ 733,910
Royal Bank of Canada	\$ 38,505,000	07/01/2038	3.447%	67% of 1 mon. LIBOR	\$ (3,523,358)

RBC Capital Markets Corporation is an indirect wholly-owned subsidiary of Royal Bank of Canada, the counterparty for certain of the College's swaps.

Insurance Coverage

The College's workers compensation insurance coverage is with NYC&URMG (the NY College & University Risk Management Group), a workers compensation self-insurance trust. The bulk of the College's property and casualty insurance policies are currently brokered through Arthur J. Gallagher in White Plains, NY and insured through only top-rated insurance carriers, including Chubb (2008 Best's Key Rating Guide® of A++) and United Educators (2008 Best 's Key Rating Guide® of A).

Litigation

There is no material litigation pending or threatened against the College which would result in a recovery which is not covered by applicable insurance programs less deductible provisions.

PART 5 - THE PROJECT

A portion of the proceeds of the Series 2008 Bonds was used to finance the Series 2008 Project which consists of various renovation projects throughout the College's campus, including, but not limited to, certain academic, teaching and research facilities, certain dormitories and other housing facilities and certain auxiliary and utility plants. Some of the projects have been completed as of the date of this Reoffering Circular and the remaining renovations are expected to be completed by year end. A portion of the proceeds of the Series 2008 Bonds was used to refund all of the outstanding maturities of the Authority's Ithaca College Insured Revenue Bonds, Series 1998.

PART 6 - THE AUTHORITY

Background, Purposes and Powers

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

On September 1, 1995, the Authority through State legislation (the “Consolidation Act”) succeeded to the powers, duties and functions of the New York State Medical Care Facilities Finance Agency (the “Agency”) and the Facilities Development Corporation (the “Corporation”), each of which will continue its corporate existence in and through the Authority. Under the Consolidation Act, the Authority has also acquired by operation of law all assets and property, and has assumed all the liabilities and obligations, of the Agency and the Corporation, including, without limitation, the obligation of the Agency to make payments on its outstanding bonds, and notes or other obligations. Under the Consolidation Act, as successor to the powers, duties and functions of the Agency, the Authority is authorized to issue and sell negotiable bonds and notes to finance and refinance mental health services facilities for use directly by the New York State Department of Mental Hygiene and by certain voluntary agencies. As such successor to the Agency, the Authority has acquired additional authorization to issue bonds and notes to provide certain types of financing for certain facilities for the Department of Health, not-for-profit corporations providing hospital, medical and residential health care facilities and services, county and municipal hospitals and nursing homes, not-for-profit and limited profit nursing home companies, qualified health maintenance organizations and health facilities for municipalities constituting social services districts. As successor to the Corporation, the Authority is authorized, among other things, to assume exclusive possession, jurisdiction, control and supervision over all State mental hygiene facilities and to make them available to the Department of Mental Hygiene, to provide for construction and modernization of municipal hospitals, to provide health facilities for municipalities, to provide health facilities for voluntary non-profit corporations, to make its services available to the State Department of Correctional Services, to make its services available to municipalities to provide for the design and construction of local correctional facilities, to provide services for the design and construction of municipal buildings, and to make loans to certain voluntary agencies with respect to mental hygiene facilities owned or leased by such agencies.

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

In addition to providing financing, the Authority offers a variety of services to certain educational, governmental and not-for-profit institutions, including advising in the areas of project planning, design and construction, monitoring project construction, purchasing of furnishings and

equipment for projects, designing interiors of projects and designing and managing projects to rehabilitate older facilities. In succeeding to the powers, duties and functions of the Corporation as described above, the scope of design and construction services afforded by the Authority has been expanded.

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

At June 30, 2009, the Authority had approximately \$38.6 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of the Authority’s bonds and notes is paid from moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

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

The total amounts of the Authority bonds and notes (excluding debt of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act) outstanding at June 30, 2009 were as follows:

Public Programs	Bonds Issued	Bonds Outstanding	Notes Outstanding	Bonds and Notes Outstanding
State University of New York Dormitory Facilities.....	\$ 2,250,196,000	\$ 974,760,000	\$ 0	\$ 974,760,000
State University of New York Educational and Athletic Facilities.....	12,287,697,999	5,146,033,149	0	5,146,033,149
Upstate Community Colleges of the State University of New York.....	1,431,000,000	604,840,000	0	604,840,000
Senior Colleges of the City University of New York.....	9,663,821,762	2,934,864,213	0	2,934,864,213
Community Colleges of the City University of New York.....	2,364,178,350	508,140,787	0	508,140,787
BOCES and School Districts.....	2,419,101,208	1,894,490,000	0	1,894,490,000
Judicial Facilities.....	2,161,277,717	731,557,717	0	731,557,717
New York State Departments of Health and Education and Other.....	5,198,240,000	3,538,100,000	0	3,538,100,000
Mental Health Services Facilities.....	6,811,595,000	3,676,845,000	0	3,676,845,000
New York State Taxable Pension Bonds.....	773,475,000	0	0	0
Municipal Health Facilities Improvement Program.....	985,555,000	781,415,000	0	781,415,000
Totals Public Programs.....	<u>\$ 46,346,138,036</u>	<u>\$ 20,791,045,866</u>	<u>\$ 0</u>	<u>\$ 20,791,045,866</u>

<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Bonds and Notes Outstanding</u>
Independent Colleges, Universities and Other Institutions.....	\$ 17,477,266,020	\$ 8,830,846,644	\$ 35,975,000	\$ 8,866,821,644
Voluntary Non-Profit Hospitals.....	13,541,719,309	7,933,610,000	0	7,933,610,000
Facilities for the Aged.....	1,996,020,000	966,245,000	0	966,245,000
Supplemental Higher Education Loan Financing Program.....	95,000,000	0	0	0
Totals Non-Public Programs.....	<u>\$ 33,110,005,329</u>	<u>\$ 17,730,701,644</u>	<u>\$ 35,975,000</u>	<u>\$ 17,766,676,644</u>
Grand Totals Bonds and Notes	<u>\$ 79,456,143,365</u>	<u>\$ 38,521,747,510</u>	<u>\$ 35,975,000</u>	<u>\$ 38,557,722,510</u>

Outstanding Indebtedness of the Agency Assumed by the Authority

At June 30, 2009, the Agency had approximately \$361.5 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency's bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at June 30, 2009 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Mental Health Services Improvement Facilities.....	<u>\$ 3,817,230,725</u>	<u>\$ 0</u>
<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Hospital and Nursing Home Project Bond Program.....	\$ 226,230,000	\$ 3,255,000
Insured Mortgage Programs	6,625,079,927	350,549,720
Revenue Bonds, Secured Loan and Other Programs.....	<u>2,414,240,000</u>	<u>7,670,000</u>
Total Non-Public Programs.....	<u>\$ 9,265,549,927</u>	<u>\$ 361,474,720</u>
Total MCFFA Outstanding Debt.....	<u>\$ 13,082,780,652</u>	<u>\$ 361,474,720</u>

Governance

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

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

The current members of the Authority are as follows:

ALFONSO L. CARNEY, Jr., Esquire, *Chair*, New York.

Alfonso L. Carney, Jr. was appointed as a Member of the Authority by the Governor on May 20, 2009. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical and legal consulting services in New York City. Consulting for the firm in 2005, he 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 directed overall staff management of the foundation, and provided strategic oversight of the administration, communications and legal affairs teams, and developed selected foundation program initiatives. Prior to this, Mr. Carney held several positions with Altria Corporate Services, Inc., most recently as Vice President and Associate General Counsel for Corporate and Government Affairs. Prior to that, Mr. Carney served as Assistant Secretary of Philip Morris Companies Inc. and Corporate Secretary of Philip Morris Management Corp. For eight years, Mr. Carney was Senior International Counsel first for General Foods Corporation and later for Kraft Foods, Inc. and previously served as Trade Regulation Counsel, Assistant Litigation Counsel and Federal Government Relations Counsel for General Foods, where he began his legal career in 1975 as a Division Attorney. Mr. Carney is a trustee of Trinity College, the University of Virginia Law School Foundation, the Riverdale Country School and the Virginia Museum of Fine Arts in Richmond. In addition, he is a trustee of the Burke Rehabilitation Hospital in White Plains. Mr. Carney holds a Bachelors degree in Philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His current term expires on March 31, 2010.

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

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on June 20, 2007. Mr. Johnson is Chairman of the Board and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He is director of the New York Newspapers Foundation, a member of the Development Authority of the North Country and the Fort Drum Regional Liaison Committee, a trustee of Clarkson University and president of the Bugbee Housing Development Corporation. Mr. Johnson has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001 and 2002. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expires on March 31, 2010.

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

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

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

BRIAN RUDER, Scarsdale.

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

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on December 15, 2008. A certified public accountant with more than 37 years of experience, Mr. Martino is a retired partner of the Buffalo CPA firm Lumsden & McCormick, LLP. He began his career at Price Waterhouse where he worked in the firm's Buffalo and Washington, DC, offices. Mr. Martino is a member of the American Institute of CPAs and the New York State Society of CPAs. Long involved in community organizations, he serves on the boards of the Buffalo Niagara Medical Campus as Vice Chairman, Mount Calvary Cemetery as Chair of the Investment Committee, Cradle Beach Camp of which he is a former Chair, the Kelly for Kids Foundation and Key Bank. Mr. Martino received a Bachelor of Science degree in accounting from the University at Buffalo. Mr. Martino's current term expires on August 31, 2010.

SANDRA M. SHAPARD, Delmar.

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

Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

GERARD ROMSKI, Esq., Mount Kisco.

Mr. Ronski was appointed as a Member of the Authority by the Temporary President of the State Senate on June 8, 2009. 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. Ronski is also of counsel to the New York City law firm of Bauman, Katz and Grill LLP. He formerly was a partner in the law firm of Ross & Cohen, LLP (now merged with Duane Morris, LLP) for twelve years, handling all aspects of real estate and construction law for various clients. He previously served as Assistant Division Chief for the New York City Law Department’s Real Estate Litigation Division where he managed all aspects of litigation arising from real property owned by The City of New York. Mr. Ronski is a member of the Urban Land Institute, Council of Development Finance Agencies, the New York State Bar Association, American Bar Association and New York City Bar Association. He previously served as a member of the New York City Congestion Mitigation Commission and the Board of Directors for the Bronx Red Cross. Mr. Ronski 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.

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

CAROLE F. HUXLEY, *Interim Commissioner of Education of the State of New York*, Albany; *ex-officio*.

Carole Huxley was appointed Interim Education Commissioner on July 1, 2009. Ms. Huxley retired in November 2006 after serving for 24 years as Deputy Commissioner for Cultural Education in the New York State Education Department where she was responsible for the New York State Archives, State Library, State Museum and aid to libraries, records repositories and public broadcasting statewide. She came to New York from the National Endowment for Humanities in Washington, DC where she was Director of the Division of Special Programs. Prior to this, Ms. Huxley was with the American Field Service (AFS International) in New York City. She began her career in education teaching high school English in Woodbury, Connecticut. Ms. Huxley holds a Masters of Arts in Teaching from Harvard University and a Bachelor of Arts degree from Mount Holyoke College.

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

Richard F. Daines, M.D., became Commissioner of Health on March 21, 2007. Prior to his appointment he served as President and CEO at St. Luke’s-Roosevelt Hospital Center since 2002. Before joining St. Luke’s-Roosevelt Hospital Center as Medical Director in 2000, Dr. Daines served as Senior Vice President for Professional Affairs of St. Barnabas Hospital in the Bronx, New York since 1994 and

as Medical Director from 1987 to 1999. Dr. Daines received a Bachelor of History degree from Utah State University in 1974 and served as a missionary for the Church of Jesus Christ of Latter-day Saints in Bolivia, 1970-1972. He received his medical degree from Cornell University Medical College in 1978. He served a residency in internal medicine at New York Hospital and is Board Certified in Internal Medicine and Critical Care Medicine.

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

Mr. 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. Prior to this he served as head of the Economic and Revenue Unit of the New York State Division of the Budget where he was responsible for State Budget revenue projections and the development and monitoring of the State Financial Plan. Mr. Megna was Assistant Commissioner for Tax Policy for the Commonwealth of Virginia. He also served as Director of Tax Studies for the New York State Department of Taxation and Finance and as Deputy Director of Fiscal Studies for the Ways and Means Committee of the New York State Assembly. Mr. Megna was also an economist for AT&T. He holds Masters degrees in Public Policy from Fordham University and Economics from the London School of Economics.

The principal staff of the Authority is as follows:

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

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

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing Authority bond issuance in the capital markets, through financial feasibility analysis and financing structure determination for Authority clients; as well as implementing

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

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

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

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

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

Claims and Litigation

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

Other Matters

New York State Public Authorities Control Board

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

Legislation

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

Environmental Quality Review

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

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of the Authority for the fiscal year ended March 31, 2009. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 7 - LEGALITY OF THE SERIES 2008 BONDS FOR INVESTMENT AND DEPOSIT

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

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

PART 8 - NEGOTIABLE INSTRUMENTS

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

PART 9 - TAX MATTERS

Federal Income Taxes

In the opinion of Harris Beach PLLC, Bond Counsel, and subject to the limitations set forth in the immediately succeeding paragraph, under the existing statutes, regulations, administrative rulings and court decisions as of the date of the remarketing of the Series 2008 Bonds (as remarketed, the “Reissued Series 2008 Bonds”), the interest on the Reissued Series 2008 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Furthermore, Bond Counsel is of the opinion that interest on the Reissued Series 2008 Bonds is not an “item of tax preference” for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Reissued Series 2008 Bonds is included in “adjusted current earnings” for purposes of calculating the federal alternative minimum tax liability of certain corporations. Corporate purchasers of the Reissued Bonds should consult their tax advisors regarding the computation of any alternative minimum tax liability. Bond Counsel expresses no opinion regarding other federal income tax consequences caused by the receipt or accrual of interest on the Reissued Series 2008 Bonds.

The Reissued Series 2008 Bonds maturing on July 1, 2010 through July 1, 2013, inclusive, and on July 1, 2014 bearing interest at 3.00% per annum, July 1 2016 and July 1, 2017 (collectively, the “Premium Bonds”) are being reoffered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Reissued Series 2008 Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

The difference between the principal amount of the Reissued Series 2008 Bonds maturing on July 1, 2014 bearing interest at 2.75% per annum, and July 1, 2015 (collectively, the “Discount Bonds”), and the initial reoffering price to the public (excluding bond houses, brokers and other intermediaries, or similar persons acting in the same capacity of underwriters or wholesalers), at which price a substantial amount of such Discount Bonds of the same maturity is first sold, constitutes original issue discount, which is not included in gross income for federal income tax purposes to the same extent as interest on the Discount Bonds. The Code provides that the amount of original issue discount accrues in accordance with a constant interest method based on the compounding of interest, and that the basis of a Discount Bond acquired at such initial reoffering price by an initial purchaser of such an owner’s adjusted basis for purposes of determining an owner’s gain or loss on the disposition of a Discount Bond will be increased by the amount of such accrued original issue discount.

The Code establishes certain requirements which must be met at and subsequent to the remarketing of the Reissued Series 2008 Bonds in order that interest on the Reissued Series 2008 Bonds will be and remain excludable from gross income for federal income tax purposes. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, restrictions on the investment of proceeds of the Reissued Series 2008 Bonds and other moneys or properties, required ownership of a facility by an organization described in Section 501(c)(3) of the Code or a governmental unit, and the rebate to the United States of certain earnings in respect of investments. Failure to comply with the continuing requirements may cause the interest on the Reissued Series 2008 Bonds to be included in gross income for federal income tax purposes retroactive to the date of their remarketing irrespective of the date on which such noncompliance occurs. In the Bond Series Certificate, the Loan Agreement, the Tax Certificate and accompanying documents, exhibits and certificates, the Authority and the College have covenanted to comply with certain procedures, and have made certain representations and certifications, designed to assure satisfaction of the requirements of the Code. In rendering the above-described opinion, Bond Counsel has assumed the accuracy of such representations and certifications and the continuing compliance by the Authority and the College with such covenants.

