



\$32,425,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
SKIDMORE COLLEGE
REVENUE BONDS, SERIES 2011A

Dated: Date of Delivery

Due: July 1, as shown below

Payment and Security: The Skidmore College Revenue Bonds, Series 2011A (the "Series 2011A 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 January 26, 2011, between Skidmore College (the "College") and the Authority, and (ii) all funds and accounts (except the Arbitrage Rebate Fund) established under the Authority's Skidmore College Revenue Bond Resolution, adopted January, 26, 2011 (the "Resolution") and the Skidmore College Series 2011A Resolution Authorizing Up To \$35,000,000 Series 2011A Bonds, adopted January 26, 2011 (the "Series 2011A 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 2011A 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 revenues of the College. Such pledge is subordinate to certain Prior Pledges.

The Series 2011A Bonds will not be a debt of the State of New York (the "State") and the State will not be liable on the Series 2011A Bonds. The Authority has no taxing power.

Description: The Series 2011A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due July 1, 2011 and each January 1 and July 1 thereafter) will be payable by check or draft mailed to the registered owners of the Series 2011A 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 2011A Bonds, by wire transfer to the holder of such Series 2011A 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 2011A Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent or, with respect to Redemption Price, at the option of a holder of at least \$1,000,000 in principal amount of Series 2011A Bonds, by wire transfer to the holder of such Series 2011A Bonds as more fully described herein.

The Series 2011A 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 2011A Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2011A Bonds, payments of the principal, Redemption Price and Purchase Price of and interest on such Series 2011A 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 2011A BONDS - Book-Entry Only System" herein.

Redemption or Purchase: *The Series 2011A 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 compliance with the tax covenants described herein and the accuracy of certain representations by the Authority and the College, interest on the Series 2011A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Code. Such interest is, however, taken into account in determining adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is further of the opinion that interest on the Series 2011A Bonds is exempt under existing laws from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York and the City of Yonkers). See "PART 11 - TAX MATTERS" herein regarding certain other tax considerations.

\$19,390,000 Serial Bonds

Due July 1,	Amount	Interest Rate	Yield	CUSIP Number ⁽¹⁾	Due July 1,	Amount	Interest Rate	Yield	CUSIP Number ⁽¹⁾
2011	\$ 370,000	2.000%	0.750%	649906BG8	2022	\$1,050,000	5.000%	4.450%*	649906BT0
2012	310,000	3.000	1.200	649906BH6	2023	1,110,000	4.500	4.620	649906BU7
2013	315,000	3.000	1.630	649906BJ2	2024	1,160,000	4.625	4.770	649906BV5
2014	790,000	3.000	2.110	649906BK9	2025	1,210,000	5.000	4.900*	649906BW3
2015	820,000	3.000	2.530	649906BL7	2026	1,275,000	5.000	5.040	649906BX1
2016	845,000	3.000	2.820	649906BM5	2027	1,350,000	5.000	5.120	649906BY9
2017	865,000	3.125	3.160	649906BN3	2028	1,400,000	5.000	5.220	649906BZ6
2018	895,000	3.375	3.470	649906BP8	2029	865,000	5.250	5.300	649906CA0
2019	925,000	3.750	3.770	649906BQ6	2030	915,000	5.250	5.370	649906CB8
2020	960,000	5.000	4.020	649906BR4	2031	960,000	5.250	5.410	649906CC6
2021	1,000,000	5.000	4.200	649906BS2					

\$13,035,000 5.500% Term Bonds Due July 1, 2041, Yield 5.60% CUSIP Number 649906CD4⁽¹⁾

The Series 2011A Bonds are offered when, as, and if issued and received by the Underwriter. The offer of the Series 2011A 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, Judge & Duffy, Glens Falls, New York. Certain legal matters will be passed upon for the Underwriter by its co-counsel, Edwards Angell Palmer & Dodge LLP, New York, New York and The Hardwick Law Firm, New York, New York. The Authority expects to deliver the Series 2011A Bonds in definitive form in Albany, New York, on or about February 17, 2011.

