



\$20,865,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
SIENA COLLEGE
REVENUE BONDS, SERIES 2009

Dated: Date of Delivery

Due: July 1, as shown below

Payment and Security: The Siena College Revenue Bonds, Series 2009 (the "Series 2009 Bonds") are special obligations of the Dormitory Authority of the State of New York (the "Authority") payable solely from and secured by a pledge of (i) certain payments to be made under the Loan Agreement (the "Loan Agreement"), dated as of October 28, 2009, between Siena College (the "College") and the Authority, and (ii) all funds and accounts (except the Arbitrage Rebate Fund) established under the Authority's Siena College Revenue Bond Resolution, adopted October 28, 2009 (the "Resolution") and the Siena College Series 2009 Resolution Authorizing Up To \$30,000,000 Series 2009 Bonds, adopted October 28, 2009 (the "Series 2009 Resolution" and, together with the Resolution, the "Resolutions").

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 the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2009 Bonds, as such payments become due. The obligations of the College under the Loan Agreement to make such payments are secured by a pledge of tuition and fee revenue of the College. Such pledge is subordinate to certain Prior Pledges.

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

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

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

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

Tax Exemption: In the opinion of Hiscock & Barclay, LLP, Bond Counsel to the Authority, under existing law and assuming, among other matters, the accuracy of certain representations and compliance with the tax covenants described herein, (1) interest on the Series 2009 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); (2) interest on the Series 2009 Bonds is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed under the Code and is not included in adjusted current earnings when calculating corporate federal alternative minimum taxable income; and (3) the Series 2009 Bonds are "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. Bond Counsel is further of the opinion that interest on the Series 2009 Bonds is exempt under existing laws from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York and the City of Yonkers). See "PART 10 – TAX MATTERS" herein.

\$6,810,000 Serial Bonds

<u>Due</u> <u>July 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number</u> ⁽¹⁾	<u>Due</u> <u>July 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number</u> ⁽¹⁾
2011	\$380,000	3.00%	1.67%	649905VG8	2018	\$335,000	3.50%	3.73%	649905VP8
2012	395,000	3.00	1.98	649905VH6	2018	150,000	5.00	3.73	649905WA0
2013	405,000	4.00	2.32	649905VJ2	2019	355,000	3.75	3.94	649905VQ6
2014	420,000	4.00	2.71	649905VK9	2019	150,000	5.00	3.94	649905WB8
2015	440,000	3.00	3.05	649905VL7	2020	525,000	4.00	4.15	649905VR4
2016	300,000	3.00	3.29	649905VM5	2021	550,000	4.00	4.32	649905VS2
2016	150,000	5.00	3.29	649905VY9	2022	570,000	4.125	4.39	649905VT0
2017	320,000	3.25	3.53	649905VN3	2023	595,000	4.25	4.46	649905VU7
2017	150,000	5.00	3.53	649905VZ6	2024	620,000	4.25	4.53	649905VV5

\$5,280,000 5.00% Term Bonds Due July 1, 2031, Yield 5.10% CUSIP Number 649905VW3 ⁽¹⁾

\$8,775,000 5.125% Term Bonds Due July 1, 2039, Yield 5.25% CUSIP Number 649905VX1 ⁽¹⁾

The Series 2009 Bonds are offered when, as, and if issued and received by the Underwriter. The offer of the Series 2009 Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Hiscock & Barclay LLP, Albany, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the College by its Counsel, Tobin & Dempf, LLP, Albany, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Phillips Lytle LLP, New York, New York. The Authority expects to deliver the Series 2009 Bonds in definitive form in Albany, New York, on or about December 11, 2009.

RBC Capital Markets

November 20, 2009

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

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

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

Certain information in this Official Statement has been supplied by the College and other sources that the Authority believes are reliable. Neither the Authority nor the Underwriter guarantees the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority or the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

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

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

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

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

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

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

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OFFICIAL STATEMENT RELATING TO
\$20,865,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
SIENA COLLEGE
REVENUE BONDS, SERIES 2009

PART 1 — INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Authority and the College, in connection with the offering by the Authority of \$20,865,000 aggregate principal amount of its Siena College Revenue Bonds, Series 2009 (the “Series 2009 Bonds”).

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

Purpose of the Issue

The Series 2009 Bonds are being issued for the purpose of providing funds which, together with other available moneys, will be used to (i) pay all or a portion of the Costs of the Project, and (ii) pay the Costs of Issuance of the Series 2009 Bonds. See “PART 4 — THE PROJECT” and “PART 5 — ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

The Resolution authorizes the issuance of Bonds (collectively, the “Bonds”) pursuant to separate Series Resolutions for the benefit of the College. The Series 2009 Bonds will be issued pursuant to the Act, the Resolution, and the Series 2009 Resolution. The Series 2009 Bonds are the first Series of Bonds to be issued under the Resolution. In addition to the Series 2009 Bonds, the Resolution authorizes the issuance of other Series of Bonds to pay other Costs of one or more Projects, to pay the Costs of Issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of the Authority or indebtedness of the College. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2009 Bonds. See “PART 3 — THE SERIES 2009 BONDS.”

The Authority

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

The College

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

The Series 2009 Bonds

The Series 2009 Bonds are dated their date of delivery and bear interest from such date (payable July 1, 2010 and on each January 1 and July 1 thereafter) at the rate and will mature as set forth on the cover page of this Official Statement. See “PART 3 - THE SERIES 2009 BONDS - Description of the Series 2009 Bonds.”

Payment of the Series 2009 Bonds

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

Security for the Series 2009 Bonds

The Series 2009 Bonds will be separately secured from each other Series of Bonds by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the Series 2009 Resolution. The Series 2009 Bonds will be equally and ratably secured with all other Series of Bonds by the pledge and assignment to the Trustee of the Authority’s security interest in the Pledged Revenues granted by the College under the Loan Agreement, subject to Prior Pledges. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS - Security for the 2009 Bonds - *Pledged Revenues*” and “PART 6 - THE COLLEGE – Outstanding Indebtedness.” In connection with future indebtedness of the College, the College may grant to the holders of such future indebtedness a security interest in the Pledged Revenues on a parity with the Authority’s security interest in the Pledged Revenues securing the Series 2009 Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS – Financial Covenants - *Additional Indebtedness*” and “Appendix C - Summary of Certain Provisions of the Loan Agreement.”

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

Financial Covenants

The College has entered into certain financial covenants in the Loan Agreement, including a provision for the maintenance of a debt service demand ratio, a provision for the maintenance of balance sheet liquidity and a covenant related to incurrence of additional debt. For a description of such covenants, see “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS – Financial Covenants – *Additional Indebtedness*.”

The Mortgage

The College’s obligations to the Authority under the Loan Agreement will be additionally secured by the Mortgage on the Mortgaged Property and security interests in certain fixtures, furnishings and equipment now or hereafter located therein or used in connection therewith. The Authority may, but has no present intention to, assign the Mortgage and such security interests to the Trustee. Unless the Mortgage and such security interests are assigned to the Trustee, neither the Mortgage, the security interests in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Series 2009 Bonds. Prior to any assignment of the Mortgage 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, but without the consent of the Trustee or the Holders of any Series 2009 Bonds. It is the Authority’s intent to release a portion of the Mortgaged Property upon the subdivision of the parcel

of land upon which the Project is to be located. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS - The Mortgage.”

The Project

The Project consists of the construction of a residence hall, including a dining facility. See “PART 4 - THE PROJECT.”

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

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2009 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Bond Series Certificate, the Resolution and the Series 2009 Resolution. Copies of the Loan Agreement, the Bond Series Certificate, the Resolution and the Series 2009 Resolution are on file with the Authority and the Trustee. See also “Appendix C — Summary of Certain Provisions of the Loan Agreement” and “Appendix D — Summary of Certain Provisions of the Resolution” for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2009 Bonds

The Series 2009 Bonds will be special obligations of the Authority. The principal of and interest on the Series 2009 Bonds are payable solely from the Revenues. The Revenues consist of the payments required to be made by the College under the Loan Agreement on account of the principal and Sinking Fund Installments of and interest on the Outstanding Series 2009 Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Series 2009 Bonds.

The Loan Agreement is a general obligation of the College and obligates the College to make payments to satisfy the principal and Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2009 Bonds. Generally, such payments are to be made monthly on the 10th day of each month. Each payment is to be equal to a proportionate share of the interest on the Series 2009 Bonds coming due on the next succeeding interest payment date and of the principal and Sinking Fund Installments coming due on the next succeeding July 1. The Loan Agreement also obligates the College to make payments sufficient to pay, at least 45 days prior to a redemption date or purchase date of Series 2009 Bonds called for redemption or purchase, the amount, if any, required to pay the Redemption Price or Purchase Price of such Bonds. See “PART 3 - THE SERIES 2009 BONDS - Redemption and Purchase in Lieu of Redemption Provisions.”

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

Security for the Series 2009 Bonds

The Series 2009 Bonds will be separately secured from each other Series of Bonds by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the Series 2009 Resolution. The Series 2009 Bonds will be equally and ratably secured with all other Series of Bonds by the pledge and assignment to the Trustee of the Authority’s security interest in the Pledged Revenues granted by the College under the Loan Agreement, subject to Prior Pledges. See “Appendix D - Summary of Certain Provisions of the Resolution.”

Pledged Revenues

As security for its obligations under the Loan Agreement, the College has granted to the Authority a security interest in the Pledged Revenues, subject to the Prior Pledges, consisting of tuition and fees charged to students and received or receivable by the College. The security interest in the Pledged Revenues is subordinate to the Prior Pledges made in connection with the issuance of other Authority bonds issued on behalf of the College. See ‘PART 6 – THE COLLEGE – Outstanding Indebtedness.’ The Authority has pledged and assigned to the Trustee for the benefit of the Holders of Series 2009 Bonds its security interest in the Pledged Revenues. Pursuant to the Loan Agreement, the College has covenanted not to incur additional debt if the lien securing such debt would constitute a

prior pledge other than the existing Prior Pledges relative to the security interest in the Pledged Revenues. However, the Loan Agreement permits the College under certain conditions to incur additional indebtedness (“Parity Indebtedness”) secured by the Pledged Revenues on a parity basis with the pledge securing the Series 2009 Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2009 BONDS – Issuance of Additional Indebtedness.”

Financial Covenants

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

Maintenance Covenants

Expendable Net Assets Maintenance Requirement. The College covenants to maintain an Expendable Net Assets Maintenance Requirement as of the end of each Fiscal Year at least equal to 75%. As of May 31, 2009, the College’s ratio of Expendable Net Assets to Long-Term Indebtedness was reported at 129%.

Debt Service Demand Ratio Requirement. The College also covenants to charge and maintain during each Fiscal Year, student tuition, fees and other charges such that the Debt Service Demand Ratio as of the end of each Fiscal Year shall not exceed 12% for any two consecutive Fiscal Years. As of May 31, 2009, the College’s Debt Service Demand Ratio was reported at 8%.

In the event the College fails to maintain the Expendable Net Assets Maintenance Requirement or fails to comply with the Debt Service Demand Ratio provision, both as described above, such noncompliance will constitute an Event of Default under the Loan Agreement (provided, however, if the market value of Expendable Net Assets falls below the ratio requirement solely as a result of general market conditions, such an occurrence shall not constitute an Event of Default) unless the College takes the following actions:

- (i) within sixty (60) days of the determination of such noncompliance, the College furnishes a report of an independent, certified public accountant stating that, as of the date of such report’s submission or a date not earlier than five (5) business days prior thereto, the College meets the Expendable Net Assets Maintenance Requirement and/or the Debt Service Demand Ratio provision;
- (ii) the College, at the direction of the Authority, shall immediately deposit or cause to be deposited, as collateral, with an independent third party custodian acceptable to the Authority, Expendable Net Assets of the College, consisting of investments permitted under the Master Resolution, equal to 75% of outstanding Indebtedness; or
- (iii) the Authority waives such noncompliance.

Additional Indebtedness

So long as the Series 2009 Bonds shall be Outstanding, the College covenants that it shall not incur any additional Long-Term Indebtedness without the written consent of the Authority unless the College furnishes to the Authority, on or prior to the date such Indebtedness is incurred, a report of a firm of independent, certified public accountants which projects that, based on then-existing Net Expendable Assets, on Unrestricted Gross Revenues and on the change in unrestricted net assets, prior to deductions for depreciation and debt service requirements on Long-Term Indebtedness for the College’s last fiscal year for which audited financial statements are available, after the incurrence of such Indebtedness (i) the Expendable Net Assets Maintenance Requirement will not be less than 75%, and (ii) the College will be in compliance with the Debt Service Demand Ratio provision as described above.

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

The Mortgage

In connection with the delivery of the Series 2009 Bonds, the College will execute and deliver a Mortgage to the Authority and grant the Authority a security interest in certain fixtures, furnishings and equipment to secure the payments required to be made by the College pursuant to the Loan Agreement. The Authority may assign its rights under the Loan Agreement and the Mortgage and related security interest to the Trustee, but has no present intention to do so. Unless the Mortgage and security interest are assigned to the Trustee, neither the Mortgage nor the security interest in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Series 2009 Bonds. Prior to any assignment of the Mortgage 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 but without the consent

of the Trustee or the Holders of any Series 2009 Bonds. It is the Authority's intent to release a portion of the Mortgaged Property upon the subdivision of the parcel of land upon which the Project is to be located. The Mortgage will be a first lien on the Mortgaged Property.

Events of Default and Acceleration

The following are events of default under the Resolution with respect to the Series 2009 Bonds: (i) a default by the Authority in the payment of the principal, Sinking Fund Installment or Redemption Price of any Bond; (ii) a default by the Authority in the payment of interest on any Bond; (iii) a default by the Authority in the due and punctual performance of any covenant or agreement contained in the Series 2009 Resolution to comply with the provisions of the Code necessary to maintain the exclusion of interest on such Bonds from gross income for purposes of federal income taxation; (iv) a default by the Authority in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Series 2009 Bonds or in the Resolutions which continues for 30 days after written notice thereof is given to the Authority by the Trustee (such notice to be given in the Trustee's discretion or at the written request of the Holders of not less than 25% in principal amount of Outstanding Bonds) or if such default is not capable of being cured within 30 days, if the Authority fails to commence within 30 days and diligently prosecute the cure thereof; or (v) the Authority shall have notified the Trustee that an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the College under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the College under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Outstanding Series 2009 Bonds, shall declare the principal of and interest on all the Outstanding Series 2009 Bonds to be due and payable. At any time after the principal of the Series 2009 Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than 25% in principal amount of Series 2009 Bonds not yet due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee to the College within five days, and to the Holders within 30 days, in each case after obtaining knowledge of the occurrence thereof, unless such default has been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of principal, Sinking Fund Installments or Redemption Price of or interest on any of the Series 2009 Bonds, the Trustee will be protected in withholding such notice thereof to the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Series 2009 Bonds.

Issuance of Additional Indebtedness

In addition to the Series 2009 Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance one or more projects and for other specified purposes, including to refund Outstanding Bonds or other notes or bonds of the Authority or other indebtedness of the College. Each Series of Bonds will be separately secured from each other Series of Bonds by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the applicable Series Resolution. Each Series of Bonds will also be equally and ratably secured with all other Series of Bonds by the pledge and assignment to the Trustee of the Authority's security interest in the Pledged Revenues, subject to Prior Pledges. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2009 Bonds.

The Loan Agreement also permits the College, under certain conditions, to incur additional long-term indebtedness secured by the Pledged Revenues on a parity with the pledge securing the Series 2009 Bonds.

General

The Series 2009 Bonds will not be a debt of the State and the State will not be liable on the Series 2009 Bonds. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal or of interest on its bonds or notes. See “PART 7 — THE AUTHORITY.”

PART 3 — THE SERIES 2009 BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2009 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2009 Resolution, 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 2009 Bonds.

Description of the Series 2009 Bonds

The Series 2009 Bonds will be issued pursuant to the Resolution and the Series 2009 Resolution and will be dated their date of delivery and bear interest from such date (payable July 1, 2010 and on each January 1 and July 1 thereafter) at the rates set forth on the cover page of this Official Statement.

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

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

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

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

Redemption and Purchase in Lieu of Redemption Provisions

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

Optional Redemption

The Series 2009 Bonds maturing on or before July 1, 2019 are not subject to optional redemption prior to maturity. The Series 2009 Bonds maturing after July 1, 2019 are subject to redemption prior to maturity at the option

of the Authority on or after July 1, 2019, in any order, in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount of the Series 2009 Bonds to be redeemed, plus accrued interest to the redemption date.

Purchase in Lieu of Optional Redemption

The Series 2009 Bonds maturing after July 1, 2019 are also subject to purchase in lieu of optional redemption prior to maturity at the option of the College with the consent of the Authority, on or after July 1, 2019, in any order, in whole or in part at any time, at a purchase price equal to 100% of the principal amount of the Series 2009 Bonds to be purchased, plus accrued interest (the “Purchase Price”) to the date set for purchase (the “Purchase Date”).

Mandatory Redemption

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

<u>Series 2009 Bonds Maturing July 1, 2031</u>		<u>Series 2009 Bonds Maturing July 1, 2039</u>	
2025	\$645,000	2032	\$ 915,000
2026	680,000	2033	960,000
2027	715,000	2034	1,010,000
2028	750,000	2035	1,065,000
2029	790,000	2036	1,115,000
2030	830,000	2037	1,175,000
2031 †	870,000	2038	1,235,000
		2039 †	1,300,000

† Final maturity.