In addition to the matters referred to in the preceding paragraphs, prospective purchasers of the Reissued Series 2008 Bonds should be aware that the accrual or receipt of interest on the Reissued Series 2008 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences may depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Examples of such other federal income tax consequences of acquiring or holding the Reissued Series 2008 Bonds include, without limitation, that (i) with respect to certain insurance companies, the Code reduces the deduction for loss reserves by a portion of the sum of certain items, including interest on the Reissued Series 2008 Bonds, (ii) interest on the Reissued Series 2008 Bonds earned by certain foreign corporations doing business in the United States may be subject to a branch profits tax imposed by the Code, (iii) passive investment income, including interest on the Reissued Series 2008 Bonds, may be subject to federal income taxation under the Code for certain S corporations that have certain earnings and profits, and (iv) the Code requires recipients of certain Social Security and certain other federal retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Reissued Series 2008 Bonds. In addition, the Code denies the interest deduction for indebtedness incurred or continued by a taxpayer, including without limitation, banks, thrift institutions, and certain other financial institutions to purchase or carry tax-exempt obligations, such as the Reissued Series 2008 Bonds. All prospective purchasers of the Reissued Series 2008 Bonds should consult with their tax advisors in order to understand the implications of the Code as to these and other federal and state tax consequences, as well as any local tax consequences, of purchasing or holding the Reissued Series 2008 Bonds.

Certain requirements and procedures contained or referred to in the Bond Series Certificate, the Loan Agreement, the Tax Certificate 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 a nationally recognized bond counsel. Bond Counsel expresses no opinion as to any tax consequences with respect to the Reissued Series 2008 Bonds, or the interest thereon, if any such change occurs or actions are taken upon the advice or approval of bond counsel other than Harris Beach PLLC.

Bond Counsel has not undertaken to advise in the future whether any events occurring (or not occurring) or any actions taken (or not taken) after the date of reoffering of the Reissued Series 2008 Bonds may affect the tax status of interest on the Reissued Series 2008 Bonds. In addition, no assurance can be given that future legislation or amendments to the Code, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the Reissued Series 2008 Bonds from gross income for federal income tax purposes.

State and Local Income Taxes

In the opinion of Bond Counsel, under existing statutes as of the date of remarketing of the Reissued Series 2008 Bonds, interest on the Reissued Series 2008 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including, without limitation, the City of New York).

Attached to this Reoffering Circular as Appendix E and made a part hereof is the form of approving opinion of Bond Counsel.

Interest on the Reissued Series 2008 Bonds may or may not be subject to state or local income taxes in jurisdictions other than the State of New York under applicable state or local tax laws. Bond Counsel expresses no opinion as to the tax treatment of the Reissued Series 2008 Bonds under other state or local jurisdictions. Each purchaser of the Reissued Series 2008 Bonds should consult his or her own tax advisor regarding the taxable status of the Reissued Series 2008 Bonds in a particular state or local jurisdiction other than the State of New York.

Other Considerations

No assurance can be given that any future legislation, including amendments to the Code or the State income tax laws, regulations, administrative rulings, or court decisions, will not cause interest on the Reissued Series 2008 Bonds to be subject, directly or indirectly, to federal or State or local income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Further no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decisions or actions of the Internal Revenue Service, including but not limited to regulations, rulings, the selection of the Reissued Series 2008 Bonds for audit examination, or the course or result of any Internal Revenue Service examination of the Reissued Series 2008 Bonds or of obligations which present similar tax issues, will not affect the market price or marketability of the Reissued Series 2008 Bonds. Prospective purchasers of the remarketed Reissued Series 2008 Bonds should consult their own tax advisors regarding the forgoing matters.

All quotations from and summaries and explanations of provisions of law do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

ALL PROSPECTIVE PURCHASERS OF THE REISSUED SERIES 2008 BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO OTHER FEDERAL AND STATE TAX CONSEQUENCES, AS WELL AS ANY LOCAL TAX CONSEQUENCES, OF PURCHASING OR HOLDING THE REISSUED SERIES 2008 BONDS.

PART 10 - STATE NOT LIABLE ON THE SERIES 2008 BONDS

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

PART 11 - COVENANT BY THE STATE

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

PART 12 - LEGAL MATTERS

Certain legal matters incidental to the conversion of the Series 2008 Bonds by the Authority are subject to the approval of Harris Beach PLLC, Rochester, New York, Bond Counsel, whose opinion will be delivered upon conversion with the remarketed Series 2008 Bonds. The proposed form of Bond Counsel's opinion is set forth in Appendix E hereto.

Certain legal matters will be passed upon for the College by its Counsel, Bond, Schoeneck & King, PLLC, Syracuse, New York. Certain legal matters will be passed upon for the Remarketing Agents by their counsel, Nixon Peabody LLP, New York, New York.

PART 13 - REMARKETING

RBC Capital Markets Corporation and Morgan Stanley & Co., as remarketing agents have agreed to purchase the Series 2008 Bonds at an aggregate purchase price of \$36,659,421.25 equal to the par amount of the Series 2008 Bonds, plus a net reoffering premium of \$1,823,147.25 less the Remarketing Agents' fee of \$243,726.00, and to make a public offering of the Series 2008 Bonds. The obligation of the Remarketing Agents to accept purchase of the Series 2008 Bonds is subject to various conditions contained in the Firm Remarketing Agreement relating to the Series 2008 Bonds. The Remarketing Agents will be obligated to purchase all of the Series 2008 Bonds if any are purchased. The Series 2008 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2008 Bonds into investment trusts) at prices lower than par, and such prices may be changed, from time to time by the Remarketing Agents. The College has agreed to indemnify the Remarketing Agents and the Authority with respect to certain liabilities, including certain liabilities under the federal securities laws.

PART 14 - CONTINUING DISCLOSURE

In order to assist the Remarketing Agents 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 College has undertaken in a written agreement (the "Continuing Disclosure Agreement") for the benefit of the Bondholders to provide to Digital Assurance Certification LLC ("DAC"), on behalf of the Authority, as the Authority's disclosure dissemination agent, on or before 120 days after the end of each fiscal year, commencing with the fiscal year of the College ending May 31, 2009, for filing by DAC with the Municipal Securities Rulemaking Board ("MSRB") as the sole nationally recognized municipal securities repository through the MSRB's Electronic Municipal Market Access ("EMMA") system, and if and when one is established, the New York State Information Depository (the "State Information Depository"), on an annual basis, operating data and financial information of the type hereinafter described which is included in "PART 4 – THE COLLEGE" of this Reoffering Circular (the "Annual

Information”), together with the College’s annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America (the “Audited Financial Statements”); provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to the MSRB through EMMA and to the State Information Depository when they become available.

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

The College also will undertake in the Continuing Disclosure Agreement to provide to the Authority, the Trustee and DAC, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”). In addition, the Authority has undertaken, for the benefit of the Bondholders, to provide such Notices to DAC, should the Authority have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the College, the Trustee or the Authority, DAC will file the Notices with the MSRB through EMMA, and with the State Information Depository, in a timely manner. With respect to the Series 2008 Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC’s obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the College has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, the Audited Financial Statements, the Notices or any other information, disclosures or notices provided to it by the College, the Trustee or the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the College, the Holders of the Series 2008 Bonds or any other party. DAC has no responsibility for the failure of the Authority to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the College, the Trustee or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the College and the Authority with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority’s disclosure dissemination agent terminate, the Authority will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Bondholders.

The Annual Information will consist of the following: (a) operating data and financial information of the type included in this Reoffering Circular in “PART 4 – THE COLLEGE” under the headings “OPERATING INFORMATION” and “FINANCIAL INFORMATION” relating to: (1) student admissions, similar to that set forth under the subheading “Admissions Statistics;” (2) student enrollment, similar to that set forth under the subheading “Enrollment Summary;” (3) tuition and other student charges, similar to that set forth under the subheading “Tuition and Fees;” (4) financial aid, similar to that set forth under the subheading “Sources of Undergraduate Scholarship and Grant Aid;” (5) faculty, similar to that set forth under the subheading “Faculty Profile;” (6) employee relations, including material information about union contracts and, unless such information is included in the audited financial statements of the College, retirement plans; (7) restricted and designated net assets, unless such information is included in the audited financial statements of the College; (8) College investment in plant,

unless such information is included in the audited financial statements of the College; and (9) outstanding long-term indebtedness, unless such information is included in the audited financial statements of the College; together with (b) a narrative explanation, if necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the College and in judging the financial and operating condition of the College. In the past five years the College has not failed to comply, in all material respects, with any previous continuing disclosure undertaking entered into in connection with any tax-exempt debt offerings.

The Notices include notices of any of the following events (the “Notice Events”) with respect to the Series 2008 Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Series 2008 Bonds; (7) modifications to the rights of holders of the Series 2008 Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2008 Bonds; (11) rating changes; and (12) failure to provide annual financial information as required by Rule 15c2-12. In addition, DAC will undertake to provide to the MSRB through EMMA and to the State Information Depository, in a timely manner, notice of any failure by the College to provide the Annual Information and annual financial statements by the date required in the College’s undertaking described above.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement described above is an action to compel specific performance of the undertaking of DAC, the College, the Trustee and/or the Authority, and no person, including any Holder of the Series 2008 Bonds, may recover monetary damages thereunder under any circumstances. The Authority or the College may be compelled to comply with their respective obligations under the Continuing Disclosure Agreement (i) in the case of enforcement of its obligations to provide information required thereunder, by any Holder of Outstanding Series 2008 Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2008 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 2008 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 2008 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 2008 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 foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided; the description is not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Continuing Disclosure Agreement, however, may be amended or modified without consent of the Holders of the Series 2008 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 2008 Bonds will be on file at the principal office of the Authority.

PART 15 - RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a long-term rating of "A2" with a negative outlook to the Series 2008 Bonds. Any desired explanation of the significance of such rating should be obtained from Moody's. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency furnishing such rating, circumstances so warrant. Any downward revision or withdrawal of any such rating could have an adverse effect on the market price of the Series 2008 Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency at the following address: Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

PART 16 - INDEPENDENT ACCOUNTANTS

The financial statements of the College as of and for the year ended May 31, 2008, included in Appendix B to this Reoffering Circular, have been audited by Grant Thornton LLP, independent accountants, as stated in their report appearing in Appendix B to this Reoffering Circular.

PART 17 - NO LITIGATION

There is not now pending any litigation of which the Authority or the College has notice restraining or enjoining the conversion of the Series 2008 Bonds or questioning or affecting the validity of the Series 2008 Bonds, the College's obligations under the Loan Agreement or the proceedings and authority under which such Series 2008 Bonds were issued, converted or remarketed, or the pledge or application by the College, the Authority or the Trustee of any moneys or the security provided for the payment of the Series 2008 Bonds. Neither the creation, organization or existence of the Authority, nor the title of the present directors or other officials of the Authority to their respective offices, is, to the best knowledge of the Authority, being contested. Further, neither the corporate existence of the College nor its right to conduct its operations as currently conducted is, to the best knowledge of the College, being contested.

PART 18 - MISCELLANEOUS

References in this Reoffering Circular to the Act, the Resolution, the Series 2008 Resolution, the Loan Agreement and the Intercreditor Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2008 Resolution, the Loan Agreement and the Intercreditor Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2008 Resolution, the Loan Agreement and the Intercreditor Agreement are on file with the Authority and the Trustee.

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

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

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

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

“APPENDIX A — CERTAIN DEFINITIONS”, “APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT”, “APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION” and “APPENDIX E —FORM OF OPINION OF BOND COUNSEL” have been prepared by Harris Beach PLLC, Rochester, New York, Bond Counsel.

The College has reviewed the parts of this Reoffering Circular describing the College, the Principal and Interest Requirements and Appendix B. The College, as a condition to the conversion of the Series 2008 Bonds, is required to certify that as of the date of this Reoffering Circular and as of the date of the conversion of the Series 2008 Bonds, such parts do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

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

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

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

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

APPENDIX A – CERTAIN DEFINITIONS

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APPENDIX A - CERTAIN DEFINITIONS

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

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

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

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

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

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

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

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

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

Authorized Officer means (i) in the case of the Authority, the Chair, the Vice-Chair, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Managing Director of Public Finance, the Managing Director of Construction, the Managing Director of Policy and Program Development, the Deputy Chief Financial Officer, the Assistant Director,

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

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

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

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

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

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

Bondholder, Holder of Bonds or **Holder** or any similar term, when used with reference to a Bond or Bonds of a Series, means the registered owner of any 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, unless otherwise defined in connection with Bonds of a particular Series, any day which is not a Saturday, Sunday or a day on which the Trustee or banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York.

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

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

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

Construction Fund means the fund so designated and established by the Series 2008 Resolution pursuant to the Resolution.

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

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

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

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

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

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

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

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

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

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

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

Debt Service Fund Requirement means the amount of moneys required to be on deposit 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 (1) such term shall not include any interest in a unit investment trust or mutual fund or (2) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof.

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

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

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

Exempt Obligation means:

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

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

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

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

Fiscal Year means a twelve-month period beginning on June 1st of a calendar year and ending on May 31st of the next succeeding calendar year, or such other twelve month period as the College may elect as its fiscal year.

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

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

Intercreditor Agreement means the Intercreditor Agreement, dated as of August 1, 2009, as amended from time to time, by and among the Authority, the Trustee, The Bank of New York Mellon, in its capacity as trustee for the Series 2004 Bonds, the Series 2005 Bonds and the Series 2007 Bonds (each as defined in the Intercreditor

Agreement), TD Bank, N.A., as credit facility provider for the Series 2004 Bonds, HSBC Bank USA, National Association, as credit facility provider for the Series 2005B Bonds (as defined in the Intercreditor Agreement), RBS Citizens, National Association, as former credit facility provider for the Bonds and Syncora Guarantee Inc., formerly known as XL Capital Assurance Inc., as issuer of the bond insurance policy with respect to the Series 2004 Bonds, the Series 2005 Bonds and the Series 2007 Bonds.

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

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

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

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

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

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

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

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

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

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

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

Mortgage means a mortgage, if any, granted by the College to the Authority in connection with the issuance of a Series of Bonds, in form and substance satisfactory to an Authorized Officer of the Authority, on property described in such Mortgage as security for the performance of the College's obligations under the Loan Agreement with respect to such Series of Bonds, as such Mortgage may be amended or modified from time to time with the consent of the Authority.

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

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

Option Bond means any Bond of a Series which by its terms may be or is required to be tendered by and at the option of the Holder thereof for redemption by the Authority prior to the stated maturity thereof or for purchase by the Authority prior to the stated maturity thereof, or the maturity of which may be extended by and at the option of the Holder thereof in accordance with the Series Resolution authorizing such Bonds or the Bond Series Certificate related to such Bonds.

Outstanding, when used in reference to Bonds of a Series, means, as of a particular date, all Bonds of such Series authenticated and delivered under the Resolution and under 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;
- (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; and
- (iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond.

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

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

Permitted Collateral means:

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

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

(iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one Rating Service and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one Rating Service no lower than in the second highest rating category; or

(iv) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a Rating Service in the highest rating category.

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

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

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

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

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

(v) Any Mortgage;

(vi) Any instrument recorded pursuant to the Loan Agreement; and

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

Permitted Investments means any of the following:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

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

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

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

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

Pledged Revenues means tuition and fees charged to students for academic instruction, the right to receive the same and the proceeds thereof.

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

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

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

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

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

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

rating may be utilized to determine whether an entity qualifies under this paragraph as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds of a Series;

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

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

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

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

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

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

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

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

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

Reporting Date means the first business day that is 150 days after such Testing Date.

Resolution means the Authority's Ithaca College Revenue Bond Resolution, adopted by the Authority April 23, 2008, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

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 for all or a portion of the moneys otherwise required to be held in such Debt Service Reserve Fund.

Revenues means, with respect to a Series of Bonds, all payments received or receivable by the Authority that pursuant to the applicable Loan Agreement are required to be paid to the Trustee for such Series of Bonds (except payments to the Trustee for the administrative costs and expenses or fees of the Trustee and payments to the Trustee for deposit to the Arbitrage Rebate Fund, any fund established for the payment of the purchase price of Options Bonds tendered for purchase or redemption or any fund established for the repayment of funds drawn under a Credit Facility or Liquidity Facility) and all amounts received as a consequence of the enforcement of such Loan Agreement, or applicable Mortgage defined in such Loan Agreement, including but not limited to amounts derived from any realization upon the Pledged Revenues.