J.P. Morgan

February 4, 2011

⁽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 2011A 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 2011A Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2011A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Series 2011A 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 2011A Bonds.

* Priced at the stated yield to the July 1, 2021 optional redemption date at a redemption price of par.

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 2011A 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 2011A 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 Principal and Interest Requirements, the Project, the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B. As a condition to delivery of the Series 2011A Bonds, the College will certify that as of the date of this Official Statement and of delivery of the Series 2011A 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 2011A Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2011A Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2011A Resolution and the Loan Agreement are on file with the Authority and the Trustee.

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2011A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2011A BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

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

OFFICIAL STATEMENT RELATING TO
\$32,425,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
SKIDMORE COLLEGE
REVENUE BONDS, SERIES 2011A

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 \$32,425,000 aggregate principal amount of its Skidmore College Revenue Bonds, Series 2011A (the “Series 2011A Bonds”).

The following is a brief description of certain information concerning the Series 2011A 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 2011A 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 2011A 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, (ii) refund all or a portion of the Authority’s outstanding Skidmore College Insured Revenue Bonds, Series 1998 (the “Refunded Bonds”) (iii) provide capitalized interest and (iv) pay the Costs of Issuance of the Series 2011A Bonds. See “PART 4 — THE PROJECT,” “PART 5 – THE REFUNDING PLAN” and “PART 6 — 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 2011A Bonds will be issued pursuant to the Act, the Resolution, and the Series 2011A Resolution. The Series 2011A Bonds are the first Series of Bonds to be issued under the Resolution. In addition to the Series 2011A 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 2011A Bonds. See “PART 3 — THE SERIES 2011A 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 8 — 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 Saratoga Springs, New York. See “PART 7 - THE COLLEGE” and “Appendix B - Financial Statements of Skidmore College and Independent Auditor’s Report.”

The Series 2011A Bonds

The Series 2011A Bonds are dated their date of delivery and bear interest from such date (payable July 1, 2011 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 2011A BONDS - Description of the Series 2011A Bonds.”

Payment of the Series 2011A Bonds

The Series 2011A 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 2011A BONDS - Payment of the Series 2011A Bonds.”

Security for the Series 2011A Bonds

The Series 2011A Bonds will be secured by the pledge and assignment to the Trustee of the Revenues and the security interest in the Pledged Revenues granted by the College to the Authority under the Loan Agreement, subject to Prior Pledges.

The Series 2011A Bonds will also be secured by the proceeds from the sale of the Series 2011A Bonds (until disbursed as provided by the Resolution) and by all funds and accounts established under the Resolution (with the exception of the Arbitrage Rebate Fund). Each Series of Bonds issued under the Resolution will be separately secured from each other Series of Bonds. The College has agreed not to create or permit the creation in the future of any security interest in the Pledged Revenues which is prior or equal to the security interest securing the Series 2011A Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2011A BONDS – Financial Covenants – *Additional Indebtedness*” and “Appendix C – Summary of Certain Provisions of the Loan Agreement.”

The Series 2011A 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 2011A 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 2011A 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 coverage ratio, a provision for the maintenance of a balance sheet ratio 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 2011A BONDS – Financial Covenants.”

The Project

The Project consists of the construction of certain residence facilities to replace and supplement certain student housing on the College’s campus. See “PART 4 - THE PROJECT.”

PART 2 — SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2011A BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2011A Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolution and the Series 2011A Resolution. Copies of the Loan Agreement, the Resolution and the Series 2011A 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 2011A Bonds

The Series 2011A Bonds will be special obligations of the Authority. The principal of and interest on the Series 2011A 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 2011A Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Series 2011A 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 2011A 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 2011A 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 2011A 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 2011A 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 2011A Bonds.