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

Special Redemption

The Series 2009 Bonds are subject to redemption prior to maturity at the option of the Authority in any order, as a whole or in part on any interest payment date, at a Redemption Price equal to 100% of the principal amount of Series 2009 Bonds to be redeemed, plus accrued interest to the redemption date from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project and (ii) from unexpended proceeds of the Series 2009 Bonds upon the abandonment of the Project or a portion thereof due to a legal or regulatory impediment.

Selection of Bonds to be Redeemed

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

Notice of Redemption

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

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

Notice of Purchase in Lieu of Optional Redemption and its Effect

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

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

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

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

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as the securities depository for the Series 2009 Bonds. The Series 2009 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2009 Bond certificate will be issued for each maturity of each Series of the

Series 2009 Bonds, totaling in the aggregate the principal amount of the Series 2009 Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts, thereby eliminating 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (“NSCC”, “FICC” and “EMCC”, respectively, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. 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”, and together with Direct Participants, “Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the Series 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2009 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2009 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2009 Bonds, except in the event that use of the book-entry system for such Series 2009 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2009 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2009 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Series 2009 Bonds within a maturity of a Series of the Series 2009 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2009 Bonds unless authorized by a Direct Participant in accordance with DTC’s procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2009 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2009 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts

upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal 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 is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2009 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2009 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2009 Bond certificates will be printed and delivered to DTC.

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

Each person for whom a Participant acquires an interest in the Series 2009 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2009 BONDS.

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

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

For every transfer and exchange of Series 2009 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2009 Bonds if the Authority determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2009 Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the Authority or restricted registration is no longer in effect, Series 2009 Bond certificates will be delivered as described in the Resolution.

NEITHER THE AUTHORITY, THE COLLEGE NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT, (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2009 BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2009 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2009 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2009 BONDS; OR (VI) ANY OTHER MATTER.

Principal and Interest Requirements

The following table sets forth the amounts required to be paid by the College during each twelve month period ending June 30 of the Bond Years shown for the payment of debt service on the currently outstanding indebtedness of the College, the principal of and interest on the Series 2009 Bonds and the total debt service on all indebtedness of the College, including the Series 2009 Bonds.

<u>Series 2009 Bonds</u>					
<u>12 Month Period Ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Debt Service on the Series 2009 Bonds</u>	<u>Debt Service on Other Indebtedness</u>	<u>Total Debt Service</u>
2010	-	\$542,087	\$ 542,087	\$5,304,784	\$5,846,871
2011	\$380,000	975,756	1,355,756	4,712,459	6,068,215
2012	395,000	964,356	1,359,356	3,750,309	5,109,665
2013	405,000	952,506	1,357,506	3,746,209	5,103,715
2014	420,000	936,306	1,356,306	3,455,795	4,812,101
2015	440,000	919,506	1,359,506	3,242,100	4,601,606
2016	450,000	906,306	1,356,306	3,234,600	4,590,906
2017	470,000	889,806	1,359,806	3,238,100	4,597,906
2018	485,000	871,906	1,356,906	3,236,850	4,593,756
2019	505,000	852,681	1,357,681	3,230,850	4,588,531
2020	525,000	831,869	1,356,869	3,235,100	4,591,969
2021	550,000	810,869	1,360,869	3,238,850	4,599,719
2022	570,000	788,869	1,358,869	3,236,850	4,595,719
2023	595,000	765,356	1,360,356	3,234,100	4,594,456
2024	620,000	740,069	1,360,069	3,240,350	4,600,419
2025	645,000	713,719	1,358,719	3,234,850	4,593,569
2026	680,000	681,469	1,361,469	1,913,975	3,275,444
2027	715,000	647,469	1,362,469	861,500	2,223,969
2028	750,000	611,719	1,361,719	862,750	2,224,469
2029	790,000	574,219	1,364,219	862,250	2,226,469
2030	830,000	534,719	1,364,719	860,000	2,224,719
2031	870,000	493,219	1,363,219	861,000	2,224,219
2032	915,000	449,719	1,364,719	-	1,364,719
2033	960,000	402,825	1,362,825	-	1,362,825
2034	1,010,000	353,625	1,363,625	-	1,363,625
2035	1,065,000	301,863	1,366,863	-	1,366,863
2036	1,115,000	247,281	1,362,281	-	1,362,281
2037	1,175,000	190,138	1,365,138	-	1,365,138
2038	1,235,000	129,919	1,364,919	-	1,364,919
2039	1,300,000	66,625	1,366,625	-	1,366,625

PART 4 — THE PROJECT

Proceeds from the Series 2009 Bonds will be used to finance the construction of a residence hall and dining facility. The four-story structure is designed to accommodate approximately 260 students in 130 two-bed units. The new building will include associated support functions, such as lounges, staff bedrooms, recreation spaces, study spaces, laundry room, mechanical rooms, and electrical/maintenance space. A dining facility will provide daily meals for students and banquet seating for college-related functions. Bond proceeds will also be used for campus improvements and reconfigurations relating to the Project, including the construction of access roads and sidewalks and the expansion of existing parking facilities. Parking for 205 additional cars will be provided.

PART 5 — ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

Sources of Funds

Principal Amount of Series 2009 Bonds.....	\$20,865,000
Plus: Net Original Issue (Discount)	<u>(204,192)</u>
Total Sources	<u>\$20,660,808</u>

Uses of Funds

Deposit to the Construction Fund	\$19,995,000
Costs of Issuance	483,710
Underwriter's Discount.....	<u>182,098</u>
Total Uses	<u>\$20,660,808</u>

PART 6 — THE COLLEGE

GENERAL INFORMATION

History

Siena College, founded in 1937, is a coeducational, independent liberal arts college with a Franciscan and Catholic tradition, situated in the attractive residential community of Loudonville, New York, just outside the City of Albany, New York, the State Capital. The College was founded and nurtured by the Holy Name Province (New York) and the Franciscan Order, the followers of St. Francis of Assisi. The physical plant consists of 60 buildings on approximately 166 acres. The College is governed by an independent self-perpetuating Board of Trustees; an active Board of Associate Trustees serves to strengthen the relationship between the campus and the surrounding community. Siena received its provisional charter from the Board of Regents of the University of the State of New York in 1938. Within four years, when the student population increased to almost 1,000, a permanent charter was granted.

The College maintains memberships in the following organizations: Association of Governing Boards, American Council on Education, Association of Catholic Colleges and Universities, the College Board, National Association of College and University Business Officers, as well as a variety of other professional organizations.

Siena College is accredited by the Middle States Association of Colleges and Schools and the School of Business is accredited by the Association to Advance Collegiate Schools of Business. In addition, the Chemistry program is certified by the American Chemical Society, the Social Work program is certified by the National Council on Social Work and the Education and Teacher Certification programs are accredited by the National

Council for the Accreditation of Teacher Education. Siena College is approved by the New York State Education Department to offer the Bachelor of Arts, the Bachelor of Science, the Bachelor of Business Administration, the Master of Accounting, and programs leading to professional licensure, certification, teacher certification (7-12), and business and distributive education.

The College is divided along curricular lines into three schools: Liberal Arts, Science, and Business. The Bachelor of Arts degree (B.A.) is awarded to students who complete degree requirements in American Studies, Biology, Classics, Classical Studies, Creative Arts, Economics, English, Environmental Studies, French, History, Mathematics, Philosophy, Political Science, Psychology, Religious Studies, Social Work, Sociology, or Spanish. The School of Science awards the Bachelor of Science (B.S.) degree to students majoring in Biology, Biochemistry, Chemistry, Computer Science, Mathematics, and Physics. The B.S. degree is also awarded to School of Business students majoring in Economics, Finance, and Marketing and Management. A Bachelor of Business Administration (BBA) and/or a Master of Accounting is awarded to students completing requirements in the Accounting discipline.

Affiliations and Cooperative Programs

Siena College has developed affiliation agreements with several State University of New York (SUNY) Community Colleges within the College's market area. Under the terms of these agreements, students who complete the programs outlined in the Community Colleges' catalogs and maintain the standards prescribed by the Coordinator of Transfer Admissions and the Dean of the appropriate school at Siena, will be admitted to the College. Under ordinary circumstances, these students are able to complete the remaining requirements for a bachelor's degree in two years.

Siena College also participates with several other educational institutions in cooperative 4/1 degree programs in business management that enable Siena students to earn an undergraduate degree at Siena and a Masters degree at the cooperative institution in five years. These institutions include Clarkson University, Lubin School of Business at Pace University, School of Computer Science and Information Systems at Pace University, The Peter J. Tobin College of Business at St. John's University, Union Graduate College, School of Business at Université Laval in Quebec, Canada, and The University of Albany, SUNY.

Siena also participates with Rensselaer Polytechnic Institute, Catholic University, Clarkson University, Manhattan College, SUNY-Binghamton, and Western New England College in a cooperative science-engineering program. The program is a combined five-year sequence which leads to a B.S. degree in chemistry, computer science, physics, or mathematics from Siena and a Bachelor of Engineering Degree (B.E.) in aeronautical, biomedical, civil, chemical, electrical, industrial, materials, mechanical, or nuclear engineering at one of the six cooperating schools. (Not all of these disciplines are available at all of the engineering schools and some additional specialties and variations are available at individual institutions.)

Siena College has also established cooperative 4/3 programs with Pace University Law School and Western New England School of Law that enables the student at the conclusion of his/her freshman year to apply for acceptance to these law schools upon graduation from Siena College, provided certain standards are met.

Siena College also has affiliation agreements with several educational institutions, providing Siena students with the advantage of participating in accelerated professional programs and/or early assurance programs. These institutions include Albany Medical College, Boston University Goldman School of Graduate Dentistry, SUNY-Buffalo School of Dental Medicine, SUNY College of Optometry, Pennsylvania College of Optometry and Temple University College of Podiatric Medicine.

Siena students are encouraged to spend a semester or a year abroad. Siena maintains various affiliation agreements with external study abroad programs such as: Siena College London Internship Program, in cooperation with the International Internship Program in London, England; Center for Cross-Cultural Study in Seville, Spain; Australearn, U.S. Center for Australian Universities, at various locations throughout Australia; and American Institute for Foreign Studies, with programs in various locations around the world.

Through Siena College's location in the Capital District, full-time matriculated students enjoy unusual opportunities for enriching their education. Qualified Siena students are eligible to register for courses at other institutions in the area provided they have approval of their faculty advisor and dean. These area colleges include Albany College of Pharmacy, Albany Law School, Albany Medical College, The College of Saint Rose, Empire State College, Hartwick College, Hudson Valley Community College, Junior College of Albany, Maria College,

North Adams State College, Regents College, Rensselaer Polytechnic Institute, Russell Sage College, Schenectady County Community College, Siena College, Skidmore College, State University of New York at Albany, and Union College. Students taking advantage of the cross-registration privileges are subject to the regulations and policies of the host institution. Grades and credits earned at another institution become part of the student's permanent record at Siena College and are included in the calculation of the term and cumulative indices. Summer courses are excluded from the cross-registration agreement.

Governance

The College is governed by a Board of Trustees comprised of not less than five nor more than forty in number. Presently the Board has 35 members. The President of the College serves *ex officio* on the Board. The Trustees are elected by the Board and serve a term of three years. Trustees shall be eligible to serve for not more than three full three-year terms. The Board normally holds regular meetings four times a year.

The current members and officers of the Board of Trustees are as follows:

Robert T. Cushing, Chair
Executive Vice President & CFO
TrustCo Bank Corp.

John F. Murray, 1st Vice Chair
President
Rose and Kiernan, Inc.

John J. Nigro, 2nd Vice Chair
President
Nigro Companies

Susan Law Dake, Secretary
President, Stewart's Shops Foundation
Stewart's Shops

Howard S. Foote, Treasurer
Managing Director & CFO
UHY Advisors NY, Inc.

Ronald E. Bjorklund
President, CEO & Principal
Vermeer North Atlantic

J. David Brown
President & CEO
Capital District YMCA

Michael Bucci
Chairman
Greenfield Development

Robert F. Campbell
Director (Retired)
First Albany Companies Inc.

Robert M. Curley
Chairman
Citizens Bank

Virginia L. Darrow
Head of Servicing
European Principal Finance Fund
Apollo Management International LLP

John J. Dawson, Esq.
Partner
Quarles & Brady/Streich Lang, LLP

Scott C. Donnelly
President & COO
Textron Inc.

Shari Golub/Schillinger
Civic Leader

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Vice Chairman (Retired)
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Chairman, Department of Theology
Boston College

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Managing Director (Retired)
UBS Investment Bank

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Pastor
St. Francis of Assisi

Pamela McCarthy
Associate Director/Health Services
Smith College

Robert J. McCormick
President & CEO
TrustCo Bank Corp

Rev. Dominic V. Monti, O.F.M., Ph.D.
Vicar Provincial
Holy Name Province

James J. Morrell
President
Albany Broadcasting Co. Inc.

Rev. Kevin J. Mullen, O.F.M., Ph.D.
President
Siena College

Rev. John O'Connor, O.F.M.
Provincial Minister
Holy Name Province

Walter A. Osterman
Executive Director
American Round Table to Abolish
Homelessness

Dr. Joseph M. Pastore, Jr., Ph.D.
Professor Emeritus in Residence
Pace University

Kenneth M. Raymond, Jr.
President
Prime Companies

Mark S. Rose
Chairman Emeritus
Clare Rose, Inc.

Rev. Peter A. Schneible, O.F.M., Ph.D.
Assistant Professor of Biology
St. Bonaventure University

David M. Stack
Managing Partner
Stack Pharmaceuticals, Inc.
Greenwood Village, Colorado

Christine L. Standish
Director
Albany International

Br. Daniel P. Sulmasy, O.F.M., M.D., Ph.D.
Kilbride-Clinton Professor of Medicine
and Ethics
University of Chicago

Dr. Nimmi M. Trapasso, M.D.
Physician
Marino Center for Integrative Health

Dennis L. Winger
Civic Leader

The Board of Trustees is organized into the following 14 committees: Academic Affairs Committee, Athletics Committee, Audit Committee, Budget and Finance Committee, Development and External Affairs Committee, Executive Committee, Facilities Committee, Franciscan Values Committee, Governance and Nominations Committee, Investment Committee, Strategic Planning Committee, Student Life Committee, Honorary Degree Committee and Marketing Committee.

In addition to the Board of Trustees, Siena College also has 75 Associate Board members, who advise the College on matters of community and institutional interest.

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 Board of Trustees appoints or elects, on nomination or recommendation of the President, various other principal administrative officers of the College. The College’s principal administrative officers include:

Rev. Kevin J. Mullen, O.F.M., Ph.D.	President
Paul T. Stec, M.B.A, C.P.A.....	Vice President for Finance and Administration
Linda Richardson, Ph.D.	Vice President for Academic Affairs
Maryellen Gilroy, Ed.D.....	Vice President for Student Affairs
David Smith, B.S.....	Vice President for Development and External Affairs
Edward Jones, B.A.	Vice President for Enrollment Management

OPERATING INFORMATION

Student Admissions

The College seeks to enroll talented students with the potential to succeed in demanding academic programs. The student population is primarily drawn from New York State with some national and international student representation.

Listed below are the number of applications received for full-time freshman admission to the College together with the number of those applications accepted by the College and the number of admitted students who ultimately enrolled at the College.

ADMISSIONS STATISTICS

Academic Year	<u>Applications</u>	<u>Acceptances</u>	Percent <u>Accepted</u>	New <u>Enrollment</u>	Matriculation <u>Yield</u>
2005-06	4,326	2,620	61%	763	29%
2006-07	5,094	2,804	55	696	25
2007-08	5,792	3,138	54	788	25
2008-09	6,490	3,604	56	832	23
2009-10	7,282	3,889	53	792	20

The College’s admission statistics have been relatively stable over the past five years. During that same period of time, the mean combined SAT score for the incoming freshman class has been trending upward and for the fall of 2009 was measured at 1,142.

Student Enrollment

The number of full time undergraduate students enrolled at Siena College for the Fall 2009 semester was 3,101. Of the 2009-10 freshmen class 61.4% were in the top quarter of their graduating high school classes and 76.0% were ranked in the top third.

The following table summarizes the College's enrollment history for the past five years.

ENROLLMENT SUMMARY

<u>Academic Year</u>	<u>Full-Time Undergraduate</u>	<u>Part-Time Undergraduate</u>	<u>Total Headcount</u>	<u>Full-Time Equivalent</u>
2005-06	3,056	293	3,349	3,149
2006-07	2,981	243	3,224	3,061
2007-08	3,019	203	3,222	3,092
2008-09	3,110	195	3,305	3,180
2009-10	3,101	184	3,285	3,161

The following table lists the number of degrees conferred for the last five academic years.

DEGREES CONFERRED

<u>Academic Year</u>	<u>Total</u>
2004-05	767
2005-06	740
2006-07	790
2007-08	753
2008-09	784

Student Charges

Net tuition and fees account for approximately 83% of the College's total operating revenues. Student charges, including tuition, room and board, for the last five fiscal years are listed below.

STUDENT CHARGES

<u>Fiscal Year</u>	<u>Tuition Charges</u>	<u>Room</u>	<u>Board</u>
2005-06	\$20,100	\$4,985-\$5,885	\$3,000
2006-07	21,285	5,280-6,235	3,195
2007-08	22,510	5,500-6,600	3,375
2008-09	23,750	5,830-7,000	3,580
2009-10	25,060	6,150-7,900	3,780

The College currently charges \$450 per credit hour for part-time students.