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

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

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

Series 2008 Resolution means the Ithaca College Series 2008 Resolution Authorizing Up To \$41,000,000 Ithaca College Revenue Bonds, Series 2008, as amended.

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

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

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

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

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

Sub-Series means the grouping of the Bonds of a Series established pursuant to the applicable Bond Series Resolution or the applicable Bond Series Certificate.

State means the State of New York.

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

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

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

Testing Date means the last day of the College's Fiscal Year.

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.

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

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

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

Variable Interest Rate means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of computing such interest rate or rates specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds and which shall be based on: (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times; or (ii) a stated interest rate that may be changed from time to time as provided in such Series Resolution or Bond Series Certificate; provided, however, that in each case such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate as provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, and that Series Resolution or Bond Series Certificate shall also specify either (x) the particular period or periods of time or manner of determining such period or periods of time for which each variable interest rate shall remain in effect or (y) the time or times at which any change in such variable interest rate shall become effective or the manner of determining such time or times.

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

[END OF APPENDIX A]

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**APPENDIX B - FINANCIAL STATEMENTS OF ITHACA COLLEGE
AND INDEPENDENT AUDITORS' REPORT**

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FINANCIAL STATEMENTS TOGETHER WITH
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ITHACA COLLEGE

May 31, 2008 and 2007

CONTENTS

	<u>Page</u>
Report of Independent Certified Public Accountants	1
Financial Statements:	
Statements of Financial Position as of May 31, 2008 and 2007	2
Statement of Activities for the year ended May 31, 2008	3
Statement of Activities for the year ended May 31, 2007	4
Statements of Cash Flows for the years ended May 31, 2008 and 2007	5
Notes to Financial Statements	6-31



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Ithaca College:

We have audited the accompanying statements of financial position of Ithaca College (the "College") as of May 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ithaca College as of May 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
December 30, 2008

Ithaca College

STATEMENTS OF FINANCIAL POSITION

As of May 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 182,795	\$ 567,633
Short-term investments	74,070,715	62,116,145
Accounts receivable, net of allowances of \$146,000 in 2008 and \$119,000 in 2007	1,744,266	1,609,630
Inventories, deferred charges and prepaid expenses	5,784,318	5,243,428
Contributions receivable, net	28,325,696	13,950,186
Deposits held with bond trustees	25,748,818	28,690,203
Notes receivable, net of allowances of \$388,783 in 2008 and 2007	7,446,561	6,831,619
Long-term investments	237,254,934	237,324,893
Interest rate swap agreements	308,817	3,165,875
Contributions receivable - land and buildings	-	34,200,000
Property, plant and equipment, net	<u>259,119,279</u>	<u>198,306,350</u>
Total assets	<u>\$ 639,986,199</u>	<u>\$ 592,005,962</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 33,915,275	\$ 30,727,232
Deposits and deferred revenues	5,185,141	5,397,429
Conditional asset retirement obligations	1,249,085	1,231,425
Long-term debt	147,744,948	144,651,589
U.S. Government grants refundable	8,361,513	8,357,618
Interest rate swap agreements	2,160,392	923,268
Capital lease obligation	<u>40,808,881</u>	-
Total liabilities	<u>239,425,235</u>	<u>191,288,561</u>
Net assets:		
Unrestricted:		
Current operations	14,636,945	11,202,441
Matching funds under Federal Government loan program	143,384	143,384
Quasi-endowment	130,636,520	131,120,340
Debt service, property, plant and equipment renewal and replacement funds	89,483,204	82,172,444
Unexpended bond proceeds	25,748,818	28,690,203
Net investment in property, plant and equipment	46,908,113	44,382,104
Interest rate swap agreements	<u>(1,851,575)</u>	<u>2,242,607</u>
Total unrestricted	<u>305,705,409</u>	<u>299,953,523</u>
Temporarily restricted:		
Current operations	303,507	3,000,033
Term endowments and life income funds	373,520	335,466
Property, plant and equipment purposes	23,657,337	9,272,657
Land and buildings	<u>36,829,088</u>	<u>56,287,562</u>
Total temporarily restricted	<u>61,163,452</u>	<u>68,895,718</u>
Permanently restricted:		
Endowment	33,692,103	31,851,583
Student loan programs	-	16,577
Total permanently restricted	<u>33,692,103</u>	<u>31,868,160</u>
Total net assets	<u>400,560,964</u>	<u>400,717,401</u>
Total liabilities and net assets	<u>\$ 639,986,199</u>	<u>\$ 592,005,962</u>

The accompanying notes are an integral part of these statements.

Ithaca College

STATEMENT OF ACTIVITIES

For the year ended May 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Operating revenues and support:				
Tuition and fees	\$ 184,089,675	\$ -	\$ -	\$ 184,089,675
Less financial aid	<u>(65,443,787)</u>	<u>-</u>	<u>-</u>	<u>(65,443,787)</u>
Net tuition and fees	118,645,888	-	-	118,645,888
Sales of auxiliary services	53,955,513	-	-	53,955,513
Investment income	5,663,814	4,312	-	5,668,126
Private gifts and grants	4,876,072	443,725	-	5,319,797
Federal grants and contracts	3,290,051	-	-	3,290,051
State appropriations	1,204,030	-	-	1,204,030
Sales and services of educational departments	3,437,474	-	-	3,437,474
Other revenues	1,455,174	-	-	1,455,174
Net investment appreciation designated for operations	6,036,589	-	-	6,036,589
Net assets released from restrictions for operating purposes	<u>832,409</u>	<u>(832,409)</u>	<u>-</u>	<u>-</u>
Total operating revenues and support	<u>199,397,014</u>	<u>(384,372)</u>	<u>-</u>	<u>199,012,642</u>
Operating expenses:				
Instruction, research and public service	78,480,124	-	-	78,480,124
Academic support	16,430,124	-	-	16,430,124
Student services	17,524,348	-	-	17,524,348
Institutional support	33,634,502	-	-	33,634,502
Auxiliary activities	<u>41,668,539</u>	<u>-</u>	<u>-</u>	<u>41,668,539</u>
Total expenses	<u>187,737,637</u>	<u>-</u>	<u>-</u>	<u>187,737,637</u>
Increase (decrease) in net assets from operating activities	<u>11,659,377</u>	<u>(384,372)</u>	<u>-</u>	<u>11,275,005</u>
Nonoperating activities:				
Net assets released from restrictions for capital purposes	33,057	(33,057)	-	-
Capital gifts	283,177	26,821,767	1,708,681	28,813,625
Net investment appreciation	2,261,469	63,396	115,262	2,440,127
Net investment appreciation designated for operations	(6,036,589)	-	-	(6,036,589)
Investment income on unexpended bond proceeds	1,363,443	-	-	1,363,443
Postretirement benefits expense other than net periodic benefit cost	879,428	-	-	879,428
Change in value of interest rate swap agreements	(4,094,182)	-	-	(4,094,182)
Loss on bond defeasance	(597,294)	-	-	(597,294)
Reversal of pledge receivable - land and buildings	<u>-</u>	<u>(34,200,000)</u>	<u>-</u>	<u>(34,200,000)</u>
(Decrease) increase in net assets from nonoperating activities	<u>(5,907,491)</u>	<u>(7,347,894)</u>	<u>1,823,943</u>	<u>(11,431,442)</u>
Changes in net assets	5,751,886	(7,732,266)	1,823,943	(156,437)
Net assets, beginning of year	<u>299,953,523</u>	<u>68,895,718</u>	<u>31,868,160</u>	<u>400,717,401</u>
Net assets, end of year	<u>\$ 305,705,409</u>	<u>\$ 61,163,452</u>	<u>\$ 33,692,103</u>	<u>\$ 400,560,964</u>

The accompanying notes are an integral part of this statement.

Ithaca College

STATEMENT OF ACTIVITIES

For the year ended May 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Operating revenues and support:				
Tuition and fees	\$ 166,233,732	\$ -	\$ -	\$ 166,233,732
Less financial aid	<u>(60,394,383)</u>	<u>-</u>	<u>-</u>	<u>(60,394,383)</u>
Net tuition and fees	105,839,349	-	-	105,839,349
Sales of auxiliary services	50,224,529	-	-	50,224,529
Investment income	5,134,336	1,706	-	5,136,042
Private gifts and grants	4,845,156	345,915	-	5,191,071
Federal grants and contracts	3,209,943	-	-	3,209,943
State appropriations	1,173,983	-	-	1,173,983
Sales and services of educational departments	3,071,364	-	-	3,071,364
Other revenues	1,326,592	-	-	1,326,592
Net investment appreciation designated for operations	5,754,514	-	-	5,754,514
Net assets released from restrictions for operating purposes	<u>807,529</u>	<u>(807,529)</u>	<u>-</u>	<u>-</u>
Total operating revenues and support	<u>181,387,295</u>	<u>(459,908)</u>	<u>-</u>	<u>180,927,387</u>
Operating expenses:				
Instruction, research and public service	74,580,906	-	-	74,580,906
Academic support	15,555,685	-	-	15,555,685
Student services	16,699,035	-	-	16,699,035
Institutional support	29,306,643	-	-	29,306,643
Auxiliary activities	<u>38,370,571</u>	<u>-</u>	<u>-</u>	<u>38,370,571</u>
Total expenses	<u>174,512,840</u>	<u>-</u>	<u>-</u>	<u>174,512,840</u>
Increase (decrease) in net assets from operating activities	<u>6,874,455</u>	<u>(459,908)</u>	<u>-</u>	<u>6,414,547</u>
Nonoperating activities:				
Net assets released from restrictions for capital purposes	4,411	(4,411)	-	-
Capital gifts	168,680	8,548,793	1,824,045	10,541,518
Net investment appreciation	35,170,910	19,102	24,879	35,214,891
Net investment appreciation designated for operations	(5,754,514)	-	-	(5,754,514)
Investment income on unexpended bond proceeds	251,791	-	-	251,791
Cost of pension benefit obligation curtailment	(3,753,365)	-	-	(3,753,365)
Change in value of interest rate swap agreements	(1,439,882)	-	-	(1,439,882)
Effect of adoption of FASB Statement No. 158 recognition provisions	<u>(2,229,424)</u>	<u>-</u>	<u>-</u>	<u>(2,229,424)</u>
Increase in net assets from nonoperating activities	<u>22,418,607</u>	<u>8,563,484</u>	<u>1,848,924</u>	<u>32,831,015</u>
Changes in net assets	29,293,062	8,103,576	1,848,924	39,245,562
Net assets, beginning of year	<u>270,660,461</u>	<u>60,792,142</u>	<u>30,019,236</u>	<u>361,471,839</u>
Net assets, end of year	<u>\$ 299,953,523</u>	<u>\$ 68,895,718</u>	<u>\$ 31,868,160</u>	<u>\$ 400,717,401</u>

The accompanying notes are an integral part of this statement.

Ithaca College

STATEMENTS OF CASH FLOWS

For the years ended May 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Changes in net assets	\$ (156,437)	\$ 39,245,562
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,880,194	14,244,476
Net realized and unrealized gains on investments	(2,440,127)	(35,214,891)
Change in the value of interest rate swap agreements	4,094,182	1,439,882
Effect of adoption of FASB Statement No. 158 recognition provisions	-	2,229,424
Change in unamortized discount on contributions receivable	(744,263)	(230,719)
Reversal of pledge receivable - land and buildings	34,200,000	-
Gifts of property and equipment	(136,056)	-
Amortization of bond discount and bond premium	203,359	25,082
Increase in conditional asset retirement obligations	17,660	53,440
Contributions and investment income restricted for investment	(2,649,795)	(1,118,400)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(134,636)	300
(Increase) decrease in contributions receivable	(13,631,247)	489,929
Decrease in inventories, deferred charges and prepaid expenses	210,321	3,037,728
Increase in accounts payable and accrued expenses	3,188,044	879,980
(Decrease) increase in deposits and deferred revenues	(212,288)	525,986
Increase in accrued interest receivable on capital lease obligation	308,881	-
Net cash provided by operating activities	<u>35,997,792</u>	<u>25,607,779</u>
Cash flows from investing activities:		
Purchases of property and equipment	(34,183,067)	(25,407,451)
Purchases of investments	(253,194,789)	(141,772,780)
Proceeds from the sale of investments	246,691,688	113,159,373
Proceeds from the sale of property	126,000	-
Increase in notes receivable	(614,942)	(185,194)
Net cash used in investing activities	<u>(41,175,110)</u>	<u>(54,206,052)</u>
Cash flows from financing activities:		
Contributions and investment income restricted for investment	2,649,795	1,118,400
Payments on long-term debt obligations	(3,326,666)	(2,450,000)
Redemption of long-term debt	(32,288,333)	-
Proceeds from long-term borrowings	38,505,000	31,075,000
Cost of bond issuance	(751,211)	(1,055,898)
Increase in U.S. Government grants refundable	3,895	51,878
Net cash provided by financing activities	<u>4,792,480</u>	<u>28,739,380</u>
Net (decrease) increase in cash	(384,838)	141,107
Cash and cash equivalents, beginning of year	<u>567,633</u>	<u>426,526</u>
Cash and cash equivalents, end of year	<u>\$ 182,795</u>	<u>\$ 567,633</u>
Supplemental disclosure:		
Cash paid for interest on long-term debt	<u>\$ 6,226,519</u>	<u>\$ 4,587,150</u>
Cash paid for interest on capital lease obligation	<u>\$ 2,474,500</u>	<u>\$ -</u>
Assets acquired under capital lease obligation	<u>\$ 40,500,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Ithaca College

NOTES TO FINANCIAL STATEMENTS

May 31, 2008 and 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Organization*

Ithaca College (the "College") is a four-year, primarily undergraduate institution which offers a diversified program of professional and liberal arts studies. The College was founded in 1892 as the Ithaca Conservatory of Music, and became a nonprofit, private college in 1931. The current campus is relatively new, as its construction began in approximately 1960. Today, Ithaca College offers a wide variety of programs through the School of Business, the Roy H. Park School of Communications, the School of Health Sciences and Human Performance, the School of Humanities and Sciences, the School of Music, the Division of Interdisciplinary and International Studies, and the Division of Graduate and Professional Studies.

The College's programs are designed to address the need for rigorous academic preparation in highly specialized professional fields and the need for students to prepare themselves for the complex demands of modern society by acquiring intellectual breadth beyond the bounds of their chosen profession.

The College is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

2. *Basis of Presentation*

The financial statements of the College have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

3. *Classifications of Net Assets*

The College reports its net assets and changes therein based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets

Unrestricted net assets represent expendable resources that are generally available for support of the College's activities, with certain designations, as follows:

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE A (continued)

- Uses of certain unrestricted net assets are committed through contractual agreements. Such amounts primarily consist of matching funds under a student loan program of the Federal Government and required trustee balances under long-term debt agreements. In addition, grants and contracts that are received for the performance of certain services or functions are reported in the unrestricted net asset category.
- Certain accumulated net investment gains earned on permanently restricted net assets are included within unrestricted net assets. In accordance with New York State law, as interpreted by the College, the appropriation and spending of such gains, absent donor-imposed stipulations, is subject to a standard of prudence. In addition, the Board of Trustees, through voluntary resolutions, has set aside portions of the College's unrestricted net assets to function as quasi-endowment.

Temporarily Restricted Net Assets

Temporarily restricted net assets are net assets subject to donor-imposed stipulations that will be met either by actions of the College or the passage of time. The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets result from donors who stipulate that their donated resources be maintained in perpetuity by the College. Generally, the College is permitted to expend part or all of the income and gains derived from these donated assets, restricted only by donors' stipulations as to their use.

4. *Revenue Recognition*

Tuition revenues for the fall and spring are recognized in the academic semester to which they relate. Revenues and expenses relating to summer session activities that are completed prior to fiscal year-end are recognized in the current fiscal year. The carrying value of student receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience and therefore approximates net realizable value.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE A (continued)

5. *Short-Term Investments*

Short-term investments are reported at fair value and consist principally of U.S. treasuries, commercial paper and money market funds. These investments are intended to be used for current operations.