Security for the Series 2011A Bonds

The Series 2011A Bonds will be secured by the payments described above to be made under the Loan Agreement, all funds and accounts established under the Resolution (with the exception of the Arbitrage Rebate Fund) and the security interest in the Pledged Revenues, subject to Prior Pledges. Each Series of Bonds issued under the Resolution will be separately secured from each other Series of Bonds. 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. The Pledged Revenues consist of an amount equal to Maximum Annual Debt Service from tuition and fees charged to students for academic instruction, the right to receive the same and the proceeds thereof. 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 7 – THE COLLEGE – Outstanding Indebtedness.’ The Authority has pledged and assigned to the Trustee for the benefit of the Holders of Series 2011A Bonds its security interest in the Pledged Revenues. Pursuant to the Loan Agreement, the College has agreed not to create or permit the creation in the future of any security interest in the Pledged Revenues which is prior or equal to the security interest securing the Series 2011A Bonds. See “– Issuance of Additional Indebtedness” below.

Financial Covenants

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

Maintenance Covenants

Debt Service Coverage Ratio Requirement. The College covenants to charge and maintain during each Fiscal Year, student tuition, fees and other charges sufficient to provide a Debt Service Coverage Ratio as of the last day of each Fiscal Year (the "Testing Date") of at least 1.25:1. As of May 31, 2010, the College's Debt Service Coverage Ratio was reported at 4.62:1.

If (a) on any two consecutive Testing Dates, the College does not satisfy the Debt Service Coverage Ratio requirement, or (b) on any Testing Date the Debt Service Coverage Ratio falls below 1:1, the Authority may require the College to retain a Management Consultant to make recommendations that will enable the College to comply with the Debt Service Coverage Ratio requirement.

Expendable Resources to Debt Ratio Requirement. The College covenants to maintain a ratio of Expendable Resources to Long-Term Indebtedness (the "Expendable Resources to Debt Ratio") as of the end of each Fiscal Year at least equal to .75:1. As of May 31, 2010, the College's ratio of Expendable Resources to Long-Term Debt was reported at 3.44:1.

If on any Testing Date, the College (a) does not satisfy the Expendable Resources to Debt Ratio requirement, (b) the percentage decline in the Expendable Resources to Debt Ratio from the prior Fiscal Year to the current Fiscal Year is thirty-five percent (35%) or greater, or (c) the percentage decline in the Expendable Resources to Debt Ratio from the Fiscal Year two years prior to the current Fiscal Year to the current Fiscal Year is fifty percent (50%) or greater, the Authority may require the College to retain a Management Consultant to make recommendations that will enable the College to comply with the Expendable Resources to Debt Ratio requirement.

Additional Indebtedness

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

The College may also issue (i) Non-Recourse Indebtedness without the Authority's consent, provided that any assets pledged as collateral or for repayment of such indebtedness must have been acquired by the College after issuance of the Series 2011A Bonds, and (ii) Short-Term Indebtedness, provided that during any 12-month period, there shall be no outstanding balance on such Short-term Indebtedness for a period of not less than 30 days.

Exceptions

Notwithstanding the foregoing, the College will not be considered to have failed to meet the Debt Service Coverage Requirement or the Expendable Resources to Debt Ratio Requirement if the College can demonstrate that such failure was solely due to a change in generally accepted accounting principles not previously applicable to the College. In the event the Authority determines such a change in generally accepted accounting principles will create a lasting impediment upon the College's ability to comply with such financial covenant requirements, the Authority and the College may, without obtaining the consent of Bondholders, amend the provisions of the Loan Agreement and the related definitions upon which the calculations included in such provisions are based to provide for similar financial and economic measures of the College's performance.

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

Events of Default and Acceleration

The following are events of default under the Resolution with respect to the Series 2011A 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 2011A 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 2011A 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 2011A Bonds, shall declare the principal of and interest on all the Outstanding Series 2011A Bonds to be due and payable. After the expiration of 30 days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable. At any time after the principal of the Series 2011A 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 2011A 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 2011A 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 2011A Bonds.