Financial Aid

Siena College administers and participates in financial aid programs under which nearly 94.1% of the full-time students received financial assistance in some form during the 2008-09 academic year. Financial assistance consists of scholarships, grants and aid. Scholarships provided by the College are highly competitive and available to students who, through a combination of academic achievement and personal commitment, display the values, compassion, and pursuit of excellence which embody the spirit of the College. In addition to these criteria, scholarships are also awarded on the basis of financial need. Financial need is defined as that amount necessary to meet the educational expenses of the student after the student and parental contribution is calculated through generally accepted procedures as administered by the College Scholarship Service.

The following is a summary of the scholarships provided by the College for the past five years.

**SOURCES OF
SCHOLARSHIP AND GRANT AID**

<u>Academic Year</u>	<u>College Grants</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>Total</u>
2004-05	\$20,933,243	\$3,477,924	\$3,202,262	\$27,613,429
2005-06	22,205,510	3,602,925	3,514,528	29,322,963
2006-07	23,744,771	3,460,298	3,473,124	30,678,193
2007-08	25,263,734	3,247,289	3,552,276	32,243,299
2008-09	27,945,199	3,188,595	3,448,154	34,581,948

The College's students benefit from numerous scholarship and financial aid programs. In addition, the College participates in various federal and state programs providing aid to individual students. The federal programs include the federal funds and mandatory college contribution related to programs authorized under Title IV of the Higher Education Act of 1965, as amended. State programs include the Tuition Assistance Program and grants under the Higher Education Opportunity Program.

State Aid

Siena College benefits from the Bundy Aid Program in New York State that provides aid to private institutions of higher education based on the number of academic degrees conferred each year. This aid is unrestricted as to use. Siena College received \$317,574 in 2008-09 compared to \$323,790 in 2007-08 from the program. Future State institutional aid depends upon annual appropriations by the Legislature and the ability of the State to pay the amount appropriated. Bundy Aid for 2009-10 is estimated at 300,000.

Faculty

In the Fall of 2009, 196 full-time and 122 part-time classroom faculty were employed by the College; 65% of the full-time faculty members hold tenure. The majority of the College's full-time classroom faculty are appointed to one of the four academic ranks: Professor, Associate Professor, Assistant Professor or Instructor. Classroom faculty do not include librarians, support staff or deans that serve primarily administrative functions. The following table sets forth the classroom faculty profile for the last five fiscal years.

FACULTY PROFILE

<u>Fiscal Year</u>	<u>Full-time Faculty</u>	<u>Tenured Full-time Faculty</u>	<u>Part-time Faculty</u>	<u>Percentage Full-time Faculty Tenured</u>
2005-06	192	113	107	58.9%
2006-07	194	108	105	55.7
2007-08	201	106	114	52.7
2008-09	204	110	122	53.9
2009-10	196	128	122	65.3

Employee Relations

The College has a history of satisfactory relationships with its faculty and non-academic employees. None of the College's employees are represented by a union.

ANNUAL FINANCIAL STATEMENT INFORMATION

The College's financial statements are audited by KPMG LLP and are included in Appendix B herein. Financial information of the type that follows is expected to be provided by the College annually via the filing of the College's annual financial statements in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Financial Reporting

The College's financial statements are prepared on the accrual basis of accounting. The following tables present summaries of the College's Statement of Activities and Statement of Financial Condition for the last five fiscal years. This table is derived in part from and should be read in conjunction with the College's audited financial statements for the fiscal year ended May 31, 2009 and the report thereon of KPMG LLP, independent accountants. Complete copies of such audited financial statements are included in Appendix B to this Official Statement.

Schedule of Activities					
Fiscal Year Ended May 31,					
(in thousands)					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
OPERATING REVENUES					
Tuition, fees, room and board	\$ 73,977	\$ 80,512	\$ 83,668	\$ 89,718	\$ 97,555
Less: financial aid	<u>(20,933)</u>	<u>(22,206)</u>	<u>(23,744)</u>	<u>(25,634)</u>	<u>(27,945)</u>
Net tuition and fees	53,044	58,306	59,924	64,084	69,610
Government grants and contributions	788	1,207	958	1,204	1,630
Private gifts and grants	2,678	2,536	2,673	2,686	2,873
Investment return	5,561	5,309	5,405	5,561	6,062
Other	<u>3,207</u>	<u>3,352</u>	<u>3,477</u>	<u>3,805</u>	<u>3,896</u>
Total operating revenues	<u>65,278</u>	<u>70,710</u>	<u>72,437</u>	<u>77,340</u>	<u>84,071</u>
OPERATING EXPENSES					
Instruction	29,820	31,139	31,318	33,322	35,839
General Administration	4,179	4,131	4,335	4,855	6,254
Student services	12,747	13,666	13,940	14,888	15,473
Institutional support	5,112	6,263	6,404	7,137	8,618
Auxiliaries	13,283	14,530	15,677	16,471	17,705
Other	<u>34</u>	<u>35</u>	<u>23</u>	<u>105</u>	<u>102</u>
Total operating expenses	<u>65,175</u>	<u>69,764</u>	<u>71,697</u>	<u>76,778</u>	<u>83,991</u>
Increase in net assets from operating activities	<u>103</u>	<u>946</u>	<u>740</u>	<u>562</u>	<u>80</u>
NON-OPERATING ACTIVITIES					
Investment return	8,397	12,568	18,080	976	(36,352)
Contributions	2,257	1,905	2,431	1,910	932
Actuarial gain (loss) on annuity obligations	82	1	11	25	(2)
Loss on extinguishment of debt	-	(1,256)	-	-	-
Other	<u>855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(267)</u>
Increase (decrease) in net assets from non-operating activities	<u>11,591</u>	<u>13,218</u>	<u>20,522</u>	<u>2,911</u>	<u>(35,689)</u>
Effect of a changes in accounting principles	<u>-</u>	<u>(2,555)</u>	<u>-</u>	<u>659</u>	<u>-</u>
Net increase (decrease) in net assets	11,694	11,609	21,262	4,132	(35,609)
Net assets at beginning of year	<u>147,943</u>	<u>159,637</u>	<u>171,246</u>	<u>192,508</u>	<u>196,640</u>
Net assets at end of year	<u>\$159,637</u>	<u>\$171,246</u>	<u>\$192,508</u>	<u>\$196,640</u>	<u>\$161,031</u>

Management Report on Operating Results

Since fiscal year 2005, total operating revenues have increased from \$65.3 million to \$84.1 million in fiscal year 2009. Tuition, fees, room and board, net of financial aid discounting, on average have made up approximately 82.4% of the College's operating revenues for the past five years. Such revenues rose from \$53.0 million in fiscal year 2005 to \$69.6 million in fiscal year 2009. Much of the balance is comprised of investment returns and private gifts and grants. The College has implemented an endowment spending policy that utilizes 5.00% of a rolling three-year average portfolio value to support its annual operations. Such contributions have averaged approximately \$5.6 million over the past five years. Accordingly, while total operating expenses since fiscal year 2005 have increased from \$65.2 million to \$84.0 million in fiscal year 2009, the College has been able to report an operating surplus in each of the last five years.

Balance Sheet

The following table summarizes the financial position of the College for each of the last five years.

Schedule of Financial Position Fiscal Year Ended May 31, (in thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assets					
Cash & cash equivalents	\$ 10,188	\$ 3,347	\$ 4,104	\$ 2,570	\$ 3,872
Short-term investments	-	12,278	11,284	10,275	8,208
Accounts receivable, net	1,154	1,385	1,471	1,347	1,633
Accrued investment income	176	210	307	379	263
Contributions receivable net	4,528	3,628	3,914	3,915	3,321
Prepaid expenses and other assets	1,930	2,581	2,347	3,554	1,868
Deposits with trustees	8,015	11,123	7,212	7,098	7,103
Student loans receivable, net	2,940	3,021	3,156	3,392	3,429
Long-term investments	116,159	127,096	144,600	144,945	110,133
Land, buildings and equipment	<u>87,262</u>	<u>85,243</u>	<u>91,464</u>	<u>92,433</u>	<u>92,464</u>
Total assets	<u>232,352</u>	<u>249,912</u>	<u>269,859</u>	<u>269,908</u>	<u>232,294</u>
Liabilities					
Accounts payable and accrued expenses	7,096	7,975	8,859	8,457	9,352
Deposits and deferred revenues	2,526	2,308	2,944	2,501	2,217
Annuities payable	1,031	1,016	1,021	1,108	1,129
Postretirement benefits	6,778	6,643	6,704	6,102	6,313
Federal student loan funds	3,132	3,065	2,989	3,019	3,058
Asset retirement obligation	-	2,722	3,043	3,165	3,291
Long-term debt	<u>52,152</u>	<u>54,937</u>	<u>51,792</u>	<u>48,916</u>	<u>45,902</u>
Total liabilities	<u>72,715</u>	<u>78,666</u>	<u>77,352</u>	<u>73,268</u>	<u>71,262</u>
Net Assets					
Unrestricted	114,905	120,562	133,075	134,902	112,762
Temporarily restricted	4,139	4,154	4,235	3,894	3,704
Permanently restricted	<u>40,593</u>	<u>46,530</u>	<u>55,197</u>	<u>57,844</u>	<u>44,566</u>
Total Net Assets	<u>159,637</u>	<u>171,246</u>	<u>192,507</u>	<u>196,640</u>	<u>161,032</u>
Total liabilities and net assets	<u>\$232,352</u>	<u>\$249,912</u>	<u>\$269,859</u>	<u>\$269,908</u>	<u>\$232,294</u>

Budget

The Board of Trustees of Siena College adopts the annual budget after considering the recommendations of its Budget and Finance Committee. Operating budgets are requested from various budget administrators and are subject to approval by the President of the College after recommendation by the Vice President for Finance and Administration in consultation with the College Planning and Finance Committee. At present, monthly reports comparing actual activity to the amounts budgeted are distributed to the various budget administrators. The accounting and reporting system provides expense reports comparing actual monthly activity to amounts budgeted with monthly and year-to-date totals and percentages. Additionally, budget information is available on line which includes encumbrance information.

Investments

The endowment is overseen by the Investment Committee of the Board of Trustees. The Investment Committee has the responsibility for maintaining the investment policy including the spending policy, asset allocation and rebalancing, and hiring managers and consultants. The Investment Committee meets on a regular basis every other month with its consultants to review performance, asset allocation and any other issues. The current overall target allocation is 25% U.S. equity, 30% hedge funds/marketable alternatives, 20% non-U.S. Equity, 5% private equity, and 20% fixed income.

Endowment spending for the College's operating purposes is calculated by applying a spending rate against the three-year moving average market value of the endowment. The current spending rate is 5.0%, which resulted in \$5,561,054 and \$6,061,909 from the endowment being used for College operations in 2008 and 2009, respectively.

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

	TOTAL INVESTMENTS				
	Fiscal Year Ended May 31,				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Short-term	\$ 15,097,209	\$ 1,871,486	\$ 1,426,048	\$ 3,084,927	\$ 1,024,657
Common Stock	10,712,225	11,602,309	15,101,339	13,646,866	10,111,488
US Private Equity-Large Cap					
Mutual Funds	21,312,578	19,206,403	22,883,990	20,395,687	13,652,036
Investment Company	8,767,987	10,044,104	12,294,529	10,537,427	6,430,259
Fixed Income Securities	27,801,650	27,503,831	29,292,276	31,609,983	28,951,119
Foreign Private Equity					
Limited Partnership and Limited Liability Company	-	18,951,472	21,432,569	21,194,298	15,476,386
Absolute Return Funds-Limited Partnership	14,560,484	16,500,447	17,937,698	18,399,276	16,063,150
Equity Hedge Funds - Trust	10,954,321	12,640,385	14,483,622	15,233,389	7,786,913
Small Cap Equity - Trust	3,599,367	4,442,384	4,837,508	3,907,688	2,650,731
Venture Capital	684,124	1,588,298	2,793,158	4,737,200	4,682,485
Other	<u>2,669,456</u>	<u>2,744,948</u>	<u>2,117,550</u>	<u>2,198,475</u>	<u>3,304,227</u>
Total	<u>\$116,159,401</u>	<u>\$127,096,067</u>	<u>\$144,600,287</u>	<u>\$144,945,216</u>	<u>\$110,133,451</u>

Gifts

The following table presents the amounts received by the College as gifts, grants and bequests for the following funds over the past five fiscal years:

GIFTS, GRANTS AND BEQUESTS Fiscal Year Ended May 31,

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Unrestricted	\$2,551,783	\$2,982,433	\$2,833,775	\$2,695,731	\$2,786,166
Temporarily Restricted	1,587,012	388,058	734,589	417,952	223,643
Permanently Restricted	<u>795,994</u>	<u>1,070,744</u>	<u>1,535,337</u>	<u>1,482,468</u>	<u>795,961</u>
Total	<u>\$4,934,789</u>	<u>\$4,441,235</u>	<u>\$5,103,701</u>	<u>\$4,596,151</u>	<u>\$3,805,770</u>

Plant Values

The following table shows the book value of the physical plant for the past five fiscal years.

Plant Assets Year Ended May 31, (in thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Land and improvements	\$ 3,995	\$ 4,173	\$ 7,598	\$ 8,276	\$ 8,273
Buildings	104,356	105,478	112,012	115,899	118,273
Equipment, furnishings & books	26,361	26,997	27,137	27,553	28,625
Construction in progress	164	668	237	121	690
Equipment acquired under capital lease	<u>910</u>	<u>910</u>	<u>-</u>	<u>-</u>	<u>-</u>
	135,786	138,226	146,984	151,849	155,861
Less: Accumulated depreciation	<u>(48,524)</u>	<u>(52,983)</u>	<u>(55,520)</u>	<u>(59,416)</u>	<u>(63,397)</u>
	<u>\$ 87,262</u>	<u>\$ 85,243</u>	<u>\$ 91,464</u>	<u>\$ 92,433</u>	<u>\$ 92,464</u>

The College currently insures its plant facilities under a multi-peril all-risk insurance policy through the Travelers Insurance Company. In addition, excess liability coverage in the amount of \$25 million is provided through several insurance companies.

Outstanding Indebtedness

At May 31, 2009, the College had total outstanding indebtedness of \$45,902,023.

Dormitory Authority Indebtedness

The College is obligated under the terms of an agreement dated March 26, 1997 by and between the Authority and the College regarding the Authority's Siena College Insured Revenue Bonds, Series 1997. This agreement is a general obligation of the College. Pursuant to this agreement, the College has pledged tuition and fees charged to students for academic instruction limited to the amount necessary to pay debt service on the bonds. The pledged revenues payable to the Authority are used to pay the principal of and interest on such bonds. Of the \$30,000,000 amount originally issued, \$1,590,000 remained outstanding as of May 31, 2009. The bonds were sold by the Authority to provide monies to finance the construction of a new library on the College's campus, the renovation of Roger Bacon Hall and the refinancing of certain existing Authority and Student Loan Marketing Association debt.

The College is obligated under the terms of an agreement dated May 30, 2001 by and between the Authority and the College regarding the Authority's Siena College Insured Revenue Bonds, Series 2001. This agreement is a general obligation of the College. Pursuant to this agreement, the College has pledged tuition and fees charged to students for academic instruction limited to the amount necessary to pay debt service on the bonds. The pledged revenues payable to the Authority are used to pay the principal of and interest on such bonds. Of the \$24,935,000 amount originally issued, \$15,355,000 remained outstanding as of May 31, 2009. The bonds were sold by the Authority to provide monies to finance the construction of a residence facility on the College's campus, the renovation of an athletic facility and the refunding of certain existing Authority debt.

The College is obligated under the terms of an agreement dated March 29, 2006 by and between the Authority and the College regarding the Authority's Siena College Insured Revenue Bonds, Series 2006. This agreement is a general obligation of the College. Pursuant to this agreement, the College has pledged tuition and fees charged to students for academic instruction limited to the amount necessary to pay debt service on the bonds. The pledged revenues payable to the Authority are used to pay the principal of and interest on such bonds. Of the \$26,770,000 amount originally issued, \$26,841,445 remained outstanding as of May 31, 2009, which includes an unamortized premium of \$991,445. The bonds were sold by the Authority to provide monies to finance the renovation of a dining facility on the College's campus and the refunding of certain existing Authority debt.

ACIDA Indebtedness

On November 13, 2003, the College entered into an agreement with the Albany County Industrial Development Agency ("ACIDA"), which provided for the issuance of \$3,750,000 in Tax-exempt Civic Facility Revenue Bonds. The proceeds were used to fund the renovation of a building and the acquisition and installation of various machinery related to the facility. As of May 31, 2009, \$2,115,578 remained outstanding.

Pension Plans

The College participates in the Teachers' Insurance & Annuity Association/College Retirement Equities Fund covering eligible employees associated with the College. The cost of this defined contribution plan for the fiscal years ended May 31, 2009 and 2008 was \$2,833,210 and \$2,601,628, respectively.

LITIGATION

There are various claims and pending litigation to which the College is a party. The College believes, based upon the opinions of the counsel handling such matters, that they would not, individually or in the aggregate, materially affect the ability of the College to pay the principal of and interest on the Series 2009 Bonds when due or fulfill the College's obligations under the Loan Agreement.