6. *Long-Term Investments*

The estimated fair value of investments is based on quoted market prices, except for certain investments, principally limited partnerships and similar interests, for which quoted market prices are not available. The estimated fair value of these investments is based on valuations provided by external investment managers as of May 31, 2008 and 2007. Because the private equity and real estate partnership investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such a difference could be material.

The College has interpreted New York State law to allow the spending of income and gains on investments of permanently restricted net assets, subject to a standard of prudence, absent explicit donor stipulations that all or a portion of such income or gains be maintained in perpetuity. Accordingly, such realized and unrealized gains and losses, as well as gains and losses on temporarily restricted and unrestricted assets, are reported as temporarily restricted or unrestricted, based upon the presence or absence of donor stipulations as to their use.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the reported amounts in the accompanying financial statements.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE A (continued)

7. *Property, Plant and Equipment*

The College capitalizes computer equipment with a cost of \$5,000 or more and other equipment and fixed assets with costs of \$2,000 or more which have useful lives greater than one year. Property, plant and equipment are stated at cost and are depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	10 years
Buildings	20 to 60 years
Building improvements	10 years
Equipment	5 to 10 years
Enterprise software	15 years

Assets acquired under capital lease obligations are depreciated over the shorter of their economic useful life or the lease term.

8. *Accounting for Contributions*

Contributions received, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged at fair value. In addition, contributions are distinguished between and recorded as contributions that increase unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions as well as donor-restricted income and gains whose restrictions are met within the same year as received are reflected as unrestricted revenue in the statement of activities.

Contributions of long-lived assets, cash or other assets to be used to acquire or construct long-lived assets are reported as temporarily restricted revenues. The release of the restriction is amortized over the depreciable life of the asset.

9. *Grants and Contracts*

Revenue from grants and contracts is generally recognized as the related expenses are incurred in accordance with the terms of the respective grant or contract agreement. Amounts received in advance are reported as deferred revenues.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE A (continued)

10. *Functional Expenses*

Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The College's primary program services are instruction, research and public service. Expenses reported as academic support, student services, institutional support and auxiliary activities are incurred in support of these primary program services. The College allocates operation and maintenance of plant, depreciation and amortization and interest expense based on proportional expenditures using estimates of building square footage and the functional use of each facility financed by debt.

11. *Operations*

The accompanying statements of activities report the changes in unrestricted, temporarily restricted and permanently restricted net assets, distinguishing between operating and nonoperating activities. Unrestricted operating revenues consist of those items attributable to the College's primary mission of providing education, research and public service. They include investment earnings on the College's operating cash flows and a portion of the return on long-term investments as determined in accordance with the College's spending rate policy. The remaining return on long-term investments is classified as part of nonoperating activities. Nonoperating activities also include capital contributions; net assets released from restrictions for capital purposes; changes in the value of financial instruments; and other activities considered to be more of an unusual or nonrecurring nature.

12. *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management 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. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts for student accounts, notes and contributions receivable; the determination of the College's postretirement benefit obligation; provision for operating accruals; useful lives of fixed assets; conditional asset retirement obligations; and the reported fair values of certain of the College's assets and liabilities. Actual results could differ from those estimates.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE A (continued)

13. *Cash and Cash Equivalents*

The College classifies deposits in banks, money market accounts and certificates of deposit with original maturities of three months or less from the date of purchase as cash equivalents.

14. *Concentrations of Credit Risk*

Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash and cash equivalents and investments in fixed income funds, equity funds and limited partnerships and similar interests. The College maintains its cash and cash equivalents in various bank deposit accounts that, at times, may exceed federally insured limits. The College's cash investments were placed in high quality financial institutions. To minimize risks associated with investments, the College has a diversified investment portfolio in a variety of asset classes. The College has not experienced, nor does it anticipate, any losses in such accounts.

15. *Income Taxes*

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement 109" ("FIN 48"). FIN 48 addresses the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a threshold of more-likely-than-not recognition and derecognition of tax provisions taken or expected to be taken in a tax return. FIN 48 also provides guidance on measurement, classification, interest and penalties, and disclosure. FIN 48 was effective for the College on June 1, 2007, and has no material impact on the College's financial statements.

16. *New Accounting Pronouncements*

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements" ("Statement No. 157"). Statement No. 157 defines fair value, establishes a framework for measurement of fair value, and enhances disclosures about fair value measurements. This statement does not require any new fair value measures. Statement No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The College is currently evaluating the impact Statement No. 157 will have on the financial statements beginning in fiscal 2009.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE A (continued)

In February 2007, the FASB issued Statement No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment of FASB Statement No. 115" ("Statement No. 159"). Statement No. 159 allows entities the irrevocable option to carry most financial assets and liabilities at fair value that are not currently required to be measured at fair value. Statement No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The College is evaluating the impact of Statement No. 159 will have on the financial statements beginning in fiscal 2009.

In August 2008, the FASB issued FASB Staff Position ("FSP") 117-1, "Endowments of Not-For-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds." FSP 117-1 is effective for fiscal years ending after December 15, 2008. FSP 117-1 addresses the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). In addition, the FSP requires new disclosures about an organization's donor-restricted and board-designated endowment funds. The State of New York has not yet enacted a version of UPMIFA. Should the State of New York enact a version of UPMIFA in a future period, the College will need to interpret the relevant law. Based on this interpretation, the FSP could require significant reclassifications of some portion of donor-restricted endowment funds, from unrestricted funds, to temporarily restricted net assets. FSP 117-1 also requires additional disclosures about an organization's endowment funds, whether or not the organization is subject to UPMIFA.

NOTE B - CONTRIBUTIONS RECEIVABLE, NET

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Of the contributions receivable outstanding at May 31, 2008 and 2007, \$28,538,492 and \$49,129,582, respectively, are temporarily restricted for land, property improvements and other purposes, and represent pledges for the Park Center for Business and the Athletics and Events Center, as well as pledges by College Circle Associates, LLC ("CCA") and South Hill Land Associates, LLC ("SHLA") to donate to the College land and buildings in 2057. On June 28, 2007, the lease and pledge agreements between Ithaca College, CCA and SHLA were amended, modifying the terms of both arrangements. Following a re-evaluation of the terms of these agreements, it was concluded that the amendments effectuated during fiscal 2008 caused the lease and pledge agreements to be viewed as one arrangement (i.e. a lease agreement with a transfer of title for the land and buildings at the end of the maximum lease renewal term). Accordingly, the previously recognized pledge from CCA and SHLA for the land and buildings totaling \$34,200,000 was reversed during fiscal 2008 and a capital lease obligation was recognized. The related charge was reflected in the temporarily restricted net asset category in the accompanying 2008 statement of activities (see Note I). At May 31, 2008, of the remaining contributions receivable, \$323,164 was temporarily restricted for other

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE B (continued)

purposes, \$54,043 was time restricted and \$1,511,997 was permanently restricted for endowment purposes. Of the remaining contributions receivable at May 31, 2007, \$203,754 was temporarily restricted for other purposes, \$106,064 was time restricted and \$1,357,049 was permanently restricted for endowment purposes.

Contributions receivable, net, are summarized as follows at May 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 852,774	\$ 7,233,185
One to five years	20,877,922	3,563,264
After five years, excluding land and buildings	8,497,000	5,800,000
After five years - land and buildings	<u>-</u>	<u>34,200,000</u>
	<u>30,427,696</u>	<u>50,796,449</u>
Less: Unamortized discount	<u>(1,902,000)</u>	<u>(2,646,263)</u>
Contributions receivable, net	<u>\$ 28,325,696</u>	<u>\$ 48,150,186</u>

Contributions to be received after one year, with the exception of the CCA and SHLA pledges of land and buildings at May 31, 2007, are discounted using a risk-free rate of return. Discount rates on all outstanding contributions ranged between 5.13% and 4% at May 31, 2008 and 2007. No allowance for uncollectible contributions receivable is provided at May 31, 2008 and 2007, based upon management's judgment including such factors as prior collection history, type of contribution and nature of fund-raising activity.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. During fiscal 2008 and 2007, the College was notified of certain intentions to give. These conditional gifts, if received, would be used in support of capital development. Consistent with U.S. GAAP, such amounts have not been included in contributions receivable due to their conditional nature.

Total costs incurred for fund-raising activities are recorded as an expense when incurred and were \$3,533,134 and \$3,839,587 in 2008 and 2007, respectively, and are included as part of institutional support in the accompanying statements of activities.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE C - INVESTMENTS

Investments, which include long-term and short-term investments and deposits held with trustees, consisted of the following at May 31, 2008 and 2007:

	2008		2007	
	Fair Value	Cost	Fair Value	Cost
Commercial paper, money market funds and foreign currency securities	\$ 98,201,077	\$ 98,169,909	\$ 84,307,646	\$ 84,222,952
Government and corporate bonds	78,736,061	77,206,028	41,786,697	35,908,425
Common stock	72,567,349	70,648,443	128,373,573	88,046,479
Hedge funds and absolute return	60,450,756	42,367,264	56,641,611	40,406,199
Private equity	8,576,616	7,372,814	5,622,202	5,139,860
Real estate partnerships	18,542,608	18,349,421	11,399,512	10,258,025
	<u>\$ 337,074,467</u>	<u>\$ 314,113,879</u>	<u>\$ 328,131,241</u>	<u>\$ 263,981,940</u>

Long-term investments were held for the following purposes at May 31, 2008 and 2007:

	2008		2007	
	Fair Value	Cost	Fair Value	Cost
Endowment and similar purposes	\$ 164,702,143	\$ 148,693,094	\$ 163,307,390	\$ 119,034,757
Property, plant and equipment purposes	72,552,791	65,500,660	74,017,503	53,951,358
	<u>\$237,254,934</u>	<u>\$ 214,193,754</u>	<u>\$ 237,324,893</u>	<u>\$ 172,986,115</u>

As of May 31, 2008, the College had outstanding commitments to invest an additional \$23,543,586 in certain venture capital limited partnerships and similar interests over the next 10-13 years.

For investment purposes, a portion of the long-term investments is pooled with assets owned by separate funds based upon shares purchased by the funds when they enter the pool. The pooled assets are valued on a monthly basis and a per share market value is determined and used to calculate the number of shares applicable to funds entering or exiting the pool.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE C (continued)

The College has adopted a total return spending policy on its endowment and similar investments. Under this policy, the College utilizes an amount ranging between 4% and 6% of the average quarterly market value of its pooled investment portfolio for the preceding three years. The College utilized 4.51% and 4.64% of the average quarterly market value of its pooled investment portfolio in fiscal 2008 and 2007, respectively. To the extent that the total spending requirement for the current year is not fulfilled by interest and dividends, the College utilizes unrealized and realized appreciation of the endowment and assets held for similar purposes. Net realized and unrealized gains and losses, which are recognized as either unrestricted, temporarily restricted, or permanently restricted, dependent upon donor stipulations, are also maintained within the portfolio of endowment and other assets held for similar purposes.

The following schedule summarizes the net investment return and its classification in the 2008 and 2007 statements of activities:

	Year ended May 31, 2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Dividends and interest, net	\$ 7,027,257	\$ 4,312	\$ -	\$ 7,031,569
Net realized and unrealized gains	2,261,469	63,396	115,262	2,440,127
Total return on investments	<u>\$ 9,288,726</u>	<u>\$ 67,708</u>	<u>\$ 115,262</u>	<u>\$ 9,471,696</u>
Investment income designated for operations	\$ 5,663,814	\$ 4,312	\$ -	\$ 5,668,126
Investment income on unexpended bond proceeds	1,363,443	-	-	1,363,443
Net investment appreciation designated for operations	6,036,589	-	-	6,036,589
(Loss) return on investments available for reinvestment	(3,775,120)	63,396	115,262	(3,596,462)
Total return on investments	<u>\$ 9,288,726</u>	<u>\$ 67,708</u>	<u>\$ 115,262</u>	<u>\$ 9,471,696</u>
	Year ended May 31, 2007			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Dividends and interest, net	\$ 5,386,127	\$ 1,706	\$ -	\$ 5,387,833
Net realized and unrealized gains	35,170,910	19,102	24,879	35,214,891
Total return on investments	<u>\$ 40,557,037</u>	<u>\$ 20,808</u>	<u>\$ 24,879</u>	<u>\$ 40,602,724</u>
Investment income designated for operations	\$ 5,134,336	\$ 1,706	\$ -	\$ 5,136,042
Investment income on unexpended bond proceeds	251,791	-	-	251,791
Net investment appreciation designated for operations	5,754,514	-	-	5,754,514
Return on investments available for reinvestment	29,416,396	19,102	24,879	29,460,377
Total return on investments	<u>\$ 40,557,037</u>	<u>\$ 20,808</u>	<u>\$ 24,879</u>	<u>\$ 40,602,724</u>

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE C (continued)

Investment management and custodian fees are netted against investment returns and totaled \$1,157,406 and \$1,065,803 in 2008 and 2007, respectively.

NOTE D - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, consisted of the following at May 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Land	\$ 6,143,450	\$ 2,168,218
Land improvements	3,041,194	2,925,322
Buildings and building improvements	333,511,736	273,190,980
Equipment and software	<u>71,392,751</u>	<u>66,766,998</u>
	414,089,131	345,051,518
Less: Accumulated depreciation	<u>(154,969,852)</u>	<u>(146,745,168)</u>
Property, plant and equipment, net	<u>\$ 259,119,279</u>	<u>\$ 198,306,350</u>

Interest expense totaling \$442,631 and \$349,479 was capitalized to construction projects for the years ended May 31, 2008 and 2007, respectively. Earnings on unspent bond proceeds, which offset interest capitalized, totaled \$1,419,007 and \$204,416 for the years ended May 31, 2008 and 2007, respectively.

On March 20, 2006, the College entered into a lease agreement with the Colgate Rochester Crozer Divinity School for approximately 27,000 square feet of dedicated and shared space to house the Rochester base of the College's Physical Therapy Program. The College paid \$177,096 and \$173,628 plus pro-rated occupancy expenses under the terms of this lease for the years ending May 31, 2008 and 2007, respectively. The base term is 10 years with the option for two additional 10-year renewals. The College made capital improvements to the space during fiscal 2007, to accommodate its specific program needs. The cost of these improvements totaled approximately \$5,000,000 and is included in buildings and building improvements.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE E - LONG -TERM DEBT

Long-term debt at May 31, 2008 and 2007 consisted of the following:

	Original	Outstanding Debt Balance	
	Principal	2008	2007
Dormitory Authority of the State of New York ("DASNY")			
Ithaca College insured revenue bonds:			
Series 1998, 4.25% - 5.25% due 2027 (net of \$0 and \$212,737 unamortized discount at May 31, 2008 and 2007, respectively) (a)	\$ 54,670,000	\$ -	\$ 33,652,263
Series 2008, variable rate demand bonds due 2038 (e)	38,505,000	38,505,000	-
Tompkins County Industrial Development Agency Ithaca College insured revenue bonds:			
Series 2004, variable rate demand bonds due 2034 (b)	31,100,000	30,410,000	31,100,000
Series 2005A, 3.00% - 4.25% fixed rate bonds due 2013 (net of \$36,401 and \$45,779 unamortized premium at May 31, 2008 and 2007, respectively) (c)	9,080,000	7,256,401	8,488,547
Series 2005B, variable rate demand bonds due 2026 (net of \$208,547 unamortized premium at May 31, 2008 and 2007, respectively) (c)	40,290,000	40,498,547	40,335,779
Series 2007, variable rate demand bonds due 2037 (d)	31,075,000	31,075,000	31,075,000
	<u>\$ 204,720,000</u>	<u>\$ 147,744,948</u>	<u>\$ 144,651,589</u>

(a) DASNY Series 1998 Revenue Bonds

The Series 1998 bonds were general obligations of the College secured by a mortgage on Boothroyd, Phillips, Egbert and Smiddy Halls and an insurance policy issued by AMBAC Indemnity Corporation guaranteeing the timely payment of principal and interest on the bonds. The bonds were further secured by a security interest in an aggregate amount of tuition equal to the maximum amount of principal and interest due during any one year.