Issuance of Additional Indebtedness

In addition to the Series 2011A 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. 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 2011A Bonds.

General

The Series 2011A Bonds will not be a debt of the State and the State will not be liable on the Series 2011A Bonds. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal of or interest on its bonds or notes. See “PART 8 — THE AUTHORITY.”

PART 3 — THE SERIES 2011A BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2011A Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2011A 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 2011A Bonds.

Description of the Series 2011A Bonds

The Series 2011A Bonds will be issued pursuant to the Resolution and the Series 2011A Resolution and will be dated their date of delivery and bear interest from such date (payable July 1, 2011 and on each January 1 and July 1 thereafter) at the rates set forth on the cover page of this Official Statement.

The Series 2011A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2011A 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 2011A 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 2011A Bonds immediately preceding the interest payment date. If the Series 2011A Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal and Redemption Price of the Series 2011A Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent.

The Series 2011A 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 2011A 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 2011A Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2011A 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 2011A 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 2011A Bonds, the Series 2011A Bonds will be exchangeable for fully registered Series 2011A 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 2011A Bonds, see “Appendix D - Summary of Certain Provisions of the Resolution.”

Redemption and Purchase in Lieu of Redemption Provisions

The Series 2011A 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 2011A Bonds, see “Appendix D—Summary of Certain Provisions of the Resolution.”

Optional Redemption

The Series 2011A Bonds maturing on or before July 1, 2021 are not subject to optional redemption prior to maturity. The Series 2011A Bonds maturing after July 1, 2021 are subject to redemption prior to maturity at the option of the Authority on or after July 1, 2021, 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 2011A Bonds to be redeemed, plus accrued interest to the redemption date.

Purchase in Lieu of Optional Redemption

The Series 2011A Bonds maturing after July 1, 2021 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, 2021, 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 2011A Bonds to be purchased, plus accrued interest (the "Purchase Price") to the date set for purchase (the "Purchase Date").

Mandatory Redemption

The Series 2011A 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 2011A Bond to be redeemed, plus accrued interest to the date of redemption. Unless none of the Series 2011A Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Series 2011A 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 2011A Bonds maturing on July 1 of each of the years set forth in the following table, the amount set forth opposite such year:

**Series 2011A Bonds
Maturing July 1, 2041**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2032	\$1,010,000	2037	\$1,325,000
2033	1,070,000	2038	1,395,000
2034	1,125,000	1039	1,470,000
2035	1,190,000	2040	1,555,000
2036	1,255,000	2041 [†]	1,640,000

[†] Final maturity.

There will be credited against and in satisfaction of the Sinking Fund Installment payable on any date, the principal amount of Series 2011A 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 2011A Bonds purchased with moneys in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2011A Bonds so purchased payable on the next succeeding July 1. Series 2011A 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 2011A Bonds of the maturity so purchased will be reduced for such year.

Special Redemption

The Series 2011A 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 2011A Bonds to be redeemed, plus accrued interest to the redemption date from (i) proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project or the facilities financed with the Refunded Bonds and (ii) from unexpended proceeds of the Series 2011A 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 2011A Bonds (other than redemptions with Sinking Fund Installments), the Authority will select in its discretion the Series 2011A Bonds to be redeemed. If less than all of the Series 2011A Bonds of a maturity selected by the Authority for redemption are to be redeemed, the Series 2011A Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

Notice of Redemption

Generally, the Trustee is to give notice of the redemption of the Series 2011A 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 2011A 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 2011A Bonds to be redeemed. The failure of any owner of a Series 2011A Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2011A Bond.