PART 7 — THE AUTHORITY

Background, Purposes and Powers

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

On September 1, 1995, the Authority through State legislation (the "Consolidation Act") succeeded to the powers, duties and functions of the New York State Medical Care Facilities Finance Agency (the "Agency") and the Facilities Development Corporation (the "Corporation"), each of which will continue its corporate existence in and

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

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

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

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

At September 30, 2009, the Authority had approximately \$40.5 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 September 30, 2009 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Bonds and Notes Outstanding</u>
State University of New York Dormitory Facilities.....	\$ 2,250,196,000	\$ 943,590,000	\$ 0	\$ 943,590,000
State University of New York Educational and Athletic Facilities.....	13,243,272,999	5,698,118,149	0	5,698,118,149
Upstate Community Colleges of the State University of New York.....	1,590,645,000	666,520,000	0	666,520,000
Senior Colleges of the City University of New York.....	9,935,931,762	3,040,924,213	0	3,040,924,213
Community Colleges of the City University of New York.....	2,394,073,350	494,235,787	0	494,235,787
BOCES and School Districts.....	2,436,626,208	1,896,100,000	0	1,896,100,000
Judicial Facilities.....	2,161,277,717	724,132,717	0	724,132,717
New York State Departments of Health and Education and Other.....	5,808,800,000	4,100,145,000	0	4,100,145,000
Mental Health Services Facilities.....	7,460,120,000	4,063,400,000	0	4,063,400,000
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>\$ 49,039,973,036</u>	<u>\$ 22,408,580,866</u>	<u>\$ 0</u>	<u>\$ 22,408,580,866</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.....	\$ 17,954,180,260	\$ 8,987,987,488	\$ 35,975,000	\$ 9,023,962,488
Voluntary Non-Profit Hospitals.....	13,963,224,309	8,100,385,000	0	8,100,385,000
Facilities for the Aged.....	1,996,020,000	925,580,000	0	925,580,000
Supplemental Higher Education Loan Financing Program.....	95,000,000	0	0	0
Totals Non-Public Programs.....	<u>\$ 34,008,424,569</u>	<u>\$ 18,013,952,488</u>	<u>\$ 35,975,000</u>	<u>\$ 18,049,927,488</u>
Grand Totals Bonds and Notes.....	<u>\$ 83,048,397,605</u>	<u>\$ 40,422,533,354</u>	<u>\$ 35,975,000</u>	<u>\$ 40,458,508,354</u>

Outstanding Indebtedness of the Agency Assumed by the Authority

At September 30, 2009, the Agency had approximately \$344.0 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 September 30, 2009 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Mental Health Services Improvement Facilities.....	\$ 3,817,230,725	\$ 0
<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	333,035,000
Revenue Bonds, Secured Loan and Other Programs.....	2,414,240,000	7,670,000
Total Non-Public Programs.....	<u>\$ 9,265,549,927</u>	<u>\$ 343,960,000</u>
Total MCFFA Outstanding Debt.....	<u>\$ 13,082,780,652</u>	<u>\$ 343,960,000</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., *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. Romski 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. Romski 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.

DAVID M. STEINER, Ph.D., *Commissioner of Education of the State of New York, Albany; ex-officio.*

David M. Steiner was appointed by the Board of Regents as President of the University of the State of New York and Commissioner of Education on October 1, 2009. Prior to his appointment, Dr. Steiner served as the Klara and Larry Silverstein Dean of the School of Education at Hunter College CUNY. Prior to his time with Hunter College, Dr. Steiner served as Director of Arts Education at the National Endowment for the Arts and Chairman of the Department of Education Policy at Boston University. As Commissioner of Education, Dr. Steiner serves as chief executive officer of the Board of Regents, which has jurisdiction over the State's entire educational system, which includes public and non-public elementary, middle and secondary education; public and independent colleges and universities; museums, libraries and historical societies and archives; the vocational rehabilitation system; and responsibility for licensing, practice and oversight of numerous professions. He holds a Doctor of Philosophy in political science from Harvard University and a Bachelor of Arts and Master of Arts degree in philosophy, politics and economics from Balliol College at Oxford University.

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 has obtained the approval of the PACB for the issuance of the Series 2009 Bonds.

Legislation

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

Environmental Quality Review

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

Independent Auditors

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

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

Under New York State law, the Series 2009 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control.

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

PART 9 — NEGOTIABLE INSTRUMENTS

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

PART 10 — TAX MATTERS

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Series 2009 Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”); interest on the Series 2009 Bonds is not treated as a preference item in calculating the federal alternative minimum tax imposed on individuals and corporations nor is it included in the adjusted current earnings of corporations for purposes of calculating the federal corporate alternative minimum taxable income; and the Series 2009 Bonds are “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code.

The Code imposes various requirements that must be met in order that interest on the Series 2009 Bonds will be and remain excludable from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Series 2009 Bonds and the rebate of certain earnings in respect of such investments to the United States. Failure to comply with the requirements of the Code may cause interest on the Series 2009 Bonds to be includable in gross income for purposes of federal income tax retroactive to the date of original execution and delivery of the Series 2009 Bonds, regardless of the date on which the event causing such inclusion occurs. The Authority and the College have made certain covenants contained in the Resolutions, Loan Agreement and Tax Compliance Agreement to comply with the requirements of the Code and have made representations in the Resolutions, Loan Agreement and Tax Compliance Agreement addressing various matters relating to the requirements of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy of such representations made by the Authority and the College.

Certain requirements and procedures contained or referred to in the Resolutions, Loan Agreement and Tax Compliance Agreement may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of Bond Counsel. The opinion of Hiscock & Barclay, LLP states that such firm, as Bond Counsel, expresses no opinion as to any Series 2009 Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of Bond Counsel other than Hiscock & Barclay, LLP.

Prospective purchasers of the Series 2009 Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of the Series 2009 Bonds may have collateral federal income tax consequences for certain taxpayers, including financial institutions, insurance companies, Subchapter S Corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Series 2009 Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Interest paid on tax-exempt obligations is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. Although information reporting does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes payment of interest on the bonds to be subject to backup withholding. Interest on the Series 2009 Bonds may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Series 2009 Bonds and will be allowed as a refund or credit against such owner’s federal income tax liability (or the federal income tax liability of the beneficial owner of the Series 2009 Bonds, if other than the registered owner).

In the opinion of Bond Counsel, interest on the Series 2009 Bonds is exempt, under existing statutes, from personal income taxes of the State of New York and its political subdivisions, as applicable. See “Appendix E - Form of Approving Opinion of Bond Counsel”. The opinion of Bond Counsel is based on current legal authority,

covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2009 Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the College or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2009 Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Series 2009 Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of the Series 2009 Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Bond Counsel further is of the opinion that, for any Series 2009 Bond having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2009 Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisers with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series 2009 Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2009 Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series 2009 Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisers regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

PART 11 — STATE NOT LIABLE ON THE SERIES 2009 BONDS

The Act provides that notes and bonds of the Authority are not a debt of the State, that the State is not liable on them and that such notes and bonds are not payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 2009 Bonds are not a debt of the State and that the State is not liable on them.

PART 12 — COVENANT BY THE STATE

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

PART 13 — LEGAL MATTERS

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

Certain legal matters will be passed upon for the College by its Counsel, Tobin & Dempf, LLP, Albany, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Phillips Lytle LLP, New York, New York.

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

PART 14 — UNDERWRITING

RBC Capital Markets Corporation has agreed, subject to certain conditions, to purchase the Series 2009 Bonds from the Authority at an aggregate purchase price of \$20,478,709.30 and to make a public offering of Series 2009 Bonds at prices that are not in excess of the public offering prices stated on the cover page of this Official Statement. The Underwriter will be obligated to purchase all such Series 2009 Bonds if any are purchased.

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

PART 15 — CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as amended ("Rule 15c2-12"), the 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, 2010, for filing by DAC with the Municipal Securities Rulemaking Board ("MSRB") and its Electronic Municipal Market Access system for municipal securities disclosures, on an annual basis, operating data and financial information of the type hereinafter described which is included in "PART 6 - THE COLLEGE" of this Official Statement (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; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to the MSRB.

If, and only if, and to the extent that it receives the Annual Information and annual financial statements described above from the 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.

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 and the Trustee have 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 in a timely manner. With respect to the Series 2009 Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC's obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the College has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the College, the Trustee or the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the College, the Holders of the Series 2009 Bonds or any other party. DAC has no responsibility for the 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, the Trustee and the Authority with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority's disclosure dissemination agent terminate, the Authority will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Bondholders.

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

The Notices include notices of any of the following events (the "Notice Events") with respect to the Series 2009 Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Series 2009 Bonds; (7) modifications to the rights of holders of the Series 2009 Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2009 Bonds; and (11) rating changes. In addition, DAC will undertake, for the benefit of the Holders of the Series 2009 Bonds, to provide to the MSRB, 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 2009 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 their obligations to provide information required thereunder, by any Holder of Outstanding Series 2009 Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2009 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 2009 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 2009 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 2009 Resolutions or the Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the 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 or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Continuing Disclosure Agreement, however, may be amended or modified without consent of the Holders of the Series 2009 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 2009 Bonds will be on file at the principal office of the Authority.

In the past five years, the College has not failed to comply, in any material respects, with any previous continuing disclosure undertaking entered into in connection with any tax-exempt offerings.

PART 16 — RATING

Moody's Investors Service ("Moody's") has assigned a rating of "A3" to the long-term obligations of the College. Such rating reflects only the views of Moody's and any desired explanation of the significance of such rating should be obtained from the rating agency at the following addresses: Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that such rating will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2009 Bonds.

PART 17 — MISCELLANEOUS

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

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

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

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

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

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

“Appendix B - Financial Statements of Siena College and Independent Auditors’ Report” contains the financial statements of the College as of and for the years ended May 31, 2009 and 2008 which have been audited by KPMG LLP, independent accountants as stated in their report appearing therein.

The College has reviewed the parts of this Official Statement describing the College, the Estimated Sources and Uses of Funds, the Project and Appendix B. The College, as a condition to issuance of the Series 2009 Bonds, is required to certify that as of the date of this Official Statement, 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 Underwriter and certain others against losses, claims, damages and liabilities arising out of any untrue statements or omissions of statements of any material fact as described in the preceding paragraph.

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

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

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

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DEFINITIONS

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CERTAIN DEFINITIONS

In addition to the other terms defined in the Official Statement, when used in the summaries of certain provisions of the Resolution, the Series 2009 Resolution and the Loan Agreement, the following terms have the meanings ascribed to them below.

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 Consolidation Act, being Title 4-B of Article 8 of the Public Authorities Law of the State.

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

Appreciated Value means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Deferred Income Bond or the Bond Series Certificate relating to such Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the 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 attributable to the issuance of the Bonds, as more particularly described in Schedule B attached 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 and Portfolio Management, the Managing Director of Construction, and the General Counsel, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of the Authority to perform such act or execute such document; (ii) in the case of the Institution, when used with reference to any act or document, means the person or

Appendix A

persons authorized by a resolution or the by-laws of the Institution to perform such act or execute such document; and (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, an 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.

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

Bond Counsel means Hiscock & Barclay, LLP, 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 a Series Resolution as it may be amended from time to time.

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.

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

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

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

Cost or Costs of Issuance means the items of expense incurred in connection with the authorization, sale and issuance of Bonds of a Series, which items of expenses shall include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee, a Provider or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums, fees and charges for insurance on such Bonds, commitment fees or similar charges relating to a Reserve Fund Facility, Credit Facility, a Liquidity Facility or an

Interest Rate Exchange Agreement, costs and expenses in connection with the refunding of Bonds or other bonds or notes of the Authority, costs and expenses incurred pursuant to a remarketing agreement and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

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

Appendix A

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 Reserve 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;

(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; and

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

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.

Debt Service Demand Ratio means the ratio obtained by dividing Maximum Annual Debt Service by annual Unrestricted Gross Revenues for the Institution's last Fiscal Year for which audited financial statements are available.

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

Exempt Obligation means:

(i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a "specified private activity bond" within the meaning of Section 57(a)(5) of the Code and which, at the time an investment therein is made or such obligation is

deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than the second highest rating category for such obligation by at least two Rating Services;

(ii) any other Permitted Investments acceptable to the Rating Service(s).

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

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

Expendable Net Assets means the sum of all unrestricted net assets, exclusive of Plant Equity (if a positive number), as reported on the Institution’s audited statement of financial position, in each case determined in accordance with generally accepted accounting principals in effect as of the date of the Loan Agreement.

Federal Agency Obligation means:

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

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

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

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

Government Obligation means:

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

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

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

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

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

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

Indebtedness means, without duplication, all obligations of the Institution for borrowed money recorded or required to be recorded as liabilities on the statement of financial position thereof for the payment of moneys

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incurred or assumed by the Institution as determined in accordance with generally accepted accounting principles in effect as of the date of the Loan Agreement (exclusive of reserves such as those established for deferred taxes).

Institution means Siena College, a co-educational institution of higher education chartered under the laws of the State or any successor thereto.

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

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

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

Letter of Representation means the Letter of Representation of the Institution, dated the date of the sale of the Bonds, addressed to the Authority and the Underwriter.

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

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

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

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

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

Moody's means Moody's Investors Service, Inc. or its successors or assigns.

Mortgage means a mortgage, if any, granted by the Institution 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 Institution'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.

Mortgaged Property means the land owned by the Institution described in the Mortgage and the buildings and improvements thereon or thereafter erected thereon and the fixtures, furnishings and equipment owned by the Institution and now or hereafter located therein or thereon.

Official Statement means an official statement relating to and in connection with the sale of the Bonds.

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.

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Parity Indebtedness means indebtedness incurred by the Institution that is permitted by the applicable Series Resolution to be secured equally and ratably by the Pledged Revenues and is so secured by the Pledged Revenues.

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

Permitted Collateral means:

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

Permitted Encumbrances means when used in connection with 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) The Mortgage;
- (vi) Security interests, liens and other encumbrances to secure the purchase price of any equipment or furnishings, and any other liens, pledges, charges and encumbrances, including without limitation, all such interests granted by the Institution to the Authority pursuant to the loan agreements dated as of March 26, 1997 and May 30, 2001; and
- (vii) Any instrument recorded pursuant to the Loan Agreement; and
- (viii) Such other encumbrances, defects, and irregularities to which the prior written consent of the Authority has 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.

Plant Equity means the value of all land, buildings and equipment net of accumulated depreciation as reported on the statement of financial position of the Institution less total outstanding Long-Term Indebtedness.

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

Prior Pledges means, with respect to all property of the Institution constituting the Pledged Revenues, the right to receive the same and the proceeds thereof, any lien, charge or encumbrance thereupon, pledge thereof or security interest therein, which lien, charge, encumbrance, pledge or security interest is existing at the date such property, or the right to receive such property, is pledged as Pledged Revenues, all as more specifically described on Schedule D to the Loan Agreement.

Prior Revenues means the Prior Pledges as such term is defined in the Loan Agreement with respect to a Series of Bonds.

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

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 Institution 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

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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 Institution and the Remarketing Agent, relating to the remarketing of such Bonds.

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.

Resolution means the Siena College Revenue Bond Resolution, adopted by the Authority on October 28, 2009, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions of the Resolution.

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.

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

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

Series 2009 Project means the project or projects in connection with which the Series 2009 Bonds are being issued as more fully described in Schedule C to the Loan Agreement, dated as of October 28, 2009.

Series 2009 Resolution means the Series 2009 Resolution Authorizing Up To \$30,000,000 Siena College Revenue Bonds, Series 2009.

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

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1, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future July 1 is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be Bonds entitled to such Sinking Fund Installment; and

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

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

State means the State of New York.

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 Compliance Agreement means the Tax Compliance Agreement between the Authority and the Institution, including the appendices, schedules and exhibits thereto, executed in connection with the issuance of the Bonds in which the Authority and the Institution make representations and agreements as to arbitrage and compliance with the provisions of the Loan Agreement, of the Code, or any similar certificate, agreement or other instrument made, executed and delivered in lieu of said agreement, in each case as the same may be amended or supplemented.

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

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

Underwriter means RBC Capital Markets Corporation and its successors and assigns.

Unrestricted Gross Revenues means, with respect to each fiscal year of the Institution, the sum of all unrestricted revenues, gains and other support from all operating and non-operating activities, as reported on the Institution's audited financial statements for such fiscal year, as adjusted for changes to accounting principles from the date of the Loan Agreement.

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.