The Series 1998 bonds were issued at a discount of \$866,158, resulting in net proceeds to the College of \$53,803,842. The discount was being amortized over the term of the bonds using the effective interest method. The net proceeds of the Series 1998 bonds were used to advance refund Series 1991 bonds and to fund campus renovation and construction projects. The College made principal and interest payments of \$3,137,898 and \$3,427,238 on these bonds for the years ended May 31, 2008 and 2007, respectively.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE E (continued)

\$5,955,000 of the Series 1998 bonds were advance refunded as part of the Tompkins County Industrial Development Agency Ithaca College Series 2005A and 2005B bonds issued on September 29, 2005.

The remaining outstanding maturities of Series 1998 bonds were advance refunded as part of the Dormitory Authority of the State of New York Ithaca College Revenue Bonds, Series 2008 issued on May 29, 2008.

(b) Tompkins County Industrial Development Agency Series 2004

The Series 2004 bonds are special limited obligations secured by a guarantee of the College and a pledge of its gross tuition and an insurance policy issued by XL Capital Assurance Inc. guaranteeing the timely payment of principal and interest on the bonds.

The Series 2004 bonds were issued at full face value of \$31,100,000 with a variable rate of interest, which is reset on a weekly basis. The interest rate ranged between 1.53% and 10.0% during fiscal 2008 and 3.17% and 3.96% during fiscal 2007. A liquidity facility has been provided by HSBC Bank USA. The proceeds of the issue were used to fund the renovation of the Garden Apartments student housing complex, the design and implementation of a new student information system, the upgrade of the campus electrical infrastructure, and other campus renovation projects.

On April 10, 2008, HSBC Bank USA issued a direct-pay Letter of Credit to provide additional credit enhancement for the Series 2004 bonds. The insurance policy issued by XL Capital Assurance Inc. remains in place and the HSBC liquidity facility is suspended while the Letter of Credit is in effect.

Concurrent with the issuance of the Series 2004 bonds, the College entered into an interest rate swap agreement for the notional amount of \$10,420,000 with UBS AG wherein the College agreed to pay to UBS AG a fixed rate of interest equal to 3.4% on the Series 2004 bonds and to receive from UBS AG a payment equal to 59% of LIBOR plus 40 basis points. The interest rate received by the College is reset on a weekly basis. The agreement expires coincident with the maturity of the bonds on July 1, 2034. The estimated fair value of the swap at May 31, 2008 and 2007 was \$(149,658) and \$305,929, respectively, and is included as a liability in fiscal 2008 and as an asset in fiscal 2007 in the accompanying statements of financial position. The unrealized (loss) due to changes in the valuation of the swap amounted to \$(455,587) in fiscal 2008 and \$(162,526) in fiscal 2007 and was recorded as a nonoperating item in the fiscal 2008 and 2007 statements of activities, respectively.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE E (continued)

The College made a principal payment of \$690,000 in fiscal year 2008, net of interest payments of \$1,222,310 and \$1,106,356 on these bonds for the years ended May 31, 2008 and 2007, respectively.

(c) *Tompkins County Industrial Development Agency Series 2005A and 2005B*

The Series 2005 bonds are special limited obligations secured by a guarantee of the College and a pledge of its gross tuition and an insurance policy issued by XL Capital Assurance Inc. guaranteeing the timely payment of principal and interest on the bonds.

The Series 2005A and Series 2005B bonds were issued at premiums of \$45,779 and \$208,547, respectively, resulting in net proceeds to the College of \$49,115,675. The premiums are being amortized over the term of the bonds using the effective interest method. The net proceeds of the Series 2005A and Series 2005B bonds were used to advance refund the entire Series 1997 bonds and \$5,955,000 of the Series 1998 bonds. The interest rate on the Series 2005B variable rate bonds ranged between 1.53% and 10.0% during fiscal 2008 and 3.17% and 3.96% during fiscal 2007. A liquidity facility for the Series 2005B bonds has been provided by HSBC Bank USA.

On April 10, 2008, HSBC Bank USA issued a direct-pay Letter of Credit to provide additional credit enhancement for the Series 2005B bonds. The insurance policy issued by XL Capital Assurance Inc. remains in place and the HSBC liquidity facility is suspended while the Letter of Credit is in effect.

Concurrent with the issuance of the Series 2005B bonds, the College entered into an interest rate swap agreement for the notional amount of \$40,290,000 with Dexia Credit Local ("Dexia") wherein the College agreed to pay Dexia a fixed rate of interest equal to 3.11% on the Series 2005B bonds, and to receive from Dexia a payment equal to 67% of USD-LIBOR-BBA. The interest rate received by the College is reset on a weekly basis. The agreement expires coincident with the maturity of the bonds on July 1, 2026. The estimated fair value of the swap at May 31, 2008 and 2007 was \$308,817 and \$2,193,636 respectively, and was included as an asset in the accompanying statements of financial position. The unrealized (loss) due to the change in the valuation of the swap amounted to \$(1,884,819) and \$(459,321) for the years ended May 31, 2008 and 2007, respectively, and was recorded as a nonoperating item in the fiscal 2008 and 2007 statements of activities respectively.

The College made principal payments of \$1,060,000 and \$800,000 on the Series 2005A bonds in fiscal years 2008 and 2007, respectively, and net interest payments of \$1,924,018 on the Series 2005A and Series 2005B bonds for the year ended May 31, 2008 and \$1,767,156 for the year ended May 31, 2007.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE E (continued)

(d) Tompkins County Industrial Development Agency Series 2007

The Series 2007 bonds are special limited obligations secured by a guarantee of the College and an insurance policy issued by XL Capital Assurance Inc. guaranteeing the timely payment of principal and interest on the bonds.

The Series 2007 bonds were issued at full face value of \$31,075,000 and bear interest at the seven-day auction rate from issuance until May 7, 2008. On April 29, 2008, HSBC Bank USA issued a direct-pay Letter of Credit to provide additional credit enhancement for the Series 2007 bonds and the College converted the bonds to weekly variable rate demand bonds from auction rate securities. The XL Capital Assurance insurance policy remains in place. The interest rate ranged between 1.53% and 10.0% during fiscal 2008. The proceeds of the issue are being used to fund various capital projects including the construction of a new administrative office building, the completion of construction of the Park Center, and the renovation of certain other existing College facilities.

In anticipation of issuing additional bonds in fiscal 2007, on September 13, 2005, the College entered into a forward interest rate swap agreement with Dexia Credit Local ("Dexia") for \$12,000,000. Under the terms of the agreement, commencing on November 1, 2007, the College agreed to pay Dexia a fixed rate of interest of 3.288% and to receive from Dexia a payment equal to 67% of USA-LIBOR-BBA. The interest rate to be received by the College will be reset on a weekly basis. The agreement expires coincident with the anticipated maturity of the bonds on July 1, 2037. The estimated fair value of the swap on May 31, 2008 and 2007 was \$(71,564) and \$468,009, respectively, and was included as a liability in fiscal 2008 and an asset in fiscal 2007 on the accompanying statements of financial position. The unrealized gain (loss) due to changes in the valuation of the swap amounted to (\$539,573) in fiscal 2008 and (\$93,068) in fiscal 2007, and was recorded as a nonoperating item in the fiscal 2008 and 2007 statements of activities.

Concurrent with the issuance of the Series 2007 bonds, the College entered into an interest rate swap agreement for the notional amount of \$19,075,000 with RBC Capital Markets wherein the College agreed to pay to RBC Capital Markets ("RBC") a fixed rate of interest equal to 3.721% and to receive from RBC a payment equal to 67% of USA-LIBOR-BBA. The interest rate to be received by the College will be reset on a monthly basis. The agreement expires coincident with the maturity of the bonds on July 1, 2037. The estimated fair value of the swap was \$(939,724) and \$(61,007) at May 31, 2008 and 2007 respectively, and was included as a liability in the accompanying statements of financial position. The unrealized (loss) due to the change in the valuation of the swap amounted to (\$878,717) in fiscal 2008 and (\$61,007) in fiscal 2007 and was recorded as nonoperating item in the fiscal 2008 and 2007 statements of activities.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE E (continued)

The College made net interest payments of \$1,475,581 and \$116,640 on the Series 2007 bonds for the years ended May 31, 2008 and 2007, respectively.

(e) *DASNY Series 2008 Revenue Bonds*

The Series 2008 bonds are special limited obligations secured by a guarantee of the College and a pledge of revenues consisting of an aggregate amount of tuition and fees equal to the maximum amount of principal and interest due during any one year. The bonds are further secured by a mortgage on Boothroyd, Phillips, Egbert, and Smiddy Halls.

The Series 2008 bonds were issued at full face value of \$38,505,000 with a variable rate of interest, which is reset on a weekly basis. The interest rate was 1.53% during fiscal 2008. The proceeds of the Series 2008 bonds were used to advance refund the outstanding maturities of the Series 1998 bonds and to fund various renovation projects throughout the College's campus. Citizens Bank issued a direct-pay Letter of Credit to guarantee timely payment of principal and interest on the bonds.

In anticipation of issuing additional bonds in fiscal 2008, on February 28, 2007, the College entered into a forward interest rate swap agreement with RBC for \$31,640,000. Under the terms of the agreement, commencing on June 1, 2008, the College agreed to pay RBC a fixed rate of interest of 3.5092% and to receive from RBC a payment equal to 67% of USA-LIBOR-BBA. On May 20, 2008, this agreement was amended with RBC to an amount of \$38,505,000, whereby the College agreed to pay RBC a fixed rate of interest of 3.447% and to receive from RBC a payment equal to 67% of USA-LIBOR-BBA. The interest rate to be received by the College will be reset on a monthly basis. The agreement expires coincident with the maturity of the bonds on July 1, 2038. The estimated fair value of the swap was \$(959,380) and \$198,301 on May 31, 2008 and 2007, respectively, and was included as a liability for fiscal 2008 and an asset for fiscal 2007 on the accompanying statements of financial position. The unrealized gain (loss) due to the change in the valuation of the swap amounted to \$(1,157,681) in fiscal 2008 and \$198,301 in fiscal 2007 and was recorded as a nonoperating item in the accompanying statements of activities. The College did not make any payments under the terms of this swap in fiscal 2008.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE E (continued)

Constant Maturity Swap Transaction

On July 26, 2006, the College entered into a Constant Maturity Swap Agreement with RBC for \$40,290,000. The swap is layered with the Dexia swap on the Tompkins County Industrial Development Agency Series 2005B bonds. Under the terms of the agreement, commencing on July 1, 2008, the College agreed to pay RBC a payment equal to 67% of one-month USA-LIBOR-BBA and to receive from RBC a payment equal to 67% of 10-year USD-ISDA-Swap Rate minus .4925%. The interest rates received and paid by the College will be reset on a monthly basis. The agreement expires coincident with the maturity of the bonds on July 1, 2026. The estimated fair value of the swap at May 31, 2008 and 2007 was \$(40,066) and \$(862,261), respectively, and was included as a liability on the accompanying statements of financial position. The unrealized gain (loss) due to the change in the valuation of the swap amounted to \$822,195 in fiscal 2008 and \$(862,261) in fiscal 2007 and was recorded as a nonoperating item in the accompanying statements of activities. The College did not make any payments under the terms of this swap in fiscal 2008.

Required principal and interest payments on long-term debt during the next five fiscal years and in total thereafter are as follows:

	Principal	Interest	Total Debt Service
Year ending May 31:			
2009	\$ 2,360,000	\$ 5,114,103	\$ 7,474,103
2010	4,560,000	4,961,159	9,521,159
2011	4,730,000	4,795,257	9,525,257
2012	4,915,000	4,615,671	9,530,671
2013	5,110,000	4,430,549	9,540,549
Thereafter	<u>125,825,000</u>	<u>41,816,521</u>	<u>167,641,521</u>
	147,500,000	<u>\$ 65,733,260</u>	<u>\$ 213,233,260</u>
Plus: Unamortized bond premium	<u>244,948</u>		
Total long-term debt	<u>\$ 147,744,948</u>		

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE F - BENEFIT PLANS

1. *Retirement Annuity Plan*

Academic and certain other salaried employees of the College are participants in the Retirement Annuity Plan administered by the Teachers' Insurance and Annuity Association Program ("TIAA") and the College Retirement Equities Fund ("CREF"). Under this arrangement, the College makes annual contributions to the plan which are immediately vested for the benefit of the participants. There are no unfunded past service costs under this plan. The College's contributions to TIAA/CREF are based on a percentage of employees' salaries. College contributions to the TIAA/CREF plan amounted to \$4,972,658 and \$4,635,129 for the years ended May 31, 2008 and 2007, respectively.

2. *Defined Benefit Pension Plan*

The College also maintained a noncontributory defined benefit pension plan (the "Pension Plan") for employees who were not eligible to participate in the TIAA/CREF plan. Benefits to participants were based upon the respective employee's years of service and earnings. The College terminated this plan in fiscal 2006.

3. *Postretirement Benefits*

The College sponsors two defined benefit postretirement plans (collectively, the "Postretirement Plan"). One plan provides medical benefits, and the other provides life insurance benefits to all of the College's employees who reach age 60 with at least 10 years of service or age 55 with at least 20 years of service. The retirees may elect the Aetna Open Access POSII and Aetna High Deductible Health Plans upon retirement from the College. The postretirement health care plan is noncontributory for employees with dates of hire prior to January 1, 2007 and contributory for employees with dates of hire after January 1, 2007. The life insurance plan is noncontributory. Spouse coverage costs are contributory and assumed to increase at the ultimate inflation rate for medical claims. Medical benefits cease at age 65. The College's postretirement plans are unfunded.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 158 ("SFAS No. 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." This statement revised the reporting and disclosure requirements for pension and other postretirement plans. SFAS No. 158 required the College to recognize the funded status of its Pension Plan and its Postretirement Plan in its statement of financial position. The College adopted the recognition provisions of SFAS No. 158 in fiscal 2007 and recognized the funded status of the Postretirement Plan in its 2007 statement of financial position. As the Pension Plan was terminated during fiscal 2006, there is no impact relating the adoption of SFAS

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE F (continued)

No. 158 for this plan. The following table details the incremental effect of applying the recognition provisions of SFAS No. 158 for the Postretirement Plan during fiscal 2007:

	May 31, 2007 Before Application of SFAS No. 158	SFAS No. 158 Adjustments	May 31, 2007 After Application of SFAS No. 158
Accrued benefit liability	<u>\$5,843,512</u>	<u>\$2,229,424</u>	<u>\$8,072,936</u>

The actuarial present value of benefit obligations recognized in the accompanying statements of financial position at May 31, 2008 and 2007 were as follows:

	Pension Plan 2007	Postretirement Plan	
		2008	2007
Change in benefit obligation:			
Benefit obligation, beginning of year	\$ (8,585,332)	\$ (8,072,936)	\$ (7,479,777)
Service cost	-	(384,487)	(381,275)
Interest cost	(461,588)	(474,160)	(479,129)
Plan participants' contributions	-	(35,001)	(15,310)
Amendments/curtailments/special terminations	-	-	129,249
Actuarial (loss) gain	(208,646)	754,795	(98,442)
Benefits paid	665,841	413,099	251,748
Annuity purchase	4,848,200	-	-
Lump-sum payments	4,974,843	-	-
Settlement loss	(1,233,318)	-	-
Benefit obligation, end of year	<u>\$ -</u>	<u>\$ (7,798,690)</u>	<u>\$ (8,072,936)</u>
Change in plan assets:			
Fair value of plan assets, beginning of year	\$ 9,399,127	\$ -	\$ -
Actual return on plan assets	132,770	-	-
Employer contributions	956,987	378,098	236,438
Plan participants' contributions	-	35,001	15,310
Benefits paid	(665,841)	-	-
Annuity purchase	(4,848,200)	-	-
Lump-sum payments	(4,974,843)	(413,099)	(251,748)
Fair value of plan assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE F (continued)