If on the redemption date moneys for the redemption of the Series 2011A 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 2011A Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2011A 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 2011A Bonds will be given in the name of the College to the registered owners of the Series 2011A 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 2011A Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2011A Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2011A 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 2011A Bonds. Such Series 2011A 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 2011A 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 2011A 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 2011A Bonds to be purchased, the former registered owners of such Series 2011A 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 2011A 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 2011A Bonds in accordance with their respective terms.

In the case of purchases in lieu of optional redemption, the Authority will select the Series 2011A Bonds to be purchased. If not all of the Outstanding Series 2011A Bonds of a maturity are to be purchased, the Series 2011A Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2011A 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 2011A 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 2011A Bonds when the Book-Entry Only System is in effect.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2011A Bonds. The Series 2011A 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 2011A Bond certificate will be issued for each maturity of the Series 2011A Bonds, totaling in the aggregate the principal amount of the Series 2011A Bonds, and will be deposited with DTC.

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

Purchases of the Series 2011A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2011A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2011A 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 2011A Bonds, except in the event that use of the book-entry system for such Series 2011A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011A 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 2011A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2011A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Series 2011A Bonds within a maturity of the Series 2011A 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 2011A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2011A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2011A 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 will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2011A 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 2011A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2011A 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 Direct Participant or Indirect Participant acquires an interest in the Series 2011A Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, and may desire to make arrangements with such Direct Participant or Indirect Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Direct Participant or Indirect Participant and to have notification made of all interest payments. **NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT PARTICIPANT OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2011A BONDS.**

So long as Cede & Co. is the registered owner of the Series 2011A Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2011A Bonds (other than under "PART 11 - TAX MATTERS" herein) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2011A 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 2011A 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 2011A Bonds if the Authority determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2011A 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 2011A 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 2011A 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 2011A 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 2011A BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2011A BONDS; OR (VI) ANY OTHER MATTER.

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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 2011A Bonds and the total debt service on all indebtedness of the College, including the Series 2011A Bonds.

<u>Series 2011A Bonds</u>					
12 Month Period Ending June 30	Principal Payments	Interest Payments	Total Debt Service on the Series 2011A Bonds	Debt Service on Other Indebtedness⁽¹⁾	Total Debt Service
2011	\$ 370,000	\$ 583,775	\$ 953,775	\$5,913,104	\$6,866,878
2012	310,000	1,560,950	1,870,950	6,059,916	7,930,866
2013	315,000	1,551,650	1,866,650	5,074,036	6,940,686
2014	790,000	1,542,200	2,332,200	4,296,750	6,628,950
2015	820,000	1,518,500	2,338,500	4,248,669	6,587,169
2016	845,000	1,493,900	2,338,900	5,019,609	7,358,509
2017	865,000	1,468,550	2,333,550	3,711,124	6,044,674
2018	895,000	1,441,519	2,336,519	3,705,346	6,041,865
2019	925,000	1,411,313	2,336,313	3,708,490	6,044,803
2020	960,000	1,376,625	2,336,625	3,705,228	6,041,853
2021	1,000,000	1,328,625	2,328,625	3,706,813	6,035,438
2022	1,050,000	1,278,625	2,328,625	3,707,050	6,035,675
2023	1,110,000	1,226,125	2,336,125	3,705,663	6,041,788
2024	1,160,000	1,176,175	2,336,175	2,074,875	4,411,050
2025	1,210,000	1,122,525	2,332,525	2,082,500	4,415,025
2026	1,275,000	1,062,025	2,337,025	2,085,500	4,422,525
2027	1,350,000	998,275	2,348,275	2,085,000	4,433,275
2028	1,400,000	930,775	2,330,775	2,086,000	4,416,775
2029	865,000	860,775	1,725,775	2,088,250	3,814,025
2030	915,000	815,363	1,730,363	2,091,500	3,821,863
2031	960,000	767,325	1,727,325	2,095,500	3,822,825
2032	1,010,000	716,925	1,726,925	2,095,000	3,821,925
2033	1,070,000	661,375	1,731,375	2,100,000	3,831,375
2034	1,125,000	602,525	1,727,525	-	1,727,525
2035	1,190,000	540,650	1,730,650	-	1,730,650
2036	1,255,000	475,200	1,730,200	-	1,730,200
2037	1,325,000	406,175	1,731,175	-	1,731,175
2038	1,395,000	333,300	1,728,300	-	1,728,300
2039	1,470,000	256,575	1,726,575	-	1,726,575
2040	1,555,000	175,725	1,730,725	-	1,730,725
2041	1,640,000	90,200	1,730,200	-	1,730,200