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**SIENA COLLEGE FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT AUDITORS**

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SIENA COLLEGE

Financial Statements

May 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

SIENA COLLEGE
Financial Statements
May 31, 2009 and 2008

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KPMG LLP
515 Broadway
Albany, NY 12207

Independent Auditors' Report

Board of Trustees
Siena College:

We have audited the accompanying statements of financial position of Siena College (College) as of May 31, 2009 and 2008, 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. Those standards require that we plan and perform the audits 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 Siena College as of May 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

September 23, 2009

SIENA COLLEGE
Statements of Financial Position
May 31, 2009 and 2008

Assets	2009	2008
Cash and cash equivalents	\$ 3,871,931	2,569,679
Short-term investments	8,207,765	10,274,910
Accounts receivable, net	1,633,009	1,347,086
Accrued investment income	263,278	379,292
Contributions receivable, net	3,320,620	3,915,013
Deposits with bond trustees	7,102,616	7,097,606
Prepaid expenses and other assets	1,868,307	3,553,834
Student loans receivable, net	3,428,940	3,392,255
Investments	110,133,451	144,945,216
Land, buildings, and equipment, net	92,463,900	92,432,770
Total assets	<u>\$ 232,293,817</u>	<u>269,907,661</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 9,352,279	8,457,455
Deposits and deferred revenues	2,216,878	2,501,275
Annuities payable	1,128,659	1,107,699
Postretirement benefits	6,312,854	6,102,175
Federal student loan funds	3,058,398	3,018,503
Asset retirement obligation	3,291,405	3,164,808
Long-term debt	45,902,023	48,915,680
Total liabilities	<u>71,262,496</u>	<u>73,267,595</u>
Net assets:		
Unrestricted:		
Invested in property, plant and equipment from		
College funds	53,661,808	50,630,255
Government appropriations	57,495	64,814
Gifts and others	463,750	469,426
	<u>54,183,053</u>	<u>51,164,495</u>
Undesignated	<u>18,184,267</u>	<u>26,329,789</u>
Designated by external contracts:		
Debt service and related escrows	6,174,839	6,868,108
Planned giving annuity reserves	696,826	743,224
	<u>6,871,665</u>	<u>7,611,332</u>
Designated by Board of Trustees:		
Capital projects and equipment	25,060,074	36,901,729
Long-term investments and growth	7,869,261	12,065,224
Program support	593,021	830,172
	<u>33,522,356</u>	<u>49,797,125</u>
Total unrestricted	<u>112,761,341</u>	<u>134,902,741</u>
Temporarily restricted	<u>3,703,935</u>	<u>3,893,615</u>
Permanently restricted:		
Financial aid	36,277,475	48,262,057
Academic and student services program	5,184,952	6,362,965
Faculty chairs	1,334,928	1,796,121
Facilities	1,768,690	1,422,567
Total permanently restricted	<u>44,566,045</u>	<u>57,843,710</u>
Total net assets	<u>161,031,321</u>	<u>196,640,066</u>
Total liabilities and net assets	<u>\$ 232,293,817</u>	<u>269,907,661</u>

See accompanying notes to financial statements.

SIENA COLLEGE

Statement of Activities

Year ended May 31, 2009

(With summarized information for the year ended May 31, 2008)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
Operating revenues:					
Tuition, fees, room, and board	\$ 97,555,076	—	—	97,555,076	89,718,457
Less financial aid	<u>27,945,199</u>	<u>—</u>	<u>—</u>	<u>27,945,199</u>	<u>25,633,870</u>
Net tuition, fees, room, and board	69,609,877	—	—	69,609,877	64,084,587
Government grants and contributions	1,419,792	210,624	—	1,630,416	1,203,647
Private gifts and grants	2,742,087	131,093	—	2,873,180	2,685,700
Investment returns designated for current operations	6,061,909	—	—	6,061,909	5,561,054
Other sources	3,895,462	—	—	3,895,462	3,805,101
Net assets released from restrictions	<u>267,847</u>	<u>(267,847)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total operating revenues	<u>83,996,974</u>	<u>73,870</u>	<u>—</u>	<u>84,070,844</u>	<u>77,340,089</u>
Operating expenses:					
Instruction	35,838,801	—	—	35,838,801	33,322,160
General administration	6,253,613	—	—	6,253,613	4,855,345
Student services	15,473,264	—	—	15,473,264	14,888,135
Institutional support	8,618,132	—	—	8,618,132	7,136,792
Auxiliaries	17,705,169	—	—	17,705,169	16,470,671
Other	<u>101,973</u>	<u>—</u>	<u>—</u>	<u>101,973</u>	<u>105,216</u>
Total operating expenses	<u>83,990,952</u>	<u>—</u>	<u>—</u>	<u>83,990,952</u>	<u>76,778,319</u>
Increase in net assets from operating activities	<u>6,022</u>	<u>73,870</u>	<u>—</u>	<u>79,892</u>	<u>561,770</u>
Nonoperating activities:					
Investment return, net of amounts designated for operations	(22,074,571)	(132,855)	(14,144,388)	(36,351,814)	976,342
Contributions	44,079	92,550	795,961	932,590	1,910,451
Actuarial gain (loss) on annuity obligations	—	5,294	(7,408)	(2,114)	24,899
Other-fundraising expense	<u>(267,299)</u>	<u>—</u>	<u>—</u>	<u>(267,299)</u>	<u>—</u>
Net assets released from restrictions and changes in donor intent	<u>150,369</u>	<u>(228,539)</u>	<u>78,170</u>	<u>—</u>	<u>—</u>
(Decrease) increase in net assets from nonoperating activities	<u>(22,147,422)</u>	<u>(263,550)</u>	<u>(13,277,665)</u>	<u>(35,688,637)</u>	<u>2,911,692</u>
(Decrease) increase in net assets before effect of adoption of SFAS No. 158	<u>(22,141,400)</u>	<u>(189,680)</u>	<u>(13,277,665)</u>	<u>(35,608,745)</u>	<u>3,473,462</u>
Effect of adoption of SFAS No. 158	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>659,046</u>
Net (decrease) increase in net assets	<u>(22,141,400)</u>	<u>(189,680)</u>	<u>(13,277,665)</u>	<u>(35,608,745)</u>	<u>4,132,508</u>
Net assets at beginning of year	<u>134,902,741</u>	<u>3,893,615</u>	<u>57,843,710</u>	<u>196,640,066</u>	<u>192,507,558</u>
Net assets at end of year	\$ <u>112,761,341</u>	\$ <u>3,703,935</u>	\$ <u>44,566,045</u>	\$ <u>161,031,321</u>	\$ <u>196,640,066</u>

See accompanying notes to financial statements.

SIENA COLLEGE
Statement of Activities
Year ended May 31, 2008

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>2008 Total</u>
Operating revenues:				
Tuition, fees, room, and board	\$ 89,718,457	—	—	89,718,457
Less financial aid	25,633,870	—	—	25,633,870
Net tuition, fees, room, and board	64,084,587	—	—	64,084,587
Government grants and contributions	1,084,159	119,488	—	1,203,647
Private gifts and grants	2,654,749	30,951	—	2,685,700
Investment returns designated for current operations	5,561,054	—	—	5,561,054
Other sources	3,801,850	3,251	—	3,805,101
Net assets released from restrictions	187,527	(187,527)	—	—
Total operating revenues	<u>77,373,926</u>	<u>(33,837)</u>	<u>—</u>	<u>77,340,089</u>
Operating expenses:				
Instruction	33,322,160	—	—	33,322,160
General administration	4,855,345	—	—	4,855,345
Student services	14,888,135	—	—	14,888,135
Institutional support	7,136,792	—	—	7,136,792
Auxiliaries	16,470,671	—	—	16,470,671
Other	105,216	—	—	105,216
Total operating expenses	<u>76,778,319</u>	<u>—</u>	<u>—</u>	<u>76,778,319</u>
Increase (decrease) in net assets from operating activities	<u>595,607</u>	<u>(33,837)</u>	<u>—</u>	<u>561,770</u>
Nonoperating activities:				
Investment return in excess of amounts allocated to operations	(139,789)	9,782	1,106,349	976,342
Contributions	40,982	387,001	1,482,468	1,910,451
Actuarial gain (loss) on annuity obligations	—	26,601	(1,702)	24,899
Net assets released from restrictions	672,347	(731,515)	59,168	—
Increase (decrease) in net assets from nonoperating activities	<u>573,540</u>	<u>(308,131)</u>	<u>2,646,283</u>	<u>2,911,692</u>
Increase (decrease) in net assets before effect of adoption of SFAS No. 158	1,169,147	(341,968)	2,646,283	3,473,462
Effect of adoption of SFAS No. 158	659,046	—	—	659,046
Increase (decrease) in net assets	1,828,193	(341,968)	2,646,283	4,132,508
Net assets at beginning of year	133,074,548	4,235,583	55,197,427	192,507,558
Net assets at end of year	<u>\$ 134,902,741</u>	<u>3,893,615</u>	<u>57,843,710</u>	<u>196,640,066</u>

See accompanying notes to financial statements.

SIENA COLLEGE
Statements of Cash Flows
Years ended May 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ (35,608,745)	4,132,508
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Nonoperating contributions	(932,590)	(1,910,451)
Realized and unrealized losses (gains) on investments	33,173,407	(3,157,779)
Depreciation	5,668,637	5,611,945
Provision for doubtful accounts	169,722	273,670
Amortization of bond premium	(58,608)	(58,607)
Effect of adoption of SFAS No. 158	—	(659,046)
Change in assets and liabilities that provide (use) cash:		
Accounts receivable	(455,645)	(149,427)
Accrued investment income	116,014	(72,328)
Contributions receivable	594,393	(862)
Prepaid expenses and other assets	1,685,527	(1,207,125)
Accounts payable and accrued expenses	894,824	(401,648)
Deposits and deferred revenues	(284,397)	(442,830)
Annuities payable	20,960	86,745
Postretirement benefits	210,679	57,632
Asset retirement obligation	126,597	121,682
Net cash provided by operating activities	<u>5,320,775</u>	<u>2,224,079</u>
Cash flows from investing activities:		
Purchases of land, buildings, and equipment	(5,699,767)	(6,581,199)
Proceeds from student loan collections	403,331	586,453
Student loans issued	(440,016)	(822,850)
Change in short-term investments, net	2,067,145	1,009,605
Purchases of investments	(5,239,854)	(4,170,698)
Proceeds from sales and maturities of investments	6,878,212	6,983,548
Increase (decrease) in deposits with trustees	(5,010)	114,611
Net cash used in investing activities	<u>(2,035,959)</u>	<u>(2,880,530)</u>
Cash flows from financing activities:		
Nonoperating contributions for endowment and long-lived assets	932,590	1,910,451
Investment income on life income and annuity agreements	(107,894)	155,394
Payments to beneficiaries	107,894	(155,394)
Increase in federal student loan funds	39,895	29,333
Principal payments of long-term debt	(2,955,049)	(2,817,396)
Net cash used in financing activities	<u>(1,982,564)</u>	<u>(877,612)</u>
Net increase (decrease) increase in cash and cash equivalents	1,302,252	(1,534,063)
Cash and cash equivalents, beginning of year	<u>2,569,679</u>	<u>4,103,742</u>
Cash and cash equivalents, end of year	<u>\$ 3,871,931</u>	<u>2,569,679</u>
Supplemental data:		
Interest paid	\$ 2,174,728	2,417,224

See accompanying notes to financial statements.

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

(1) Summary of Significant Accounting Policies

(a) Organization

Siena College (the College) offers programs of study in Arts, Sciences, and Business leading to baccalaureate degrees. An independent college in the liberal arts tradition, the College emphasizes the principles and values of St. Francis of Assisi in its programs. The students are primarily from the Northeastern United States.

(b) Basis of Presentation

The financial statements of the College have been prepared on the accrual basis of accounting.

For financial reporting, resources are reported in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

- *Permanently Restricted* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets based on the annual spending rate of the College. Investment return is used primarily to support program activities such as financial aid and instruction. Unexpended realized and unrealized gains and losses that are not used to support current operations are invested in accordance with donor restrictions and are classified as permanently restricted net assets. Such assets primarily include the College's permanent endowment funds.
- *Temporarily Restricted* – Net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. Temporarily restricted net assets are generally available for facilities and equipment.
- *Unrestricted* – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties.

Unconditional contributions are recognized when pledged. Contributions and investment return with donor-imposed restrictions are reported as permanently or temporarily restricted revenues and net assets. Temporarily restricted net assets are reclassified to unrestricted net assets when an expense or expenditure is incurred that satisfies the donor-imposed restriction. Temporarily restricted contributions and investment return received and expended for the restricted purpose in the same fiscal year are recorded as unrestricted activity. Expenses are generally reported as decreases in unrestricted net assets.

Contributions restricted for the acquisition of land, buildings and equipment are reported as temporarily restricted revenues and are reclassified to unrestricted net assets at the time the assets are acquired and placed in service.

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

Operating activities include interest income and dividends, and realized and unrealized gains and losses earned during the fiscal year and, in certain instances, accumulated realized and unrealized gains from previous years, to meet the annual spending rate.

Nonoperating activities include the investment return net of amounts designated for current operations, nonoperating activities also include contributions to be used for facilities and equipment or to be invested by the College in perpetuity to generate a return that will support operations. Nonoperating temporarily restricted net assets released from restrictions primarily represent amounts used for facilities and equipment.

The College's endowment fund agreements with donors contain provisions that allow the College to reduce permanently restricted net assets below original book value. Unrealized losses recognized on endowment fund investments are recorded as reductions in permanently restricted net assets.

(c) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of land, buildings, and equipment and related asset retirement obligations, valuation allowances for receivables, the accrual for postretirement benefits, and the valuation of investments classified as Level 3 investments. Actual results could differ from those estimates.

(d) *Cash and Cash Equivalents*

Cash equivalents representing operating funds include short-term, highly liquid investments with an original maturity of three months or less and are included in cash and cash equivalents. Cash and cash equivalents representing investment funds are included in long-term investments. Cash and cash equivalents are also included in deposits with bond trustees. Cash and cash equivalents are reported at cost which approximates fair value. At May 31, 2009 and 2008, the College has cash and cash equivalents in banks exceeding the FDIC limit. The College has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents. The College places its cash and cash equivalents with high quality financial institutions.

(e) *Short-Term Investments*

Short-term investments are recorded at fair value. The College invests operating cash on a short-term basis. The College's short-term investments are pooled with other institutions in a fund that invests in fixed income securities that are publicly traded.

(f) *Revenue Recognition*

Tuition, fees, room, and board revenue is earned over the academic year as services are provided. Funds received in advance of services provided are included in deferred revenue.

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

(g) *Accounts Receivable and Student Loan Receivables*

The College extends credit to students in the form of accounts receivable and loans for educational expenses. Accounts receivable as of May 31, 2009 and 2008, are reported net of provisions for doubtful accounts of \$525,000 and \$514,000, respectively.

Student loan receivables as of May 31, 2009 and 2008 are reported net of allowance for doubtful loans of \$291,000 and \$308,000, respectively. The allowance is intended to provide for loans, both in repayment status and not yet in repayment status (borrowers still in school or in the grace period following graduation), estimated to be uncollectible.

Under Statement of Financial Accounting Standards No. 107, *Disclosure about Fair Value of Financial Instruments*, the College is required to disclose the fair value of student loans. Management believes that it is not practicable to determine the fair value of loan receivables because they are primarily federally sponsored student loans with U.S. government mandated interest rates and repayment terms subject to significant restrictions as to their transfer or disposition.

(h) *Contributions Receivable*

Unconditional contributions are recognized as contributions receivable at their estimated net present value when pledged.

(i) *Investments*

Investments are reported at fair value. If an investment is held directly by the College and an active market with quoted prices exists, the College reports the fair value as the market price of an identical security. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year. The College also holds shares or units in alternative investment funds involving hedge, private equity and real estate strategies. Such alternative investment funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, such funds may hold assets which require the estimation of fair values in the absence of readily determinable market values. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

The College utilized the net asset value (NAV) reported by each of the alternative funds as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the College's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the College's interest in the funds.

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is shown in the statement of activities as a component of investment return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

The College may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Major U.S. and foreign equity and fixed income indices have experienced volatility and, in some cases, significant declines. Management is monitoring investment market conditions and the impact such declines are having on the College's investment portfolio. Due to the level of risk associated with certain investment securities, it is at least reasonable possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(j) Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost, or if donated, at estimated fair market value at the date of donation. Depreciation is computed over the estimated useful lives of the related assets as follows:

	<u>Basis</u>	<u>Years</u>
Land improvements	Straight-line	15
Buildings and improvements	Straight-line	35 – 50
Equipment and furnishings	Sum-of-the-years digits	5 – 9
Library books	Straight-line	25

Works of art, historical treasures, and similar assets have been recognized at their estimated fair value based upon appraisals or similar valuations at the date of donation.

(k) Internal Revenue Code Status

The College has been granted tax-exempt status as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code.

The College adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income taxes, an Interpretation of FASB Statement No. 109* (FIN 48) as of June 1, 2007. FIN 48 addresses the accounting for uncertainties in income taxes recognized in an enterprise's financial statements and prescribes a threshold of more-likely-than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. FIN 48 also provides related guidance on measurement, classification, interest and penalties, and disclosure. There was no impact to the financial statements as a result of the adoption of FIN 48.

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

(l) *Commitments and Contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs associated with loss contingencies are expensed as incurred.

(m) *Fair Value of Financial Instruments*

The fair value of the College's financial instruments approximates the carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivables, pledges receivable, irrevocable trusts, and accounts payable. The fair value of student loans is discussed above within "Accounts Receivable and Student Loan Receivables" and the fair value of long-term debt is discussed in note 6.

(n) *Recently Issued Accounting Standards*

Effective June 1, 2008, the College adopted FASB Statement No. 157, *Fair Value Measurements* (Statement 157). Statement 157 requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that the College would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Effective May 31, 2009, the College adopted FASB Staff Position No. FAS 157-g, *Estimating the Fair Value of Investments in Investment Companies That Have Calculated Net Asset Value per Share in Accordance with the AICPA Audit and Accounting Guide, Investment Companies*. This provision amends Statement 157 and allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent. This provision applies to investments in entities that meet the definition of an investment company in accordance with the AICPA Audit and Accounting Guide, "Investment Companies". The College elected to apply the concept of this provision to its foreign private equity funds, absolute return funds, equity hedge trust funds, small cap equity trust funds and venture capital fund investments.

Effective June 1, 2008, the College adopted FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (Statement 159). Statement 159 permits entities to choose to measure eligible items at fair value at specified election dates. It does not affect any existing accounting literature requiring certain assets and liabilities to be carried at fair value, and does not eliminate disclosure requirements included in other accounting standards. The fair value option may be applied instrument by instrument, is irrevocable, and is applied only to entire instruments and not to portions of instruments. The College elected not to change the valuation methodology of financial assets and liabilities, and thus the adoption of Statement 159 had no impact on the College's financial statements.