	Pension Plan	Postretirement Plan	
	2007	2008	2007
Components of prepaid (accrued) benefit costs:			
Funded status	\$ -	\$ (7,798,690)	\$ (8,072,936)
Unrecognized transition obligation	-	344,645	416,795
Unrecognized prior service cost	-	8,720	9,711
Unrecognized actuarial net loss	-	996,631	1,802,918
Accrued benefit cost	<u>\$ -</u>	<u>\$ (6,448,694)</u>	<u>\$ (5,843,512)</u>
Components of net periodic benefit costs:			
Service cost	\$ -	\$ 384,487	\$ 381,275
Interest cost	461,588	474,160	479,129
Amortization of initial unrecorded asset	-	-	-
Amortization of transition obligation	-	72,150	78,108
Amortization of gains and losses	2,237	51,492	71,196
Amortization of unrecognized prior service costs	47,485	991	10,059
Expected return on plan assets	(408,197)	-	-
Net periodic benefit costs	<u>\$ 103,113</u>	<u>\$ 983,280</u>	<u>\$ 1,019,767</u>
Weighted-average assumptions as of May 31:			
Discount rate	6.50%	6.25%	6.50%
Expected return on plan assets	5.00%	N/A	N/A
		Postretirement Plan	
		2008	2007
Amounts recognized in the statements of financial position consist of:			
Accrued benefit liability		<u>\$ (7,798,690)</u>	<u>\$ (8,072,936)</u>
Amounts recognized in unrestricted net assets consist of:			
Transition obligation		\$ 344,645	\$ 416,795
Prior service cost		8,720	9,711
Net loss		996,631	1,802,918
Total amount recognized		<u>\$ 1,349,996</u>	<u>\$ 2,229,424</u>

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE F (continued)

	Postretirement Benefit Plan	
	2008	2007
Amounts in unrestricted net assets expected to be recognized in net periodic benefits cost in fiscal 2009:		
Amortized transition obligation	\$ 72,150	\$ 72,150
Amortized prior service cost	991	911
Amortization of unrecognized net loss	<u>16,738</u>	<u>62,815</u>
Total amount recognized	<u>\$ 89,879</u>	<u>\$ 135,876</u>

For measurement purposes, an 8.5% annual rate of increase in the per capita cost of covered medical benefits and a 10.0% annual rate of increase in the per capita cost of covered prescription drug benefits were assumed for 2008 for the Aetna Access POSII and Aetna High Deductible Health Plans. These rates were assumed to decrease gradually to 5.0% by 2016, and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the medical plan. A 1% change in the health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components	\$ 93,269	\$ (83,225)
Effect on postretirement benefit obligation	660,029	(602,357)

Projected cash outflows for the years ending May 31st are as follows:

2009	\$ 515,548
2010	542,567
2011	523,535
2012	583,652
2013	579,000
Years 2014 - 2018	3,971,136

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE G - FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions described below were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value. Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

1. *Cash, Accounts Receivable, Contributions Receivable, Accounts Payable and Accrued Expenses and Deposits and Deferred Revenues*

The carrying amounts reported in the statements of financial position approximate fair value.

2. *Short-Term Investments and Long-Term Investments*

Short-term investments and long-term investments reported in the statements of financial position are reported at fair value. Fair value is determined based on quoted market prices except with respect to investment values assigned to limited partnership interests and alternative investments, which are generally based on estimates and assumptions determined by the respective general partners and investment managers.

3. *Notes Receivable*

The fair value of notes receivable from students under Federal Government financial assistance programs could not be reasonably estimated because the notes are not saleable and can only be assigned to the Federal Government or its designees. Therefore, the loans are stated at the amount of principal outstanding. The loans' maturities range from one to ten years and have stated interest rates ranging from approximately 3% to 6%.

4. *Long-Term Debt*

Rates currently available to the College for debt with similar terms and remaining maturities are used to estimate fair value of existing debt.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE G (continued)

The estimated fair value of the College's long-term debt instruments as of May 31, 2008 is summarized as follows:

	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Dormitory Authority of the State of New York Ithaca College insured revenue bonds:		
Series 2008	\$ 38,505,000	\$ 38,505,000
Tompkins County Industrial Development Agency Ithaca College insured revenue bonds:		
Series 2004	30,410,000	30,410,000
Series 2005A	7,256,401	7,385,672
Series 2005B	40,498,547	40,290,000
Series 2007	<u>31,075,000</u>	<u>31,075,000</u>
	<u>\$ 147,744,948</u>	<u>\$ 147,665,672</u>

The estimated fair value of the College's long-term debt instruments as of May 31, 2007 is summarized as follows:

	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Dormitory Authority of the State of New York Ithaca College insured revenue bonds:		
Series 1998	\$ 33,652,263	\$ 36,297,709
Tompkins County Industrial Development Agency Ithaca College insured revenue bonds:		
Series 2004	31,100,000	31,000,000
Series 2005A	8,488,547	8,360,941
Series 2005B	40,335,779	40,335,779
Series 2007	<u>31,075,000</u>	<u>31,075,000</u>
	<u>\$ 144,651,589</u>	<u>\$ 147,069,429</u>

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE H - COMMITMENTS AND CONTINGENCIES

The College has entered into numerous noncancellable operating lease agreements and other agreements. The commitments under such agreements provide for minimum annual payments as follows:

	<u>Amount</u>
Year ending May 31:	
2009	\$ 2,108,667
2010	1,390,533
2011	698,751
2012	399,766
2013	195,533
Thereafter	<u>610,378</u>
	<u>\$ 5,403,628</u>

Rental expense for all operating leases aggregated \$2,266,511 and \$4,342,349 for the years ended May 31, 2008 and 2007, respectively.

As of May 31, 2008 and 2007, the College had entered into renovation or construction contracts and commitments aggregating \$18,611,840 and \$3,310,147, respectively.

NOTE I - CAPITAL LEASE OBLIGATION

The College in 2002 entered into a four-year lease agreement with CCA for buildings and the associated land. The buildings adjoin the College and provide student apartment-style housing. Renewal terms provided for up to 12 periods of three years each, for a total of 40 years ending in 2043.

Additionally, the College entered into other agreements with CCA. The Housing Agreement stipulates that the College will offer the College Circle housing as part of its on-campus housing offerings for the full 40 years, even if the College does not renew the lease. The operation and replacement reserve agreement stipulates that the College shall manage the buildings as long as the lease, or renewals thereof, are in force, and CCA shall manage the building if the lease is no longer in force. The respective managers will make deposits to a replacement reserve equal to 3% of gross revenue. In addition, CCA and SHLA pledged to donate the land and buildings to the College in 2033. CCA also pledged cash of \$5,100,000 payable over the next 30 years. As of May 31, 2007, \$120,000 had been received by the College, leaving a balance on the pledge of \$4,980,000.

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE I (continued)

On June 28, 2007, the College, CCA, and SHLA amended the terms of both the original lease and pledge agreements, extending the term of the lease and pledges of the land and buildings for 50 years from the amended date out to the year 2057. Under these amendments, the lease agreement renewal terms may be up to 16 periods of three years each, for a total of 50 years ending in 2057. This amendment also provided CCA the "option" to extend the terms of these agreements by an additional 25 years and defer the date to 2082, at which time SHLA shall transfer title to the land and buildings to the College. In consideration of this option, CCA has agreed to pay to the College the sum of \$2,000,000 if exercised within the first ten years of the lease agreement. Should this option be exercised in any year beyond the tenth anniversary date of the lease agreement, the consideration payment by CCA to the College will increase by one percent (1%) per year compounded for every year beyond the tenth anniversary date of the lease agreement. Separately, CCA modified the original cash pledge to pay a total of \$5,000,000 over the next 10 years commencing in August 2008.

During fiscal year 2008, it was determined that the amendments to these agreements discussed above required the College to account for this agreement as a capital lease in accordance with Financial Accounting Standards Board Statement No. 13 ("SFAS No. 13"), "Accounting for Leases." Accordingly, the College recorded the land and buildings associated with this agreement as an asset and a corresponding capital lease obligation, on its 2008 statement of financial position. As of May 31, 2008, the amount recorded was \$40,500,000, of which \$3,847,500 was the fair market value of the land and the remaining \$36,652,500 was recorded as the fair market value of the buildings which will be depreciated over their remaining estimated useful life in a manner consistent with the College's normal depreciation policy (55 years). During the lease term, each minimum lease payment will be allocated between a reduction of the obligation and interest expense so that the lease obligation is amortized over the maximum lease term, 75 years. Annual lease payments under this agreement total \$2,474,500 and will increase annually by one percent (1%) on a compounded basis. The deposits to the replacement reserve for the year ended May 31, 2008 totaled \$150,095. During fiscal year 2008, the College recorded interest expense of \$2,783,381 in conjunction with this capital lease.

Additionally, the College reversed the pledge receivable for the land and buildings from CCA and SHLA in the amount of \$34,200,000 (see Note B).

Ithaca College

NOTES TO FINANCIAL STATEMENTS (continued)

May 31, 2008 and 2007

NOTE I (continued)

The following is a schedule of annual future minimum lease payments due under the College's capital lease obligation to CCA and SHLA including all renewal periods and CCA's exercising of its "option" to extend the lease an additional 25 years, together with the present value of the net minimum lease payments as of May 31, 2008:

	<u>Amount</u>
Year ending May 31:	
2009	\$ 2,499,245
2010	2,524,237
2011	2,549,480
2012	2,574,975
2013	2,600,724
Thereafter through 2082	<u>257,230,678</u>
Total minimum lease payments	269,979,339
Less: amount representing interest	<u>(229,170,458)</u>
Present value of minimum lease payments	<u>\$ 40,808,881</u>

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APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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

Construction of the Project

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

(Section 5)

Amendment of the Project

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

(Section 6)

Financial Obligations

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

- (i) On or before the date of delivery of the Bonds the Authority Fee agreed to by the Authority and the College in connection with issuance of the Bonds;
- (ii) On or before the date of delivery of Bonds, such amount, if any, as is required, in addition to the proceeds of such Bonds available therefor, to pay the Costs of Issuance of the Bonds, and other costs in connection with the issuance of the Bonds;
- (iii) Reserved;

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

(v) On the tenth (10th) day of each month commencing on the tenth (10th) day of the July immediately preceding the July 1 on which the principal or a Sinking Fund Installment of Outstanding Bonds becomes due, one-twelfth ($1/12$) of the principal and Sinking Fund Installment on such Bonds coming due on such July 1; provided, however, that, if with respect to the Outstanding Bonds there are less than twelve (12) such payment dates prior to the July 1 on which principal or Sinking Fund Installments come due on such Bonds, on each payment date prior to such July 1 the College shall pay with respect to such Bonds an amount equal to the principal and Sinking Fund Installments of such Bonds coming due on such July 1 multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such July 1;

(vi) Reserved;

(vii) At least forty-five (45) days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased, is to be paid, the amount required to pay the Redemption Price or purchase price of such Bonds;

(viii) On December 10 of each Bond Year one-half ($1/2$) of the Annual Administrative Fee payable during such Bond Year in connection with the Bonds, and on June 10 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year; provided, however, that the Annual Administrative Fee with respect to the Bonds payable during the Bond Year during which such Annual Administrative Fee became effective shall be equal to the Annual Administrative Fee with respect to such Bonds multiplied by a fraction the numerator of which is the number of calendar months or parts thereof remaining in such Bond Year and the denominator of which is twelve (12);

(ix) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (A) for the Authority Fee then unpaid, (B) to reimburse the Authority for payments made by it pursuant to the provisions of the Loan Agreement summarized in paragraph (e) below and any expenses or liabilities incurred by the Authority pursuant to certain provisions of the Loan Agreement, (C) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of the Project, (D) for the costs and expenses incurred by the Authority to compel full and punctual performance by the College of all the provisions of the Loan Agreement or of the Mortgage or of the Resolution in accordance with the terms thereof, (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution, and (F) to pay any Provider Payments then due and unpaid;

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

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

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

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

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

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

(c) The obligations of the College to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the College may otherwise have against the Authority, the Trustee or any Holder of Bonds for any cause whatsoever including, without limiting the generality of the foregoing, failure of the College to

complete the Project or the completion thereof with defects, failure of the College to occupy or use the Project, any declaration or finding that the Bonds are or the Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; provided, however, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part contained in the Loan Agreement or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the College may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the College 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 College to make payments under the Loan Agreement are general obligations of the College.

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

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

(f) The College, if it is not then in default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in the Debt Service Fund and applied in accordance with the Resolution or held by the Trustee for the payment of Bonds in accordance with the Resolution. Upon any voluntary payment by the College or any payment made pursuant to the provisions of the Loan Agreement summarized under the heading "Sale of the Project or Mortgaged Property" below, the Authority agrees to direct the Trustee to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution with respect to such Bonds; provided, however, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution, including the purchase or redemption of all Bonds Outstanding, or to pay or provide for the payment of all Bonds Outstanding in accordance the Resolution, the Authority agrees, in accordance with the instructions of the College, 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 College elects to purchase Bonds, with the written consent of the Authority, the College shall give written notice to the Authority and the Trustee whenever Bonds are to be purchased at the election of the College, which written notice shall include the maturity and principal amount of the Bonds to be so purchased. All such purchases shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for each such purchase.

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

(Section 9)

Security Interest in Pledged Revenues

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

The College, under the Loan Agreement, 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 prior 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 College's performance under the Loan Agreement. Except as provided in the Loan Agreement, the College agrees that it shall not after the date of the Loan Agreement 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 made by and under the Loan Agreement. The College, with the prior written consent of the Authority, and subject to the limitations set forth in Schedule D to the Loan Agreement, may after the date of the Loan Agreement incur indebtedness secured by a lien on the Pledged Revenues that is of equal priority with the pledge and security interest thereon made by the Loan Agreement; provided, however, that the College shall not enter into any control agreement with respect to any of the Pledged Revenues.

(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 College shall deliver to the Trustee for deposit in accordance with the Resolution all Pledged Revenues (other than such amounts as are subject to escrow and distribution in accordance with the terms of the Intercreditor Agreement) within ten (10) days following the College'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 Loan Agreement, the Authority notifies the College that account debtors are to make payments directly to the Authority or to the Trustee, such payments shall be made directly to the Authority or the Trustee notwithstanding anything contained in this subdivision, but the College shall continue to deliver to the Trustee for deposit in accordance with the Resolution any payments received by the College with respect to the Pledged Revenues (other than such amounts as are subject to escrow and distribution in accordance with the terms of the Intercreditor Agreement).

(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 Loan Agreement on account of the principal, Sinking Fund Installments or Redemption Price of or interest on Outstanding Bonds, the College has made such payment from its general funds or from any other money legally available to it for such purpose, the College 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 College that are not required to be paid to the Trustee pursuant to the Loan Agreement shall be free and clear of the security interest granted by the Loan Agreement and may be disposed of by the College for any of its corporate purposes provided that no Event of Default (as defined in the Loan Agreement) nor any event which but for the passage of time or the receipt of notice or both would be an Event of Default has occurred and is continuing.

(Section 12)

Mortgage; Lien on Fixtures

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

Prior to any assignment of the Mortgage to the Trustee, the Authority, without the consent of the Trustee or the Holders of Bonds, may consent to the amendment, modification, termination, subordination or satisfaction of the Mortgage and of any security interest in fixtures located in or on or used in connection with the Mortgaged Property and the property subject to the Mortgage or security interest may be released from the lien thereof, all upon such terms and conditions as the Authority may reasonably require. Notwithstanding the foregoing, the College may remove fixtures in the Mortgaged Property provided that, if the fixtures so removed are of any material value, the College shall substitute fixtures having a value and utility at least equal to the fixtures removed or replaced

(Section 13)

Warranty of Title; Utilities and Access

The College warrants and represents to the Authority that (i) it has good and marketable title to the Project and all 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 College's programs and (ii) the College 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 such Project and such Mortgaged Property, together with such rights of way, easements or other rights in, to and over land as may be necessary for construction, use and operation by the College of the Project and the Mortgaged Property.