⁽¹⁾ Excludes debt service on the Refunded Bonds.

PART 4 — THE PROJECT

Proceeds from the Series 2011A Bonds will be used to finance the replacement of Scribner Village, a complex of 15 wood-frame apartment-style residential units constructed on the College's campus in 1973, and to construct additional student housing on the College's campus. The Project is scheduled to be built in three phases over the next three years to minimize housing disruption. The final phase of construction is scheduled to be completed by August 2013. The three phases of construction include the construction of three new buildings just west of the Northwood Apartments consisting of 30 townhouse units designed to add 114 student housing beds, the construction of two new buildings consisting of 24 townhouse units of 114 student housing beds intended as dorm alternatives to sophomores and a complete replacement of the Scribner Village apartments with the construction of seven new buildings consisting of 60 townhouse units of 238 student housing beds. The Project will involve the eventual demolition of all of the currently existing structures at Scribner Village.

The first phase incorporating the additions to the Northwood Apartments is expected to be available for occupancy in the fall of 2011. The Project is expected to add 184 additional beds to the College's housing stock.

PART 5 - THE REFUNDING PLAN

A portion of the proceeds of the Series 2011A Bonds, together with other available moneys, will be used to provide for the payment of all or a portion of the Refunded Bonds. The Authority intends to optionally redeem the Refunded Bonds approximately 35 days after the issuance of the Series 2011A bonds. Prior to the redemption date, such proceeds and other amounts will be invested in direct non-callable obligations of the United States of America (the "Redemption Securities") maturing on or before the redemption date. Simultaneously with the issuance and delivery of the Series 2011A Bonds, such Redemption Securities will be deposited with the Trustee. At the time of such deposit, the Authority will give the Trustee irrevocable instructions to give notice of redemption of the respective Refunded Bonds and to apply the maturing principal of and interest on the applicable Redemption Securities to the payment of the interest and redemption price coming due on such Refunded Bonds on the redemption date.

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PART 6 — ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

Source of Funds

Principal Amount of Series 2011A Bonds.....	\$32,425,000
Net Original Issue Discount	(61,545)
Other Sources of Funds	<u>1,626,537</u>
Total Sources	<u>\$33,989,992</u>

Uses of Funds

Deposit to the Construction Fund.....	\$21,298,369
Deposit to Refunding Escrow.....	8,960,402
Capitalized Interest.....	2,977,863
Cost of Issuance	568,059
Underwriter’s Discount	<u>185,299</u>
Total Uses	<u>\$33,989,992</u>

PART 7 — THE COLLEGE

GENERAL INFORMATION

Introduction

Skidmore College (the “College” or “Skidmore”) was founded in 1903 and is a predominantly residential, independent, not-for-profit, nonsectarian, four-year coeducational college. With approximately 2,700 full-time equivalent undergraduate students and with approximately 275 full-time equivalent faculty, Skidmore is known for being a highly selective, close-knit liberal arts college. Located on approximately 1,000 acres in Saratoga Springs, New York, the College is an integral part of the local artistic and cultural community, including the Saratoga Performing Arts Center, which serves as the summer home to the New York City Ballet, Philadelphia Orchestra and a performing venue for top rock and jazz musicians. Saratoga is also home to the National Museum of Dance. Located on the College campus is the Tang Museum, which was opened in 2000 and includes major exhibition galleries and event space in addition to serving as a teaching museum.