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

Effective June 1, 2008, the College adopted FASB Staff Position No. 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for All Endowment Funds* (FSP 117-1). FSP 117-1 provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), and requires disclosures about endowment funds, both donor restricted endowment funds and board-designated (quasi) endowment funds. As of May 31, 2009, New York state had not enacted the provisions of UPMIFA and, accordingly, the impact of FSP 117-1 has been limited to additional disclosures regarding the College's endowment funds.

(2) Contributions Receivable

As of May 31, contributions receivable are expected to be collected as follows:

	2009	2008
Within one year	\$ 620,671	1,169,913
One to five years	1,038,607	1,033,416
Over five years	2,129,143	2,109,040
	3,788,421	4,312,369
Less allowance for uncollectible pledges and unamortized discount (discount rates ranging from 2.95% to 4.83%)	(467,801)	(397,356)
	\$ 3,320,620	3,915,013

As of May 31, 2009, contributions receivable of \$1,718,727 and \$1,601,893 are temporarily and permanently restricted, respectively. As of May 31, 2008, contributions receivable of \$2,005,743 and \$1,909,270 are temporarily and permanently restricted, respectively.

As of May 31, the College has received the following conditional promises to give which will not be recognized as income until the conditions are met:

	2009	2008
Maintain satisfactory relationship with vendors	\$ 320,833	366,667

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

(3) Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following as of May 31:

	2009	2008
Land and land improvements	\$ 8,272,739	8,276,543
Buildings	118,272,808	115,899,273
Equipment, furnishings, and books	28,624,622	27,553,460
Construction-in-progress	689,996	120,968
	155,860,165	151,850,244
Less accumulated depreciation	(63,396,265)	(59,417,474)
	\$ 92,463,900	92,432,770

Depreciation expense for the years ended May 31, 2009 and 2008, was \$5,668,637 and \$5,611,945, respectively. Fully depreciated assets of approximately \$1,689,346 and \$1,715,240 were written off during the years ended May 31, 2009 and 2008, respectively.

(4) Investments

Investments consist of the following as of May 31:

	2009		2008	
	Fair value	Cost	Fair value	Cost
Short-term investments	\$ 1,024,657	1,115,658	3,084,927	3,084,927
Common stocks	10,111,488	10,694,335	13,646,866	10,747,913
U.S. private equity – large cap:				
Mutual funds	13,652,036	13,747,771	20,395,687	12,640,775
Investment company	6,430,259	9,830,061	10,537,427	9,594,152
Fixed income securities	28,951,119	29,546,269	31,609,983	31,491,052
Foreign private equity – limited partnership and limited liability company	15,476,386	17,306,907	21,194,298	17,802,607
Absolute return funds – limited partnership	16,063,150	11,715,916	18,399,276	11,715,916
Equity hedge funds – trust	7,786,913	5,927,891	15,233,389	6,193,702
Small cap equity – trust	2,650,731	1,382,492	3,907,688	1,866,672
Venture capital	4,682,485	5,875,737	4,737,200	4,737,200
Other	3,304,227	3,303,868	2,198,475	2,198,771
	\$ 110,133,451	110,446,905	144,945,216	112,073,687

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

The components of total investment return from all sources for the years ended May 31, is as follows:

	<u>2009</u>	<u>2008</u>
Interest income and dividends	\$ 2,883,502	3,379,617
Realized (losses) gains, net	(81,463)	7,652,220
Unrealized losses, net	<u>(33,091,944)</u>	<u>(4,494,441)</u>
	<u>\$ (30,289,905)</u>	<u>6,537,396</u>

At May 31, 2009, the College is committed to advance, over the next several years, an additional \$6,920,293 for private equity and venture capital investments.

(5) Fair Value Hierarchy

The College adopted Statement 157 on June 1, 2008 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Statement 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

The following table presents assets and liabilities that are measured at fair value on a recurring basis at May 31, 2009:

	<u>May 31, 2009</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Short-term investments	\$ 1,024,657	1,024,657	—	—
Common stocks	10,111,488	10,111,488	—	—
U.S. private equity – large cap:				
Mutual funds	13,652,036	13,652,036	—	—
Investment company	6,430,259	—	6,430,259	—
Fixed income securities	28,951,119	—	28,951,119	—
Foreign private equity – limited partnership and limited liability company	15,476,386	—	15,476,386	—
Absolute return funds – limited partnership	16,063,150	—	—	16,063,150
Equity hedge funds – trust	7,786,913	—	7,786,913	—
Small cap equity – trust	2,650,731	—	2,650,731	—
Venture capital	4,682,485	—	—	4,682,485
Other	3,304,227	—	3,304,227	—
Total investments	<u>110,133,451</u>	<u>24,788,181</u>	<u>64,599,635</u>	<u>20,745,635</u>
Deposits with bond trustees	<u>7,102,616</u>	<u>7,102,616</u>	<u>—</u>	<u>—</u>
Total assets	<u>\$ 117,236,067</u>	<u>31,890,797</u>	<u>64,599,635</u>	<u>20,745,635</u>

The following table presents the College's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in Statement 157 for the year ended May 31, 2009:

Balance at May 31, 2008	\$ 23,136,479
Total realized and unrealized losses	(3,529,383)
Purchases	1,138,539
Sales/settlements	—
Balance at May 31, 2009	<u>\$ 20,745,635</u>
Total losses for 2009 included in income attributable to the change in unrealized gains (or losses) relating to assets held at May 31, 2009	\$ (3,529,383)

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

(6) Long-Term Debt

Long-term debt consists of the following as of May 31:

	2009	2008
Dormitory Authority of the State of New York (DASNY):		
Siena College Series 2001 bonds, 4.5% to 5%, maturing 2031	\$ 15,355,000	16,920,000
Siena College Series 1997 bonds, 5.2% to 5.75%, maturing 2026	1,590,000	2,325,000
Siena College Series 2006 bonds, 4% to 5%, maturing 2026 (includes premium of \$991,445)	25,850,000	26,100,000
Albany County Industrial Development Agency (ACIDA)		
Tax Exempt Civic Facility Series 2003A Bond, 4.33%, maturing 2013	2,115,578	2,520,627
	\$ 44,910,578	47,865,627

Principal and interest payments on long-term debt as of May 31, 2009 are due as follows:

2010	\$ 5,183,392	
2011	5,192,996	
2012	4,614,238	
2013	3,682,384	
2014	3,419,479	
Thereafter	42,855,673	
	64,948,162	
Less amounts representing interest	(20,037,584)	
Add premium	991,445	
	\$ 45,902,023	

The scheduled principal payments for the next five years included within the above table are as follows:

2010	\$ 3,092,832	
2011	3,261,873	
2012	2,831,773	
2013	1,997,568	
2014	1,834,374	

The estimated fair value of the long-term debt at May 31, 2009 approximates \$45,085,769 based on prevailing rates presently available to the College.

The DASNY and ACIDA bonds are collateralized by the buildings and equipment financed.

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

Assets under bond indenture agreements held by trustees are maintained for the following as of May 31:

	<u>2009</u>	<u>2008</u>
Debt service fund	\$ 5,908,264	5,922,030
Building and equipment funds	<u>1,194,352</u>	<u>1,175,576</u>
	<u>\$ 7,102,616</u>	<u>7,097,606</u>

Deposits with trustees are comprised of \$46,918 and \$3,248 of cash and cash equivalents and \$7,055,698 and \$7,094,358 of U.S. Treasury obligations as of May 31, 2009 and 2008, respectively.

The DASNY and ACIDA agreements contain provisions requiring the maintenance of certain financial ratios. The financial ratios relate to debt service, expendable net assets, assets to total liabilities, unrestricted net assets to long-term debt, and change in net assets, exclusive of depreciation and amortization to debt service as defined in the agreements. The College was in compliance with these provisions as of May 31, 2009.

(7) Benefit Plans

The College participates in the Teachers' Insurance & Annuity Association/College Retirement Equities Fund covering eligible lay faculty, and administrative and nonacademic employees. The cost of this defined contribution plan for the years ended May 31, 2009 and 2008 was \$2,833,210 and \$2,601,628, respectively.

The College also provides a postretirement medical benefit plan for certain retirees and employees (the Plan). The cost of postretirement benefits is accrued over the estimated service lives of employees.

The College uses a May 31 measurement date for the Plan.

The College adopted Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Pension and other Postretirement Benefit Plans* (FAS 158), effective for fiscal year ended May 31, 2008, and recorded a gain of \$659,046 related to recording the funded status as of and is presented as a separate line item within nonoperating activities on the statement of activities.

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

A summary of the Plan's funded status as of May 31 is as follows:

	<u>2009</u>	<u>2008</u>
Change in benefit obligations:		
Benefit obligation at beginning of year	\$ 6,102,175	5,645,763
Service cost	355,539	372,738
Interest cost	395,613	348,945
Plan participants' contributions	122,712	115,490
Actuarial (gain) loss	(233,180)	40,702
Benefits paid	(463,863)	(421,463)
Medicare Part D prescription drug federal subsidy	33,858	—
Benefit obligation at end of year	<u>\$ 6,312,854</u>	<u>6,102,175</u>
Change in Plan assets:		
Fair value of assets, beginning of year	\$ —	—
Employer contribution	307,293	305,973
Participant contribution	122,712	115,490
Benefits paid	(463,863)	(421,463)
Medicare Part D prescription drug federal subsidy	33,858	—
Fair value of assets, end of year	<u>\$ —</u>	<u>—</u>
Amount recognized in the <i>Statement of Financial Position</i> :		
Funded status	\$ (6,312,854)	(6,102,175)

Amounts recorded in unrestricted net assets as of May 31, 2009 and 2008 not yet amortized as components of net periodic benefit costs are as follows:

	<u>2009</u>	<u>2008</u>
Unamortized prior service costs	\$ (1,557,316)	(2,001,359)
Unamortized actuarial loss	<u>1,055,593</u>	<u>1,342,313</u>
Amount recognized as an increase to unrestricted net assets	<u>\$ (501,723)</u>	<u>(659,046)</u>

The amortization of the above items expected to be recognized in net periodic costs for the year ended May 31, 2010 is \$401,935.

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

A summary of the components of net periodic postretirement benefit cost for the years ended May 31, 2009 and 2008, is as follows:

	<u>2009</u>	<u>2008</u>
Components of net periodic benefit cost:		
Service cost	\$ 355,539	372,738
Interest cost	395,613	348,945
Amortization of gains and losses	53,540	85,965
Amortization of unrecognized prior service cost	<u>(444,043)</u>	<u>(444,043)</u>
Net periodic postretirement benefit cost	\$ <u>360,649</u>	<u>363,605</u>

Assumptions

A summary of the weighted-average assumptions used to determine the benefit obligation at May 31, 2009 and 2008 is presented below:

	<u>2009</u>	<u>2008</u>
Discount rate	7.00%	6.84%
Mortality	RP-2000	RP-2000

A summary of the weighted-average assumptions used to determine the net periodic postretirement benefit cost for the years ended May 31, 2009 and 2008 is presented below:

	<u>2009</u>	<u>2008</u>
Discount rate	6.84%	6.25%

A summary of the assumed healthcare cost trend rates at May 31, 2009 is presented below:

	<u>Pre-65 Medical trend rates</u>	<u>Post-65 Medical trend rates</u>	<u>Prescription drugs trend rates</u>
Healthcare cost trend rate for next year	9.0%	6.0%	9.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2014	2014	2014

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

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

	One percentage point	
	Increase	Decrease
Effect on total of service and interest cost components	\$ 120,328	(104,688)
Effect on postretirement benefits obligation	851,524	(758,995)

Cash Flow Contributions

The College expects to contribute approximately \$272,767 to the Plan during the year ending May 31, 2010.

Estimated Future Benefit Payments

The expected gross benefit payments (including prescription drug benefits) and the expected gross amount of Medicare Part D subsidy receipts are as follows:

	Gross payments	Medicare subsidy receipts
2010	\$ 288,965	(16,198)
2011	330,491	(23,213)
2012	371,657	(27,462)
2013	409,728	(31,652)
2014	455,731	(37,330)
Years 2015 – 2019	2,960,238	(283,667)

(8) Asset Retirement Obligations

Financial Accounting Standards Board (FASB) Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations (an interpretation of FASB Statement No. 143)*, (FIN 47) provides clarification with respect to the timing of liability recognition for legal obligations associated with the retirement of tangible long-lived assets when the timing and/or method of settlement of the obligation is conditional on a future event.

The ability to reasonably estimate a conditional asset retirement obligation (ARO) is a matter of management judgment, based upon management's ability to estimate a settlement date or range of settlement dates, a method or potential method of settlement, and probabilities associated with the potential dates and methods of settlement of its conditional ARO. In determining whether the College's conditional AROs can be reasonably estimated, management considers past practices, industry practices, management's intent, and the estimated economic lives of the assets.

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

The College is required to measure the conditional AROs at fair value using the methodology prescribed by FIN 47. The fair values of the conditional AROs are estimated using a probability-weighted, discounted cash flow model with multiple scenarios, if applicable. The present value of future estimated cash flows is calculated using credit-adjusted, risk-free rates applicable to the College in order to determine the fair value of the conditional AROs.

As of May 31, 2009 and 2008, the College has recorded an asset retirement obligation related to asbestos contamination in buildings in the amount of \$3,291,405 and \$3,164,808, respectively.

Other conditional asset retirement obligations exist that are not estimable until a triggering event occurs (e.g., building sold) due to the absence or range of potential settlement dates. Presently the College does not have sufficient information to estimate the fair value of these obligations but does not believe these items are material to the College's financial statements.

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

(9) Components of Unrestricted Operating Revenues

The following are the components of unrestricted operating revenues for the years ended May 31:

	2009	2008
Tuition and fees:		
Tuition	\$ 72,922,880	67,166,821
Organized student activities	594,284	506,062
Lab and course fees	879,164	775,036
Other student fees	578,038	595,198
	74,974,366	69,043,117
Less:		
Financial aid from college resources	(26,217,299)	(24,067,646)
Financial aid from donors	(1,727,900)	(1,566,224)
	47,029,167	43,409,247
Dormitory and dining hall:		
Room	14,977,442	13,856,183
Board	7,603,268	6,819,157
	69,609,877	64,084,587
Government grants and contributions	1,419,792	1,084,159
Private gifts and grants	2,742,087	2,654,749
Investment return	4,077,198	3,777,786
Investment return expended for operations – scholarship component and other program	1,984,711	1,783,268
Ticket sales and promotions	731,220	600,036
Summer camps and merchandising	533,973	532,608
Continuing education and professional conferences	798,812	745,775
Commissions and outside rentals	162,175	154,436
Student activities	243,525	222,772
Other	1,425,757	1,546,223
Net assets released from restrictions	267,847	187,527
	83,996,974	77,373,926
Total unrestricted operating revenues	\$ 83,996,974	77,373,926

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

(10) Expenses Prior to Allocations

The following are functional expenses for the years ended May 31:

	2009	2008
Instruction	\$ 23,212,822	22,536,664
Academic support	6,419,643	4,742,463
Library	1,589,391	1,589,099
General administration	6,093,618	4,843,939
Student services	12,525,380	12,073,655
Institutional support	7,945,821	6,317,203
Auxiliaries	11,054,605	10,006,907
Other	101,972	105,216
Operation and maintenance of plant	7,028,736	6,467,333
Interest	2,223,730	2,362,213
Depreciation	5,668,637	5,611,945
Asset retirement obligations	126,597	121,682
Total operating expenses	\$ 83,990,952	76,778,319

(11) Temporarily Restricted and Permanently Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

	2009	2008
Gifts for operations	\$ 2,371,364	2,414,784
Gifts for scholarships	17,125	23,500
Gifts for plant	1,315,446	1,455,331
Total	\$ 3,703,935	3,893,615

Permanently restricted net assets consist entirely of endowment corpus and pledges, with donor stipulations that they be invested in perpetuity for the following purposes:

	2009	2008
Student scholarships	\$ 36,277,475	48,262,057
Building maintenance	1,768,690	1,422,567
Operating support	6,519,880	8,159,086
Total	\$ 44,566,045	57,843,710

SIENA COLLEGE

Notes to Financial Statements

May 31, 2009 and 2008

Changes in endowment net assets for the years ended 2009 and 2008 are as follows:

	2009		2008	
	Permanently Restricted	Board of Trustees Designated	Permanently Restricted	Board of Trustees Designated
Net Assets at Beginning of year	\$ 57,843,710	49,797,125	55,197,427	52,867,162
Investment returns	(14,144,388)	(12,167,931)	1,106,349	1,834,299
Contributions and changes in donor intent	866,723	15,620	1,539,934	9,300
Distributions for Unrestricted Operations	—	(4,122,458)	—	(4,913,636)
Net Assets at End of year	<u>\$ 44,566,045</u>	<u>33,522,356</u>	<u>57,843,710</u>	<u>49,797,125</u>

Net unrealized depreciation or appreciation on endowment funds are recognized in the respective net asset category in accordance with donor restrictions.

The College has a policy of appropriating for distribution each year a percentage of its endowment fund based on the fund's three year rolling average fair value of the assets, lagging one year. The spending rate was 5.0% for both the years ended 2009 and 2008. In establishing this policy, the College considered the long-term expected return on its endowment.