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

(Section 14)

Additional Representation and Covenants

The College 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 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 by the Loan Agreement and to mortgage the Mortgaged Property, (ii) each of the Loan Agreement, the Mortgage and the Related Agreements constitutes the valid and binding obligation of the College enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting or relating to the rights of creditors generally and general principles of equity, and (iii) the execution and delivery of, consummation of the transaction contemplated by and performance of the College's obligations under the Loan Agreement, the Mortgage and the Related Agreements, including, but not limited to, the pledge of and security interest in the Pledged Revenues and the Government Obligations and Exempt Obligations made or granted pursuant to the Loan Agreement and the mortgaging of the Mortgaged Property, do not violate, conflict with or constitute a default under the charter or by-laws of the College or any indenture, mortgage, trust, or other commitment or agreement to which the College 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 College or any of its properties.

(Section 16)

Tax-Exempt Status of College

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

(Section 17)

Securities Acts Status

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

(Section 18)

Maintenance of Corporate Existence

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

certificates and documents as the Authority may reasonably require to establish compliance with the Loan Agreement.

(Section 19)

Environmental Quality Review and Historic Preservation

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

(Section 20)

Use and Possession of the Project

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

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)

Sale of the Project or Mortgaged Property

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

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

(Section 23)

Maintenance, Repair and Replacement

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

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

(Section 24)

Covenant as to Insurance

(a) The College shall procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers, insurance of the type and in the amounts customarily maintained by colleges providing services similar to those provided by the College. All policies of insurance required pursuant to provisions of the Loan Agreement summarized in the following paragraphs shall be primary to any insurance maintained by the Authority.

(b) The College shall, with respect to the Project and the Mortgaged Property, at the times specified in the following paragraphs, procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers acceptable to the Authority, the following insurance:

(i) with respect to any building the construction of which shall not have been completed (and until insurance is procured pursuant to provisions of the Loan Agreement

summarized in clause (ii) of this paragraph), all risk builders' risk insurance against direct physical loss or damage, or with respect to the acquisition and installation of equipment or machinery, in lieu of all risk builders' risk, an installation floater on an all risk basis. The amount of such insurance shall be on a one hundred per centum (100%) completed value basis on the insurable portion: provided, however, that the College's obligation to provide all risk builders' risk insurance as required by this clause (i) shall not commence until thirty (30) days prior to the commencement of construction of the Project; provided further, that the College covenants to provide proof of the all risk builders' risk insurance required by this clause (i) no later than thirty (30) days prior to the commencement of construction of the Project;

(ii) at all times except during a period when builders' risk insurance is in effect as required by provisions of the Loan Agreement summarized in clause (i) of this paragraph, all risk property insurance against direct physical loss or damage to the Project or the Mortgaged Property in an amount not less than one hundred per centum (100%) of the replacement value thereof (such replacement value to be determined on the basis of replacement costs without allowance for depreciation), exclusive of excavations and foundations and similar property normally excluded under New York standard forms; provided, however, that the inclusion of the Project or the Mortgaged Property under a blanket insurance policy or policies of the College insuring against the aforesaid hazards in an amount aggregating at least one hundred per centum (100%) of the insurable value of the insured property, exclusive of excavations and foundations and similar property normally excluded under New York standard forms, shall constitute complete compliance with the provisions summarized in this paragraph with respect to such Project or Mortgaged Property; provided further, that in any event, each such policy shall be in an amount sufficient to prevent the College and the Authority from becoming co-insurers under the applicable terms of such policy;

(iii) at all times, statutory workers' compensation insurance, covering loss resulting from injury, sickness, disability or death of employees and employer's liability insurance with limits of at least \$1,000,000 for each accident, each sickness, and aggregate occupational illness or sickness;

(iv) at all times, statutory disability benefits;

(v) at all times, commercial general liability insurance protecting the Authority and the College against loss or losses from liabilities arising from bodily injury of persons or damage to the property of others caused by accident or occurrence, with limits of not less than \$1,000,000 per accident or occurrence on account of injury to persons or property damage with \$2,000,000 policy aggregate, excluding liability imposed upon the Authority or the College by any applicable workers' compensation law;

(vi) commencing with the date on which construction of the Project or any part thereof is completed or first occupied, or any equipment, machinery, fixture or personal property covered by comprehensive boiler and machinery coverage is accepted, whichever occurs earlier, insurance providing comprehensive boiler and machinery coverage in an amount considered adequate by the Authority, which insurance may include deductible provisions approved by the Authority; and

(vii) each other form of insurance which the College is required by law to provide and such other kinds of insurance in such amounts as from time to time may be reasonably required by the Authority.

All policies of insurance maintained pursuant to provisions of the Loan Agreement summarized in paragraph (b) of this section, other than policies of workers' compensation insurance, shall include the Authority or, if the Loan Agreement has been assigned to the Trustee, the Trustee as its assignee, as an additional insured or as loss payee.

(Section 25)

Damage or Condemnation

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

(i) If within one hundred eighty (180) days (or such longer period as the Authority and the College may agree) after the Authority receives actual notice or knowledge of the taking or damage, the College and the Authority agree in writing that the property or the affected portion thereof shall be repaired, replaced or restored, the College shall proceed to repair, replace or restore the same, or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible with such changes and additions as shall be appropriate to the needs of the College and approved in writing by the Authority. The funds required for such repair, replacement or restoration shall be paid, subject to such conditions and limitations as the Authority may impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the College.

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

(Section 26)

Taxes and Assessments

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

(Section 27)

Defaults and Remedies

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

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

(ii) the College defaults in the due and punctual performance of any other covenant contained in the Loan Agreement and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the College by the Authority or the Trustee or, if such default is not capable of being cured within thirty (30) days, the College 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 College under the Loan Agreement or any other Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Authority shall be in default in the payment or performance of any of its obligations under the Resolution or an “event of default” (as defined in the Resolution) shall have been declared under the Resolution so long as such default or event of default shall remain uncured or the Trustee or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof; or

(iv) the College 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 College, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or an order for relief 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 College, or any petition for any such relief shall be filed against the College and such petition shall not be dismissed or stayed within ninety (90) days; or

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

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

(viii) an order of dissolution of the College shall be made by the Board of Regents of the University of the State of New York, the legislature of the State or other governmental authority having jurisdiction over the College, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days; 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 College which petition shall remain undismissed or unstayed for an aggregate of ninety (90) days; or

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

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

(xii) the occurrence and continuance of an event of default under the Mortgage; or

(xiii) the occurrence of an event of default and acceleration of obligations under any of the Financing Documents (as defined in the Intercreditor Agreement) by any of the Creditors (as defined in the Intercreditor Agreement).

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

(i) declare all sums payable by the College 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 College may otherwise be entitled under the Loan Agreement and in the Authority's sole discretion apply any such proceeds or moneys for such purposes as are authorized by the Resolution;

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

(iv) maintain an action against the College under the Loan Agreement to recover any sums payable by the College or to require its compliance with the terms of the Loan Agreement or 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 College and examine and make copies of the financial books and records of the College relating to the Pledged Revenues and, to the extent of the assigned Pledged Revenues, take possession of all checks or other orders for payment of money and moneys in the possession of the College representing Pledged Revenues or proceeds thereof; (B) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; provided, however, that (1) the Authority may, in its discretion, immediately collect the entire amount of interest, principal, or Sinking Fund Installments, if any, coming due on Outstanding Bonds 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 College five (5) days prior to mailing or otherwise making such notification to account debtors and (3) until the College 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 College's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the College whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (D) require the College 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 the Authority; provided, however, that (1) the moneys in such fund or account shall be applied by the Authority to the payment of any of the obligations of the College under the Loan Agreement, including the fees and expenses of the Authority, (2) the Authority in its sole discretion may authorize the College 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 College when all Events of Default under the Loan Agreement by the College have been cured or waived; (E) forbid the College 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 College 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, (A) enter upon the Project and complete the construction thereof in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the College, consent to such entry being by the Loan Agreement given by the College, (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 College 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 College in any way relating to the construction of the Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the College, whether or not previously incorporated into the construction of such Project, and (D) in connection with the construction of the Project undertaken by the Authority pursuant to the provisions summarized in this subparagraph (v), (1) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of such Project, (2) pay, settle or compromise all bills or claims which may become liens against the Project or against any moneys of the Authority applicable to the construction of such Project, or which have been or may be incurred in any manner in connection with completing the construction of the Project or for the discharge of liens, encumbrances or defects in the title to the Project or against any moneys of the Authority applicable to the construction of such Project, and (3) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The College shall be liable to the Authority for all sums paid or incurred for construction of the Project whether the same shall be paid or incurred pursuant to the provisions summarized in this subparagraph (v) or otherwise, and all payments made or liabilities incurred by the Authority under the Loan Agreement of any kind whatsoever shall be paid by the College to the Authority upon demand. The College irrevocably constitutes and appoints the Authority its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the College for the purpose of exercising the rights granted to the Authority by provisions summarized in this subparagraph (v) during the term of the Loan Agreement;

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

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

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

(Section 31)

Investment of Moneys

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

(Section 33)

Limitation on Agreements

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

(Section 35)

Arbitrage; Tax Exemption

Each of the College and the Authority covenants that it shall take no action, nor shall it approve the Trustee's taking any action or making any investment or use of the proceeds of 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. The College (or any related person, as defined in Section 147(a)(2) of the Code) shall not, pursuant to an arrangement, formal or informal, purchase Bonds in an amount related to the amount of any obligation to be acquired from the College by the Authority.

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

(Section 36)

Certificate as to Representations and Warranties

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

(Section 40)

Further Assurances

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

(Section 43)

Amendments to Loan Agreement

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

(Section 44)

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 College shall have been made or provision made for the payment thereof; provided, however, that the liabilities and the obligations of the College under the Loan Agreement relating to the prompt payment of arbitrage rebate and to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to certain provisions of the Loan Agreement shall nevertheless survive any such termination. Upon such termination, the Authority shall promptly deliver such documents as may be reasonably requested by the College to evidence such termination and the discharge of the College's duties under the Loan agreement and the release or surrender of any security interests granted by the College to the Authority pursuant to the Loan Agreement.

(Section 45)

Financial Covenants

The College has agreed to comply with the following financial covenants:

Debt Service Coverage Ratio.

The College covenants to charge and maintain during each Fiscal Year, student tuition, fees and other charges which, together with all other receipts and revenues of the College and any other funds available therefor, shall be sufficient to provide a Debt Service Coverage Ratio of 1.20:1. If the College fails to satisfy the Debt Service Coverage Ratio requirement for two consecutive Fiscal Years or the Debt Service Coverage Ratio falls below 1:1 on any Testing Date, the Authority may require the College to retain a Management Consultant. On or prior to each Reporting Date, the College shall file with the Authority a certificate of an Authorized Officer of the

College stating whether at the immediately preceding Testing Date the Debt Service Coverage Ratio requirement is satisfied and setting forth the calculation upon which such statement is based.

Unrestricted Resources to Debt Ratio.

The College covenants to have available on each Testing Date, Unrestricted Resources at least equal to (a) 50% of the College's Long-Term Indebtedness for the Fiscal Year ending in 2010 through 2011, (b) 60% of the College's Long-Term Indebtedness for the Fiscal Year ending in 2012 through 2014, and (c) 75% of the College's Long-Term Indebtedness for the Fiscal Year ending in 2015 and thereafter. If the College fails to satisfy the requirement at the end of any Fiscal Year, the Authority may require the College to retain a Management Consultant and if this ratio declines by 40% or greater, the College must provide the authority with a report summarizing reasons and actions the College has initiated or plans to initiate in response. On or prior to each Reporting Date, the College shall file with the Authority a certificate of an Authorized Officer of the College stating whether at the immediately preceding Testing Date the Unrestricted Resources to Debt Ratio requirement is satisfied and setting forth the calculation upon which such statement is based.

Optional Management Consultant Call-In.

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

Compliance With Recommendations.

Whenever a Management Consultant is required to be engaged by the College pursuant to the Loan Agreement, promptly upon receipt of the report issued by such Management Consultant and subject to applicable requirements or restrictions imposed by law or regulation, the College shall revise its tuition, fees and charges, its methods of operation or collections or its debt and investment management and shall take such other action as shall be in conformity with the recommendations contained in such report. If the College complies in all material respects with the reasonable recommendations of the Management Consultant, the College will be deemed to have complied with the covenants contained in Schedule D to the Loan Agreement.

Additional Indebtedness.

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

Long-Term Indebtedness.

The College covenants that it shall not incur any additional Long-Term Indebtedness without the prior written consent of the Authority unless the College can demonstrate that: (i) such additional Long-Term Indebtedness refunds indebtedness existing as of the time of this reoffering; or (ii) the College maintains a debt rating in the "A" category (without regard to qualification of such ratings by symbols such as "+" or "-" and either such additional Long-Term Indebtedness issued in any Fiscal Year is no greater than ten percent (10%) of the unrestricted net assets for the prior Fiscal Year or the College certifies that the maintenance covenants described above would be satisfied for the prior on a pro forma basis taking into account the proposed additional Long-Term Indebtedness.

Non-Recourse Indebtedness.

The College may, without the Authority's consent, incur Non-Recourse Indebtedness provided the assets pledged for repayment of such Non-Recourse Indebtedness were acquired subsequent to the issuance of the Series 2008 Bonds.

Short-Term Indebtedness.

The College may also, without the Authority's consent, incur Short-Term Indebtedness if during any twelve month period, such Short-Term Indebtedness will have a zero outstanding balance for a period of at least 30 days, or such shorter period as the Authority may permit.

(Schedule D)

[END OF APPENDIX C]

APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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

Resolution and Bonds Constitute a Contract

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

(Section 1.03)

Option of the Authority to Assign Certain Rights and Remedies

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

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

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

(Section 1.04)

Refunding Bonds

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

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

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

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

(Section 2.04)

Additional Obligations

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

(Section 2.05)

Redemption and Purchase of Bonds

Authorization of Redemption

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

(Section 4.01)

Redemption at the Election or Direction of the Authority

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

(Section 4.02)

Redemption Other Than at Authority's Election or Direction

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

(Section 4.03)

Selection of Bonds to Be Redeemed

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

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

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

(Section 4.04)

Notice of Redemption

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

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

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

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

(Section 4.05)

Payment of Redeemed Bonds

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

(Section 4.06)

Purchase of Bonds at the Election of the College

Whenever Bonds are to be purchased at the election of the College, written notice thereof and of the Bonds of the Series and maturity to be so purchased having been given by the College to the Authority, the Trustee, and each applicable Provider, the Trustee shall select the particular Bonds of such Series and maturity to be so purchased in the same manner as provided in the Resolution for the selection of Bonds to be redeemed in part. Promptly thereafter the Trustee shall give notice of the purchase of the Bonds at the times and in the manner provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate related thereto. The Trustee shall not give

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

(Section 4.07)

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

Pledge of Revenues

The proceeds from the sale of a Series of Bonds, the applicable Revenues, the Authority'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 and any fund established for the repayment of funds drawn under a Credit Facility or Liquid Facility, are pursuant to the Resolution subject to the adoption of a Series Resolution pledged and assigned to the Trustee as security for the payment of the principal and Redemption Price of and interest on such Series of Bonds, all in accordance with the Resolution and the Series Resolution. The pledge made pursuant to the Resolution shall relate only to the Bonds of a Series authorized by such Series Resolution and no other Series of Bonds and such pledge shall not secure any such other Series of Bonds. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of a Series of Bonds, the applicable Revenues, the Authority'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 the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds of each Series shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the applicable Revenues, the Authority's security interest in the applicable Pledged Revenues and the funds and accounts established by the Resolution and a Series Resolution which are pledged by the Resolution as provided in the Resolution, and which pledge shall constitute a first lien thereon, subject only to the Prior Pledges.

(Section 5.01)

Establishment of Funds and Accounts

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

Construction Fund;
Debt Service Fund;
Debt Service Reserve Fund, if applicable; and

Arbitrage Rebate Fund.

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

(Section 5.02)

Application of Money in the Construction Fund

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

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

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

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

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

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

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

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; and

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

(Section 5.04)

Debt Service Fund

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

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

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

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

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

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

(c) Money in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, the interest on Outstanding Bonds payable on and prior to the earlier of the next succeeding interest payment date, assuming that a Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum, and the purchase price or Redemption Price of Outstanding Bonds of a Series theretofore contracted to be purchased or called for redemption, plus accrued interest

thereon to the date of purchase or redemption, shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to the purchase of Outstanding Bonds of any Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of the Authority shall direct. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Debt Service Fund, such money shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority given pursuant to the Resolution to the redemption of Bonds as provided in the redemption provisions of the Resolution, at the Redemption Prices specified in the Series Resolution authorizing the issuance of the Bonds to be redeemed or the Bond Series Certificate relating to such Bonds.