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

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement pertaining to the Series 2009 Bonds and the Project. This summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of its provisions. Defined terms used in this Appendix have the meanings ascribed to them in Appendix A.

Construction of the Project

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

(Section 5)

Amendment of the Project

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

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

(Section 6)

Financial Obligations

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

Appendix C

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

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

(iii) 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 the Bonds, becomes due, one sixth ($1/6$) of the interest coming due on the Bonds on the immediately succeeding interest payment date on the Bonds so that on a date one month prior to the succeeding interest payment date sufficient amounts are on deposit to pay interest on the Bonds next coming due; provided, however, that, if with respect to the Bonds there are more or less than six (6) such payment dates prior to the first interest payment on such Bonds, on each payment date prior to such interest payment date the Institution shall pay with respect to such Bonds an amount equal to the interest coming due on such Bonds on such interest payment date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to the first interest payment date on such Bonds;

(iv) On the tenth (10th) day of each month commencing on the tenth (10th) day of the July which is twelve (12) months prior to the July 1 on which the principal or a Sinking Fund Installment of Bonds becomes due, one twelfth ($1/12$) of the principal and Sinking Fund Installment on the Bonds coming due on such July 1 so that on a date one month prior to the succeeding principal payment date sufficient amounts are on deposit to pay principal on the Bonds next coming due; provided, however, that, if with respect to a Series of 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 Bonds of a Series, on each payment date prior to such July 1 the Institution shall pay with respect to such Bonds an amount equal to the principal and Sinking Fund Installments of such Bonds coming due on such July 1 multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such July 1;

(v) 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;

(vi) 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);

(vii) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (A) for the Authority Fee then unpaid, (B) to reimburse the Authority for payments made by it pursuant to the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant thereto, (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 Institution of all the provisions of the Loan Agreement or of the Mortgage or of the Resolution in accordance with the terms thereof, and (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution;

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

(i) 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; and

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

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

The Authority shall direct the Institution, and the Institution shall agree, pursuant to the Loan Agreement, to make the payments required by the Loan Agreement as follows: (i) the payments required by paragraphs (iii), (iv), (v), (viii) and (x) above, directly to the Trustee for deposit and application in accordance with the Resolution; (ii) the payments required by paragraph (ii) above, 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 paragraph (i) above, directly to the Trustee for deposit in the Arbitrage Rebate Fund; and (iv) the payments required by paragraphs (i), (vi) and (vii) above directly to the authority; and (iv) except as otherwise provided in this paragraph, the payments required by paragraphs (ix) and (x) above, to or upon the written order of the Authority.

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

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

Appendix C

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

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

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

The Institution, if it is not then in default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in the Debt Service Fund and applied in accordance with the Resolution or held by the Trustee for the payment of Bonds in accordance with the Resolution. Upon any voluntary payment by the Institution or any payment made pursuant to the Loan Agreement, 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 with the Resolution, the Authority agrees, in accordance with the instructions of the Institution, to direct the Trustee to purchase or redeem all Bonds Outstanding, or to cause all Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

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

(Section 9)

Financial Covenants

Maintenance of Expendable Net Assets and Debt Service Demand Ratio. So long as the Bonds shall be Outstanding, the Institution shall comply with the following covenants and terms.

- (a) Expendable Net Assets Maintenance Requirement. The Institution shall maintain an Expendable Net Assets Maintenance Requirement as of the end of each Fiscal Year at least equal to 75%.
- (b) Debt Service Demand Ratio. The Institution shall conduct its operations such that Debt Service Demand Ratio as of the end of each Fiscal Year shall not exceed 12% for any two consecutive Fiscal Years.

In the event the Institution fails to maintain the Expendable Net Assets Maintenance Requirement in accordance with subparagraph (a) above, or fails to comply with the Debt Service Demand Ratio provision in accordance with subparagraph (b) above, such noncompliance will constitute an Event of Default under the Loan Agreement (provided, however, if the market value of Expendable Net Assets falls below the ratio requirement set forth in (a) above solely as a result of general market conditions, such an occurrence shall not constitute an Event of Default) unless clauses (i) or (ii) below apply:

- (i) within sixty (60) days of the determination of such noncompliance, the Institution furnishes a report of an independent, certified public accountant stating that, as of the date of such report's submission or a date not earlier than five (5) business days prior thereto, the Institution meets the Expendable Net Assets Maintenance Requirement and/or the Debt Service Demand Ratio provision; or
- (ii) the Institution, at the direction of the Authority, shall immediately deposit or cause to be deposited, as collateral, with an independent third party custodian acceptable to the Authority, Expendable Net Assets of the Institution, consisting of investments permitted under the Master Resolution, equal to 75% of outstanding Indebtedness.

Additional Indebtedness. So long as the Bonds shall be Outstanding, the Institution covenants that it shall not incur any additional Long-Term Indebtedness without the written consent of the Authority unless the Institution furnishes to the Authority, on or prior to the date such Indebtedness is incurred, a report of a firm of independent, certified public accountants which projects that, based on then-existing Net Expendable Assets, on Unrestricted Gross Revenues and on the change in unrestricted net assets, prior to deductions for depreciation and debt service requirements on Long-Term Indebtedness for the Institution's last fiscal year for which audited financial statements are available, after the incurrence of such Indebtedness (i) the Expendable Net Assets Maintenance Requirement will not be less than 75%, and (ii) the Institution will be in compliance with the Debt Service Demand Ratio provision in accordance with subparagraph (b) above.

(Section 10)

Security Interest in Pledged Revenues

As security for the payment of all liabilities and the performance of all obligations of the Institution pursuant to the Loan Agreement, the Institution does continuously pledge, grant a security interest in, and assign to the Authority the Pledged Revenues, together with the Institution's right to receive and collect the Pledged Revenues and the proceeds of the Pledged Revenues. This pledge, grant of a security interest in and assignment of the Pledged Revenues shall be subordinate only to the Prior Pledges.

The Institution represents and warrants that no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any lien, pledge, security interest or assignment, other than the Prior Pledges, and that the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the Institution's performance thereunder. The Institution agrees that, except in connection with the incurrence of Parity Indebtedness, it shall not 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 in the Loan Agreement.

(Section 11)

Collection of Pledged Revenues

Commencing on the date on which the Bonds are first issued and delivered and continuing until no Bonds are Outstanding, the Institution shall deliver to the Trustee for deposit in accordance with the Resolution all Pledged Revenues (other than the amounts subject to the Prior Pledges) within ten (10) days following the Institution's receipt thereof unless and until there is on deposit in the Debt Service Fund an amount at least equal to the sum of (i) (x) in the case of Bonds that are not Variable Interest Rate Bonds, the interest coming due on or prior to the earlier of the next succeeding January 1 or July 1 and (y) in the case of Variable Interest Rate Bonds, the interest coming due on or prior to the earlier of the next succeeding January 1 or July 1, plus one percent (1%) per annum, (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 Institution 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

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notwithstanding anything contained in the Loan Agreement, but the Institution shall continue to deliver to the Trustee for deposit in accordance with the Resolution any payments received by the Institution with respect to the Pledged Revenues (other than such amounts as are subject to the Prior Pledges).

Notwithstanding anything to the contrary in the preceding paragraph, 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 Institution has made such payment from its general funds or from any other money legally available to it for such purpose, the Institution shall not be required solely by virtue of the preceding paragraph, to deliver Pledged Revenues to the Trustee.

Any Pledged Revenues collected by the Institution 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 Institution 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

The Institution 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. All provisions of the Loan Agreement pertaining to the Mortgage shall be applicable only if a Mortgage is so required by the Authority.

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, furnishings or equipment located hi 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. As a condition to such approval, the Authority may require that the Institution pay to the Trustee for deposit in the Debt Service Fund an amount not to exceed the principal amount of the Bonds Outstanding at the date of such transfer, sale or conveyance, as such amount is determined by the Authority. Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures in the Mortgaged Property provided that, if the fixtures so removed is of any material value, the Institution shall substitute equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

(Section 13)

Warranty of Title; Utilities and Access

The Institution 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 Institution's programs and (ii) the Institution has such rights of way, easements or other rights in land as may be reasonably necessary for ingress and egress to and from the Project and the Mortgaged Property for proper operation and utilization of the Project and the Mortgaged Property and for utilities required to serve 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 Institution of the Project and the Mortgaged Property.

As a condition precedent to the Authority's obligation to deliver such Bonds, the Institution agrees to provide or reimburse the Authority for providing at the sole option of the Authority (i) a title insurance policy in form and substance and by insurer(s), all acceptable to the Authority, in the amount of the Bonds issued or such other amount as is acceptable to the Authority, insuring the Mortgage to be a valid lien on the Mortgaged Property of a priority acceptable to the Authority, free and clear of all liens and encumbrances except Permitted

Encumbrances and (ii) a current survey or surveys, including a metes and bounds description, of such Mortgaged Property; certified to the Authority and the issuer of the title insurance policy and showing any easements to which the Mortgaged Property is subject.

The Institution 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 kind, 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 Institution or others; provided, however, that such access may be through common roads or walks owned by the Institution used also for other parcels owned by the Institution.

(Section 14)

Consent to Pledge and Assignment

The Institution consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of the Authority's rights to receive any or all of the payments required to be made pursuant to the Loan Agreement, any or all security interests granted by the Institution thereunder, including without limitation the security interest in the Pledged Revenues given by the Institution pursuant thereto, the Mortgage, any security interest in the fixtures, furnishings and equipment located on the Mortgaged Property and all funds and accounts established by the Resolution and pledged under the Resolution, in each case to secure any payment or the performance of any obligation of the Institution under the Loan Agreement or arising out of the transactions contemplated thereby whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The Institution further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by the Loan Agreement, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the Institution's obligation to make all payments required by the Loan Agreement and to performing all other obligations required to be performed by the Institution thereunder. Any realization upon any pledge made or security interest granted by the Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination thereof or the obligations of the Institution thereunder.

(Section 15)

Tax-Exempt Status of Institution

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

(Section 17)

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Use and Possession of the Project

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

(Section 21)

Restrictions on Religious Use

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

(Section 22)

Sale of the Project or Mortgaged Property

The Institution 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 Institution pays to the Trustee either for deposit into the Debt Service Fund, or, pursuant to the Resolution, to be set aside or to purchase Defeasance Securities in accordance with the direction of the Authority, an amount equal to the greater of: (i) the amount, if any, which is sufficient to redeem or provide for payment in accordance with the Resolution of any Outstanding Bonds required to be redeemed or deemed paid in order to preserve the exclusion of interest on Bonds from gross income for federal income tax purposes; and (ii) the lesser of (A) the net proceeds of such transfer, sale or conveyance or (B) a percentage of the Outstanding Bonds determined by dividing (1) the principal amount of Bonds issued to finance the

portion of such Project being transferred, sold or conveyed (which principal amount shall be reasonably determined by the Authority) by (2) the aggregate principal amount of Bonds issued.

Notwithstanding the foregoing, the Institution 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 Institution substitutes for such equipment, furniture or fixtures additional equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

(Section 23)

Covenant as to Insurance

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

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

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

In the event the Institution fails to provide the insurance required by the Loan Agreement, the Authority may elect at any time thereafter to procure and maintain the insurance required as described under this caption at the expense of the Institution. The policies procured and maintained by the Authority shall be open to inspection by the Institution at all reasonable times, and, upon request of the Institution, a complete list describing such policies as of the June 30th preceding the Authority's receipt of such request shall be furnished to the Institution by the Authority.

(Section 25)

Defaults and Remedies

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

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

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

(iii) as a result of any default in payment or performance required of the Institution under the Loan Agreement or any other Event of Default thereunder, 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

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of default shall remain uncured or the Trustee or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof; or

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

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

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

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

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

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

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

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

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

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 Institution under the Loan Agreement immediately due and payable;

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

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

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

(v) realize upon any pledge of or security interest in the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement, by any one or more of the following actions: (A) enter the Institution and examine and make copies of the financial books and records of the Institution relating to the Pledged Revenues and, 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 Institution 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 coming due on Outstanding Bonds on the next interest payment date therefor, subject to the Prior Pledges, and may continue to do so commencing on each such interest payment date to the extent of amounts due on Outstanding Bonds on the next interest payment date therefor, with respect to the Pledged Revenues, until such amounts are fully collected, (2) written notice of such notification shall be mailed to the Institution five (5) days prior to mailing or otherwise making such notification to account debtors and (3) until the Institution shall receive such notice it shall have full authority and responsibility to enforce and collect Pledged Revenues owing from its account debtors; (C) following the above mentioned notification to account debtors, collect, compromise, settle, compound or extend amounts payable as Pledged Revenues which are in the form of accounts receivable or contract rights from the Institution's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Institution whether or not the full amount of any such account receivable or contract right owing shall be paid to the Authority; (D) require the Institution to deposit all moneys, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned under the Loan Agreement within five (5) business days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by 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 Institution under the Loan Agreement, including the fees and expenses of the Authority, (2) the Authority in its sole discretion may authorize the Institution to make withdrawals from such fund or account for its corporate purposes and (3) the requirement to make such deposits shall cease and the balance of such fund or account shall be paid to the Institution when all Events of Default under the Loan Agreement by the Institution have been cured or waived; (E) forbid the Institution to extend, compromise, compound or settle any accounts receivable or contract rights which represent any unpaid assigned Pledged Revenues, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; or (F) endorse in the name of the Institution any checks or other orders for the payment of money representing any unpaid assigned Pledged Revenues or the proceeds thereof;

(vi) to the extent permitted by law, (A) enter upon the Project and complete the construction thereof in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the Institution, consent to such entry being given by the Institution pursuant to the Loan Agreement, (B) at any time discontinue any work commenced in respect of the construction of the Project or change any course of action undertaken by the Institution and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (C) assume any construction contract made by the Institution in any way relating to the construction of the Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the Institution, whether or not previously incorporated into the construction of such Project, and (D) in connection with the construction of the Project undertaken by the Authority pursuant to the provisions of paragraph: (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

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may be incurred in any manner in connection with completing the construction of the Project or for the discharge of liens, encumbrances or defects in the title to the Project or against any moneys of the Authority applicable to the construction of such Project, and (3) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The Institution shall be liable to the Authority for all sums paid or incurred for construction of the Project whether the same shall be paid or incurred pursuant to the provisions of this paragraph or otherwise, and all payments made or liabilities incurred by the Authority under the Loan Agreement of any kind whatsoever shall be paid by the Institution to the Authority upon demand. The Institution irrevocably constitutes and appoints the Authority its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the Institution for the purpose of exercising the rights granted to the Authority by the Loan Agreement during the term thereof; and

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

At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement, the Authority may annul any declaration made pursuant to the Loan Agreement and its consequences if G-14 such Event of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto.

(Section 31)

Arbitrage; Tax Exemption

Each of the Institution and 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 Institution (or any related person, as defined in Section 147(a)(2) of the Code) shall not, pursuant to an arrangement, formal or informal, purchase the Bonds in an amount related to the amount of any obligation to be acquired from the Institution by the Authority.

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

(Section 36)

Termination

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

to evidence such termination and the discharge of the Institution's duties under the Loan Agreement and the release or surrender of any security interests granted by the Institution to the Authority pursuant to the Loan Agreement.

(Section 45)

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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

Defined terms used in this Appendix shall have the meanings ascribed to them in Appendix A. Unless otherwise indicated, references to section numbers refer to sections in the Resolution or, where so specified, the Series 2009 Resolution.

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 Siena 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 under a Series Resolution by those who shall hold or own the same from time to time, the Resolution and such Series Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of such Bonds of a Series, and the pledge and assignment made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds of such Series, all of which, regardless of the time or times of their 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 thereby or by a Series Resolution.

(Section 1.03)

Additional Obligations; Parity Indebtedness

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 with respect to Parity Indebtedness, 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 in the Resolution.

(Section 2.05)

Authorization of Redemption

Bonds of a Series subject to redemption prior to maturity pursuant 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 provided under the caption "*Redemption Other Than at Authority's Election or Direction*", 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

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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 hereof or of a Series 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 provided in the Resolution, 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 in provided in the Resolution) 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 preceding paragraph, 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 issued, 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 herein. Such certificate shall be conclusive evidence that such notice was given in the manner required hereby. 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)

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Purchase of Bonds at the Election of the Institution

Whenever Bonds are to be purchased at the election of the Institution, written notice thereof and of the Bonds of the Series and maturity to be so purchased having been given by the Institution to the Authority, the Trustee, and each applicable Provider, the Trustee shall select the particular Bonds of such Series and maturity to be so purchased in the same manner as provided in the Resolution for the selection of Bonds to be redeemed in part. Promptly thereafter the Trustee shall give notice of the purchase of the Bonds at the times and in the manner provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate related thereto. The Trustee shall not give such notice unless prior to the date such notice is given, the Institution has caused to be delivered to the Trustee the written consent of the Authority and each applicable Provider to such purchase. All such purchases may be subject to conditions to the Institution's obligation to purchase such Bonds and shall be subject to the condition that money for the payment of the purchase price therefore 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. Bond so purchased shall be considered to be Outstanding and each such Bond so purchased that is not a Book Entry Bond shall be registered in the name or at the direction of the Institution.