(Section 5.06)

Arbitrage Rebate Fund

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

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

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

(Section 5.07)

Application of Money in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time (i) the amounts held in the Debt Service Fund and 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 or to make provision pursuant to the Resolution for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Authority and the College. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Outstanding Bonds of a Series, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution and by a Series Resolution as provided in the redemption provisions of the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the defeasance provisions of the Resolution and make provision for the payment of such Outstanding Bonds at the maturity or redemption dates thereof in accordance therewith.

(Section 5.08)

Transfer of Investments

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

(Section 5.09)

Security for Deposits and Investment of Funds

Security for Deposits

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

(Section 6.01)

Investment of Funds and Accounts

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

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

(c) Permitted Investments purchased as an investment of money in any fund or account held by the Trustee under the provisions of the Resolution shall be deemed at all times to be a part of such fund or account and

the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

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

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

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

(Section 6.02)

Particular Covenants

Payment of Principal and Interest

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

(Section 7.01)

Further Assurance

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

(Section 7.04)

Accounts and Audits

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to a Series of Bonds including but not limited to the objects and purposes for which proceeds of such Bonds were expended and the respective amounts expended for such objects and purposes.

Such books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the College, the Trustee or of any Holder of a Bond of a Series or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, to each Provider and to the College. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Resolution and the applicable Series Resolution; a statement of the Revenues collected in connection with the Resolution and each Series Resolution; and complete and correct entries of the Authority's transactions relating to each Series of Bonds. A copy of such report shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond of a Series or any beneficial owner of a Book Entry Bond requesting the same.

(Section 7.05)

Creation of Liens

Except as permitted by the Resolution or a Series Resolution, the Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds of such Series on the proceeds from the sale of such Bonds, the applicable Revenues, the rights of the Authority to receive payments to be made under the applicable Loan Agreement that are to be deposited with the Trustee or the funds and accounts established by the Resolutions or by such Series Resolution that are pledged by the Resolution; provided, however, that nothing contained in the Resolution shall prevent the Authority from (i) issuing bonds, notes or other obligations or otherwise incurred indebtedness under another and separate resolution so long as the charge or lien created by such resolution is not prior to the charge or lien created by the Resolution and the Series Resolution and (ii) incurring obligations with respect to a Credit Facility or a Liquidity Facility which are secured by a lien upon and pledge of the applicable Revenues of equal priority with the lien created and the pledge made by the Resolution and by the applicable Series Resolution..

(Section 7.06)

Enforcement of Duties and Obligations of the College

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

(Section 7.07)

Deposit of Certain Money in the Construction Fund

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

(Section 7.08)

Offices for Payment and Registration of Bonds

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

(Section 7.09)

Amendment of Loan Agreement

The Loan Agreement may not be amended, changed, modified, altered or terminated nor may any provision thereof be waived if any such amendment, change, modification, alteration, termination or waiver would adversely affect in any material respect the interest of the Holders of Outstanding Bonds of the applicable Series to which such Loan Agreement relates unless consented to in writing by the Holders of at least a majority in aggregate principal amount of the Bonds of such Series then Outstanding; provided, however, that no such amendment, change, modification, alteration, or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds of a Series the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the College under the Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Any consent given pursuant to the paragraph summarized herein by the Holders of Bonds shall, except as otherwise provided in the paragraph summarized herein, be given in the same manner required by the portion of the Resolution addressing amendments of the Resolution.

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

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

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

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

(Section 7.11)

Notice as to Event of Default under Loan Agreement

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

(Section 7.12)

Series Resolutions and Supplemental Resolutions

Modification and Amendment without Consent

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

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

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

(Section 9.01)

Supplemental Resolutions Effective With Consent of Bondholders

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

(Section 9.02)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

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

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

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

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

(Section 9.03)

Amendments of Resolution

Powers of Amendment

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

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

(Section 10.01)

Consent of Bondholders

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

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

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

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

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

(Section 10.02)

Modifications by Unanimous Consent

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

(Section 10.03)

Consent of Provider

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

(Section 10.04)

Defaults and Remedies

Events of Default

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

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

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

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

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

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

(Section 11.02)

Acceleration of Maturity

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

Bonds of such Series (except the interest accrued on such Bonds since the last interest payment date); (ii) money shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution and under the Series Resolution (other than principal amounts payable only because of a declaration and acceleration under the Resolution) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other event of default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in the Series Resolution or in such Bonds (other than an event of default relating to the payment of the principal of such Bonds then due only because of a declaration and acceleration under the Resolution) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent event of 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 Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall proceed (subject to the provisions of the Resolution relating to the compensation of the Trustee or any Paying Agent) to protect and enforce its rights and the rights of the Bondholders under the Resolution or under the applicable Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or under the Series Resolution or in aid or execution of any power in the Resolution or therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

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

(Section 11.04)

Limitation of Rights of Individual Bondholders

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

whatever by his or their action to affect, disturb or prejudice the security of the Resolution or of a Series Resolution or to enforce any right under the Resolution or a Series Resolution except in the manner in the Resolution and any Series Resolution provided, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds of such Series. Notwithstanding any other provision of the Resolution, the Holder of any Bond of a Series shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

(Section 11.08)

Defeasance

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

(b) Bonds for the payment or redemption of which money shall have been set aside and shall be held in trust by the Trustee (through deposit of money for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the Resolution. All Outstanding Bonds of any Series or any maturity within such Series or a portion of a maturity within a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph (a) if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will, provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received the written consent to such defeasance of each applicable Provider which has given written notice to the Trustee and the Authority that amounts advanced under a Credit Facility or Liquidity Facility issued by it or the interest thereon have not been repaid to such Provider, and (iv) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses, appearing on the registration books, and, if directed by the Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Resolution and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds. The Authority shall give written notice to the Trustee of its selection of the Series and maturity the payment of which is to be made in accordance with the Resolution. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with the Resolution in the manner provided in the Resolution. Neither Defeasance

Securities nor money deposited with the Trustee pursuant to the provisions of the Resolution summarized in this paragraph nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; provided, however, that any money received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be; provided, further, that money and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required by the Resolution to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each applicable Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the College, and any such money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

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

(d) Option Bonds of a Series shall be deemed to have been paid in accordance with the provisions of the Resolution summarized in clause (ii) of the second sentence of the paragraph (b) of this section only if, in addition to satisfying the requirements of clauses (i) and (iii) of such sentence, there shall have been deposited with the Trustee money in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to the provisions of the Resolution summarized in the preceding paragraph (b), the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be

considered an Option Bond for purposes of the provisions summarized in this paragraph. If any portion of the money deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each applicable Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the College, and any such money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution.

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

(Section 12.01)

[END OF APPENDIX D]

APPENDIX E - FORM OF OPINION OF BOND COUNSEL

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APPENDIX E - FORM OF OPINION OF BOND COUNSEL

In connection with the remarketing of the Series 2008 Bonds on the Conversion Date, Harris Beach PLLC, Bond Counsel to the Authority, proposes to deliver its approving opinion in substantially the following form:

[Conversion Date]

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

**Re: Dormitory Authority of the State of New York
Ithaca College Revenue Bonds, Series 2008 – Conversion to Fixed Rate Mode**

Ladies and Gentlemen:

We have examined a record of proceedings relating to the sale and issuance on May 29, 2008 and the remarketing on the date hereof of the Ithaca College Revenue Bonds, Series 2008, issued in the original aggregate principal amount of \$38,505,000 (the “Bonds”) by the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York, created and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Chapter 524 of the Laws of 1944 of the State of New York, as amended from time to time (the “Act”). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Bonds were issued under and pursuant to (i) the Constitution and laws of the State of New York, including in particular the Act, (ii) the Authority’s Ithaca College Revenue Bond Resolution adopted by the Authority on April 23, 2008, as amended and restated by the Amended and Restated Ithaca College Revenue Bond Resolution, pursuant to a Supplemental Resolution adopted by the Authority on June 24, 2009 (as so amended and restated, the “General Resolution”), (iii) the Series 2008 Resolution Authorizing Up To \$41,000,000 Ithaca College Revenue Bonds, Series 2008, adopted by the Authority on April 23, 2008, as amended and restated by the Amended and Restated Series 2008 Resolution Authorizing Up To \$41,000,000 Ithaca College Revenue Bonds, Series 2008, pursuant to a Supplemental Resolution adopted by the Authority on June 24, 2009 (as so amended and restated, the “Series Resolution” and, together with the General Resolution, the “Resolutions”); and (iv) the Bond Series Certificate relating to the Bonds, dated as of May 28, 2008, executed by an Authorized Officer of the Authority in accordance with the Resolutions (the “Original Series Certificate”).

The Bonds were issued for the purposes set forth in the Resolutions. All capitalized terms used that are not otherwise defined herein shall have the meaning given to such terms in the Resolutions.

The Bonds were initially issued in the Weekly Rate Mode (as defined in the Original Series Certificate).

In accordance with Section 3.03(c)(i) of the Original Series Certificate, the Authority, at the direction of Ithaca College (the “College”), has delivered a Conversion Notice (as defined in the Original Series Certificate) to the Remarketing Agent and the Trustee, among others, to the effect that the interest rate mode in effect on the Bonds shall be converted from the Weekly Rate Mode to the Fixed Rate Mode, effective the date hereof (the “Conversion Date”) (such conversion to the Fixed Rate Mode being hereinafter referred to as the “Conversion”).

On the Conversion Date (i) the Bonds are subject to mandatory tender for purchase from the holders thereof, (ii) \$35,080,000 aggregate principal amount of the Bonds (the “Reissued Bonds”) are being remarketed in the Fixed Rate Mode, and (iii) \$1,335,000 aggregate principal amount of the Bonds are being retired.

In connection with the Conversion, the Authority has amended and restated the Original Series Certificate in its entirety in accordance with the terms of an Amended and Restated Bond Series Certificate relating to the Reissued Bonds, dated as of September 17, 2009, executed by an Authorized Officer of the Authority in accordance with the Resolutions (as so amended and restated, the "Series Certificate").

The Reissued Bonds are dated the Conversion Date, shall mature on July 1 in the years and principal amounts and shall bear interest, payable January 1, 2010, July 1, 2010 and semi-annually thereafter on each January 1 and July 1 at the respective rates per annum as set forth in the Series Certificate.

The Reissued Bonds are issuable initially in the form of fully registered bonds in minimum denominations of \$5,000 or any integral multiple thereof. The Reissued Bonds are lettered and numbered "R- " followed by the number from such bond. The Reissued Bonds are numbered consecutively from one upward in order of issuance.

The Reissued Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Resolutions and the Series Certificate.

The Authority has entered into a Loan Agreement with the College dated as of April 23, 2008, as amended and restated by the Amended and Restated Loan Agreement dated as of September 17, 2009 executed by the Authority and the College pursuant to the Resolutions (the "Loan Agreement"), providing, among other things, for a loan by the Authority to the College of the proceeds of the Bonds for the purposes permitted thereby and by the Resolutions. Pursuant to the Loan Agreement, the College is required to make payments sufficient to pay the principal of and interest on the Reissued Bonds as the same shall become due, which payments have been pledged by the Authority to the Trustee for the benefit of the Holders of the Reissued Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the Conversion Date in order that interest thereon be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. Included among these continuing requirements are certain restrictions and prohibitions on the use and investment of bond proceeds and other moneys or property, required ownership of the facilities financed with the Reissued Bonds by an organization described in Section 501(c)(3) of the Code or a governmental unit, and the rebate to the United States of certain earnings in respect of investments. In the Resolutions, the Loan Agreement, the Amended and Restated Tax and Arbitrage Certificate of the Authority, dated the date hereof (the "Arbitrage Certificate"), and Amended and Restated Tax Certificate of the College, dated the date hereof (the "Tax Certificate"), the Authority and the College have covenanted to comply with certain procedures, and have made certain representations and certifications, designed to assure satisfaction of the requirements of the Code (the Arbitrage Certificate and the Tax Certificate being collectively referred to as the "Tax Documents").

In rendering the opinion set forth in paragraph 5 below, we have assumed the accuracy of certain factual certifications of, and continuing compliance with, the covenants, representations, warranties, provisions and procedures set forth in the Resolutions, the Loan Agreement and the Tax Documents by the Authority and the College. In the event of the inaccuracy or incompleteness of any of the certifications made by the Authority or the College, or the failure by the Authority or the College to comply with their respective covenants, representations and warranties and with the provisions and procedures set forth in the Resolutions, the Loan Agreement and the Tax Documents, interest on the Reissued Bonds could become includable in gross income for federal income tax purposes retroactive to the Conversion Date, regardless of the date on which the event causing such inclusion occurs. We render no opinion as to any federal, state or local tax consequences with respect to the Reissued Bonds, or the interest thereon, if any change occurs or action is taken or omitted under the Resolutions, the Loan Agreement or the Tax Documents or under any other relevant documents without the advice or approval of, or upon the advice or approval of any bond counsel other than, Harris Beach PLLC. 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 Conversion Date may affect the tax status of interest on the Reissued Bonds. Further, although interest on the Reissued Bonds is not included in gross income for purposes of federal income taxation, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Bond depending upon the tax status of such holder and such holder's other items of income and deduction. Except as stated in paragraphs 5 and 6 herein, we express no opinion as to federal, state or local tax consequences of the ownership or disposition of, or the accrual or receipt of interest on, the Reissued Bonds.

We have also examined one of the Reissued Bonds as executed and authenticated.

Based on the foregoing, and subject to the further assumptions and qualifications hereinafter set forth, we are of the opinion that:

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

2. The Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect, and constitute legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

3. The Reissued 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 Reissued Bonds are legal, valid and binding special obligations of the Authority payable as provided in Resolutions, are enforceable in accordance with their terms and the terms of the Resolutions, and are entitled to the equal benefits of the Resolutions and the Act. The Conversion and the remarketing of the Reissued Bonds in the Fixed Rate Mode is authorized and permitted under the Resolutions.

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

5. Under existing statutes, regulations, administrative rulings and court decisions as of the date hereof, the interest on the Reissued Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is not an “item of tax preference” for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. We note, however, that interest on the Reissued Bonds is included in “adjusted current earnings” for purposes of calculating the federal alternative minimum tax liability of certain corporations.

The difference between the principal amount of Reissued Bonds maturing on July 1, 2014 bearing interest at 2.75% per annum, and July 1, 2015 (collectively, the “Discount Bonds”), and initial reoffering price to the public (excluding bond houses, brokers and other intermediaries, or similar persons acting in the same capacity of underwriters or wholesalers), at which price a substantial amount of such Discount Bonds of the same maturity is first sold, constitutes original issue discount, which is excluded from gross income for federal income tax purposes to the same extent as interest on the Discount Bonds. The Code provides that the amount of original issue discount accrues in accordance with a constant interest method based on the compounding of interest, and the basis of a Discount Bond acquired at such initial reoffering price by an initial purchaser of such an owner’s adjusted basis for purposes of determining an owner’s gain or loss on the disposition of a Discount Bond will be increased by the amount of such accrued original issue discount.

The Reissued Bonds maturing on July 1, 2010 through July 1, 2013, inclusive, and on July 1, 2014 bearing interest at 3.00% per annum, July 1, 2016 and July 1, 2017 (collectively, the “Premium Bonds”) are being reoffered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

6. Under existing statutes, including the Act, interest on the Reissued Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof.

The foregoing opinions are qualified only to the extent that the enforceability of the Resolutions, the Loan Agreement and the Reissued Bonds may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws heretofore or hereafter enacted and judicial decisions relating to or affecting the enforcement of creditors' rights or remedies or contractual obligations generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

In rendering the foregoing opinions we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the Reissued Bonds. In rendering the foregoing opinions we have not been requested to examine any document or financial or other information concerning the Authority or the College other than the record of proceedings referred to above, and we express no opinion as to the adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Reissued Bonds.

Very truly yours,

[END OF APPENDIX E]



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