(Section 4.07)

Pledge of Revenues

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 thereby, other than the Arbitrage Rebate Fund and any fund established for the repayment of funds drawn under a Credit Facility or Liquidity Facility, are, subject to the adoption of a Series Resolution, pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments and Redemption Price of, and interest on such Series of Bonds, all in accordance with the provisions of the Resolution and the Series Resolution. The pledge made by 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 Pledged Revenues, and all funds and accounts established by the Resolution and by a Series Resolution which are pledged thereby 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 Pledged Revenues and the funds and accounts established by the Resolution and pursuant to a Series Resolution, which are pledged thereby as provided in the Resolution and which pledge shall constitute a first lien thereon, subject, with respect to the Pledged Revenues, only to the Prior Pledges and any existing or future liens securing Parity Indebtedness.

(Section 5.01)

Establishment of Funds and Accounts

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

Construction Fund;
Debt Service Fund;
Debt Service Reserve Fund, if applicable; and
Arbitrage Rebate Fund.

In addition to accounts and subaccounts, if any, required to be established in accordance with 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 Trustee deems proper, necessary or desirable. All moneys at any time deposited in any fund, account or subaccount created and pledged by the Resolution or by a Series Resolution or required thereby to be created shall be held in trust for the benefit of the Holders of Bonds of a Series, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided therein, 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 thereby for the payment of the purchase price of such Option Bonds; provided further, that any Debt Service Reserve Fund established by or pursuant to a Series Resolution, the amounts held therein and amounts derived from any Reserve Fund Facility related thereto, shall not be held in trust for the benefit of the Holders of Bonds other than the Bonds of the Series secured thereby as provided in such Series Resolution and are pledged solely thereto and no Holder of the Bonds of any other Series shall have any right or interest therein.

(Section 5.02)

Application of Bond Proceeds and Allocation Thereof

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

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

(Section 5.03)

Application of Moneys in the Construction Fund

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

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

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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 a Loan Agreement naming the Project in connection with which payment is to be made 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 the Project, except that payments to pay interest on Bonds of a Series shall be made by the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of the Authority directing the Trustee to transfer such amount from the Construction Fund to the Debt Service Fund.

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

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

Upon receipt by the Trustee of a certificate relating to the completion of a Project, the moneys, if any, then remaining in the Construction Fund relating to such Project, after making provision in accordance with the direction of an Authorized Officer of 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, any balance remaining, to be applied in accordance with the Resolution.

(Section 5.04)

Deposit and Allocation of Revenues

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

First: To the Debt Service Fund (i) in the case of Revenues received during the period from the beginning of each Bond Year until December 31 thereof, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on Outstanding Bonds of a Series payable on or prior to the next succeeding January 1, including the interest estimated by the Authority to be payable on any Variable Interest Rate Bond of a Series on and prior to the next succeeding January 1, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum, (b) the Sinking Fund Installments of Outstanding Bonds of a Series payable on or prior to the next succeeding January 1 and (c) the purchase

price or Redemption Price of Outstanding Bonds of a Series theretofore contracted to be purchased or called for redemption pursuant to the Resolution on or prior to the next succeeding January 1, plus accrued interest thereon to the date of purchase or redemption; and (ii) in the case of Revenues received thereafter and until the end of such Bond Year, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on and the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, including the interest estimated by the Authority to be payable on any Variable Interest Rate Bond on and prior to the next succeeding July 1, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum and (b) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption pursuant to the Resolution on or prior to the next succeeding July 1, plus accrued interest thereon to the date of purchase or redemption;

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

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

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

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

(Section 5.05)

Debt Service Fund

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 due and payable on all Outstanding Bonds of a Series on such interest payment date; and

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(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 above provisions shall be irrevocably pledged to and applied to such payments.

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

Moneys in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds of a Series payable on and prior to the next succeeding July 1, the interest on Outstanding Bonds of a Series payable on and prior to the earlier of the next succeeding 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 a Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of 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 moneys 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 of a Series as provided in Article IV of the Resolution, at the Redemption Prices specified in the applicable Series Resolution authorizing the issuance of the Bonds to be redeemed or the Bond Series Certificate relating to such Bonds.

(Section 5.06)

Debt Service Reserve Fund

The Debt Service Reserve Fund, if any, established for a Series of Bonds pursuant to a Series Resolution shall be maintained in accordance with the terms of such Series Resolution.

(Section 5.07)

Arbitrage Rebate Fund

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

(Section 5.08)

Application of Moneys in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, if at any time 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 Section 12.01(b) of the Resolution for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, the Trustee shall also notify the Authority and the Institution. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Outstanding Bonds of a Series, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding bonds in the manner provided for redemption of such Bonds by the Resolution and by a Series Resolution as provided in Article IV of the Resolution, or (ii) give to the Trustee irrevocable instructions in accordance with Section 12.01(b) of the Resolution and make provision for the payment of such Outstanding Bonds at the maturity or redemption dates thereof in accordance therewith.

(Section 5.09)

Computation of Assets of Debt Service Reserve Fund

The Trustee, as promptly as practicable (i) after the end of each calendar month, (ii) upon the request of the Authority, (iii) upon the request of the Institution, but not more frequently than once a calendar month, and (iv) at such other times as may be necessary in connection with a withdrawal and deposit made pursuant to Article V of the Resolution, shall compute the value of the assets in the Debt Service Reserve Fund, if any, in the case of the requirement under (i) above, on the last day of each such month, in the case of a request pursuant to (ii) or (iii) above, at the date of such request, or, in the case of a withdrawal and deposit, at the date of such withdrawal and deposit, and notify the Authority and the Institution as to the results of such computation and the amount by which the value of the assets in the Debt Service Reserve Fund exceeds or is less than the Debt Service Reserve Fund Requirement. Investments held in the Debt Service Reserve Fund shall be valued at the market value thereof, plus accrued interest.

(Section 5.11)

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Security for Deposits

All moneys 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 moneys is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys with them pursuant to the sections entitled “*Debt Service Fund*” or “*Defeasance*” 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 moneys 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

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 moneys so deposited or invested to be available for use at the times at which the Authority reasonably believes such moneys will be required for the purposes of the Resolution.

In lieu of the investments of money in obligations authorized in the above paragraph, 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.

Permitted Investments purchased as an investment of moneys 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 to, as the case may be, such fund or account.

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, except that investments held in any Debt Service Reserve Fund shall be valued at the market value thereof, plus accrued interest.

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 thereto and the proceeds thereof may be reinvested as provided in the Resolution. 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 moneys to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Authority and the Institution in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions thereof as of the end of the preceding month and as to whether such investments comply with the

provisions contained in the first three paragraphs under this caption. 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.

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

(Section 6.02)

Powers as to Bonds and Pledge

The Authority is duly authorized under the Act and all applicable laws to create and issue the Bonds of each applicable Series, to adopt the Resolution and each applicable Series Resolution and to pledge and assign the proceeds from the sale of a Series of Bonds, the applicable Revenues, the Authority's security interest in the Pledged Revenues, and all funds and accounts established by the Resolution and pursuant to a Series Resolution that are or may be pledged thereby, in the manner and to the extent provided therein. The Authority further covenants that the proceeds from the sale of each applicable Series of Bonds, the applicable Revenues, the Authority's security interest in the Pledged Revenues, and all funds and accounts established by the Resolution and by any Series Resolution that are or may be pledged thereby are and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, prior to, or of equal rank with, the pledge created by the Resolution and pursuant to the applicable Series Resolution, other than any pledge, lien, charge or encumbrance upon the Revenues created by the Authority to secure its obligation to a Provider which has provided a Credit Facility or Liquidity Facility, which may be of equal priority and rank with the charge and lien thereon created by the Resolution and thereby and other than, with respect to the Pledged Revenues, the Prior Pledges and any existing or future liens to secure Parity Indebtedness. The Authority further covenants that all corporate action on the part of the Authority to that end has been duly and validly taken. The Authority further covenants that each Series of Bonds and the provisions of the Resolution and of each Series Resolution are and shall be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of the Resolution and of each Series Resolution. The Authority further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the proceeds from the sale of each Series of Bonds, the applicable Revenues, the Authority's security interest in the Pledged Revenues and all funds and accounts established by the Resolution and by the applicable Series Resolution that are pledged by the Resolution and by such Series Resolution and all of the rights of the Holders of Bonds of any Series under the Resolution and each Series Resolution against all claims and demands of all persons whomsoever.

(Section 7.03)

Creation of Liens

Except as permitted by the Resolution, or by 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 Authority's security interest in the Pledged 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 Resolution or by such Series Resolution that are pledged thereby other than, with respect to the Pledged Revenues, the Prior Pledges and any existing or future liens to secure Parity Indebtedness; 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 thereby and by a Series Resolution and (ii) incurring obligations with respect to a Credit Facility or Liquidity Facility which are secured by a lien upon the 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)

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Amendment of Loan Agreement

A 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 Institution under such Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Any consent given pursuant to this paragraph by the Holders of Bonds shall, except as otherwise provided in this under this caption, be given in the same manner required by Article X of the Resolution.

A 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 such Loan Agreement which may be defective or inconsistent with any other provisions contained herein or in the Loan Agreement. Except as otherwise provided in under this caption, a 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 provisions described under this caption, 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 provisions described under this caption 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 provisions described under this caption, a Series shall be deemed to be adversely affected by an amendment, change, modification, alteration or termination of the Loan Agreement or the waiver of any provision thereof if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any particular Series would be adversely affected in any material respect by any amendment, change, modification, alteration, termination or waiver and any such determination shall be binding and conclusive on the Institution, the Authority and all Holders of Bonds of such Series.

For all purposes of this provisions described under this caption, 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)

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 therein;

(e) to confirm, as further assurance, any pledge under the Resolution and under a 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 moneys, securities or funds;

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

(g) to modify or amend a Project; or

(h) with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising thereunder as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent therewith 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

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 the Bondholders of the applicable Series in accordance with and subject to the provisions of the Resolution, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 9.02)

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 thereunder or of any Series Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the section of the Resolution entitled "*Consent of Bondholders*" (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 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.

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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 this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of a particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds of such Series. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution to take effect when and as provided under this caption. 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 of Bonds affected thereby 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 under the caption "*Powers of Amendment*" and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted thereby, 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 under this caption. 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 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 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 (as provided 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 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 under this caption, 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 such Series shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed (but failure to

publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided under this caption). 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 described under this caption, 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 and in the manner provided under this caption, 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)

Events of Default

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

(a) With respect to a Series of Bonds, payment of the principal, Sinking Fund Installments or Redemption Price of any 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 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 the 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

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(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 Institution under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default specified in the section entitled “*Event of Default*” of the Resolution, other than an event of default specified in paragraph (c) of the section entitled “*Event of Default*” thereof, 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 a 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 hereunder, 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 pursuant to the provisions described under this caption) 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 pursuant to the provisions described under this caption) 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 section entitled “*Event of Default*” 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) 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 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 moneys adjudged or decreed to be payable.

(Section 11.04)

Bondholders' Direction of Proceedings

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

(Section 11.07)

Limitation of Rights of Individual Bondholders

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 thereunder 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 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 thereof or to enforce any right thereunder except in the manner therein 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

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 moneys 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

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

Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the immediately preceding paragraph. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within such Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the above paragraph 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 moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due, the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds 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 of 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, 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 Article XII of the Resolution 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 therein. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Resolution nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; provided, however, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due, the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be; provided, further, that money and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited

therein in accordance with the direction of an Authorized Officer of the Authority; second, to each applicable Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created hereby or by the Loan Agreement.

For purposes of determining whether Variable Interest Rate Bonds of a Series shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the Resolution, 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 moneys 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 Resolution, the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each applicable Provider the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution.

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

Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee or a Paying Agent in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for one (1) year after the date when all of the Bonds of such Series have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or Paying Agent at such date, or for one (1) year after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after said date when all of the Bonds of such Series become due and payable, 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 moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after the date of publication of such notice, the balance of such moneys then unclaimed shall be returned to the Authority.

(Section 12.01)

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**FORM OF APPROVING OPINION
OF BOND COUNSEL**

Appendix E

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FORM OF APPROVING OPINION OF BOND COUNSEL

Upon delivery of the Series 2009 Bonds, Hiscock & Barclay LLP, Bond Counsel to the Authority, proposes to issue its approving opinion in substantially the following form:

December __, 2009

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the sale and issuance of \$20,865,000 aggregate principal amount of Siena College Revenue Bonds, Series 2009 (the "Series 2009 Bonds") by the Dormitory Authority of the State of New York (the "Authority"), a body corporate and politic constituting a public benefit corporation of the State of New York, created and existing under and pursuant to the Constitution and statutes of the State of New York, including the Dormitory Authority Act, being Chapter 524 of the Laws of 1944 of the State of New York, as amended to the date hereof (the "Act"). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2009 Bonds are issued under and pursuant to the Constitution and laws of the State of New York, including in particular the Act, the Siena College Revenue Bond Resolution of the Authority duly adopted on October 28, 2009 (the "General Resolution") and the Series 2009 Resolution Authorizing Up To \$30,000,000 Siena College Revenue Bonds, Series 2009 (the "Series 2009 Resolution") of the Authority, duly adopted October 28, 2009. The General Resolution and the Series 2009 Resolution are herein collectively referred to as the "Resolutions." All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Resolutions.

The Series 2009 Bonds are being issued for the purposes and upon the terms and conditions set forth in the Resolutions. The Series 2009 Bonds are separately secured from all other Series of Bonds which may be issued under the General Resolution.

The Series 2009 Bonds are dated their date of delivery, shall mature on July 1, in each of the years, and shall bear interest, payable July 1, 2010 and semi-annually thereafter on January 1 and July 1 in each year, at the respective rates per annum set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$380,000	3.00%	2018	\$150,000	5.00%
2012	395,000	3.00	2019	355,000	3.75
2013	405,000	4.00	2019	150,000	5.00
2014	420,000	4.00	2020	525,000	4.00
2015	440,000	3.00	2021	550,000	4.00
2016	300,000	3.00	2022	570,000	4.125
2016	150,000	5.00	2023	595,000	4.25
2017	320,000	3.25	2024	620,000	4.25
2017	150,000	5.00	2031	5,280,000	5.00
2018	335,000	3.50	2039	8,775,000	5.125

The Series 2009 Bonds are issuable in the form of fully registered bonds in the denomination of \$5,000 or integral multiples thereof. The Series 2009 Bonds are lettered and numbered "R- " followed by the number of the Series 2009 Bonds.

Appendix E

The Series 2009 Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Resolutions and the Bond Series Certificate executed on behalf of the Authority in connection with the issuance of the Series 2009 Bonds.

The Authority has entered into a Loan Agreement with Siena College (the "Institution"), dated as of October 28, 2009 (the "Loan Agreement"), providing, among other things, for loans to the Institution for the purposes permitted thereby and by the Resolutions. Pursuant to the Loan Agreement, the Institution is required to make payments sufficient to pay the principal of and interest on the Series 2009 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 Series 2009 Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2009 Bonds in order that interest thereon be and remain not included in 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, the required ownership of the facilities financed with the Series 2009 Bonds by an organization described in Section 501(c)(3) of the Code or governmental unit, and the rebate to the United States of certain earnings in respect of investments. In the Resolutions, the Loan Agreement and the Tax Compliance Agreement, dated the date hereof (the "Tax Compliance Agreement") between the Authority and the Institution 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 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 Compliance Agreement by the Authority and the Institution. In the event of the inaccuracy or incompleteness of any of the certifications made by the Authority or the Institution, or the failure by the Authority or the Institution to comply with the covenants, representations, warranties, provisions and procedures set forth in the Resolutions, the Loan Agreement and the Tax Compliance Agreement, interest on the Series 2009 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of the original execution and delivery of the Series 2009 Bonds, regardless of the date on which the event causing such inclusion occurs. We render no opinion as to the exclusion from gross income of interest on the Series 2009 Bonds for purposes of federal income taxation on or after the date on which any change occurs or action is taken or omitted under the Resolutions, the Loan Agreement or the Tax Compliance Agreement or under any other relevant documents without the advice or approval of, or upon the advice or approval of any bond counsel other than, Hiscock & Barclay, LLP. In addition, we have not undertaken to determine, or to inform any person, whether any actions taken, or not taken, or events occurring, or not occurring, after the date of issuance of the Series 2009 Bonds may affect the tax status of interest on the Series 2009 Bonds. Further, although interest on the Series 2009 Bonds is excluded from 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 Series 2009 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 below, we express no opinion as to federal or state and local tax consequences of the ownership or disposition of, or the accrual or receipt of interest on, the Series 2009 Bonds.

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 Series 2009 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 Series 2009 Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of New York, including the Act, and in accordance with the Resolutions. The

Series 2009 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms and the terms of the Resolutions and are entitled to the equal benefits of the Resolutions and the Act.

4. The Authority has the right and lawful authority and power to enter into the Loan Agreement and the Loan Agreement has been duly authorized, executed and delivered by the Authority and 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, interest on the Series 2009 Bonds is excluded from income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that (a) interest on the Series 2009 Bonds is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed under the Code and is not included in adjusted current earnings when calculating corporate federal alternative minimum taxable income; and (b) the Series 2009 Bonds are "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. We are further of the opinion that, for any Series 2009 Bonds having original issue discount ("OID") (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2009 Bonds.

6. Under existing statutes, including the Act, interest on the Series 2009 Bonds is exempt from personal income taxes imposed by the State of New York or any of its political subdivisions.

The foregoing opinions are qualified only to the extent that the enforceability of the Resolutions, the Loan Agreement and the Series 2009 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).

We have also examined an executed Series 2009 Bond and the form of said bond and its execution are regular and proper.

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 Series 2009 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 Institution 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 Series 2009 Bonds.

Very truly yours,

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