History

The College was founded in 1903 by Mrs. Lucy Skidmore Scribner to provide classes for young women. In 1911, it became the Skidmore School of Arts of Saratoga Springs, established under a provisional charter granted by the Regents of the University of the State of New York, with 17 full-time students and 400 extension students. In 1922, the corporate name of the institution was changed to Skidmore College, and in 1924 the Bachelor of Arts degree was awarded for the first time. In 1972, the College converted from a women’s to a coeducational college. The College is chartered by the Regents of The University of the State of New York and is accredited by the Middle States Association of Colleges and Secondary Schools. In 1970, the College was chartered by the national honor society of Phi Beta Kappa.

From its inception, the College emphasized training in the creative and practical arts and skills in accord with the original aim of its founder. By the 1930s, liberal arts courses in the curriculum were strengthened and other courses were added, beginning a trend that accelerated during the 1950’s and 1960’s. The College offers not only liberal arts programs in the humanities, the sciences and social sciences, but also professional programs in art, drama, music, management and business, elementary education, and exercise science.

The College’s original campus was located in an older residential section of the City of Saratoga Springs, New York, and consisted of about 40 acres. This campus was not a unified tract of land, but was segmented by private homes and public streets. Only 7 of the original 83 buildings (a library, a gymnasium, two dining halls and three

dormitories) were built for educational purposes. The ages and space limitations of the buildings, and the fact that they represented conversions, resulted in an increasingly inefficient operation. The College determined in the late 1950s that it no longer could afford the costly maintenance these buildings demanded. When the State established the rights-of-way for the Northway (Route 87), a new express highway, in 1960, the College lost its athletic fields, which were taken by the State for the new highway under the right of eminent domain. In addition, a major interchange of the Northway was located at Union Avenue, a street which bisected the original campus, and which already presented serious traffic problems. The additional traffic on Union Avenue generated by the interchange with the Northway aggravated this condition.

In December 1960, a gift enabled the College to buy approximately 700 acres of land for \$128,000, approximately one and one-half miles from the original campus. A grant from the Educational Facilities Laboratory of the Ford Foundation made possible the appointment of a consulting firm to study the use of the 700 acres for an entirely new campus (the Jonsson Campus). In October 1961, the consulting firm's report was approved by the Board, and the College embarked on a long-term program to develop the Jonsson Campus. In December 2010, the College received an unrestricted gift of 200 acres of undeveloped land, approximately 1,000 feet from the current College property.

Skidmore offers more than sixty degree programs, including majors in both traditional liberal arts disciplines and pre-professional areas. Included in the degree programs, is the Master of Arts in Liberal Studies (MALS) program at Skidmore College. It is a low-residency graduate degree program for adult students. The MALS Program allows students to develop an individualized plan of study with the advice and assistance of two faculty advisors. Each student's program must be interdisciplinary and built upon traditional areas of the liberal arts.

The College's academic year extends from September 1 to May 31 but certain programs operate at various times throughout the calendar year. The College's fiscal year extends from June 1 to May 31.

Accreditation and Memberships

The College is chartered and empowered to confer academic degrees by the Regents of the University of the State of New York. The College is accredited by the Middle States Association of Colleges and Schools and in 2006 was reaccredited for a ten-year period. The programs in Art and Social Work are accredited at the basic level by The National Association of Schools of Art and Design and the Council on Social Work Education, respectively.

Affiliations and Cooperative Programs

Beyond the Skidmore campus, students may take advantage of courses offered at other colleges located in the State Capital District through the Hudson-Mohawk Association of Colleges and Universities, which includes such institutions as Rensselaer Polytechnic Institute, Union College, and the State University of New York at Albany. Cooperative programs include one in engineering with the Thayer School at Dartmouth College; a semester in Washington, D.C. coordinated through American University; a semester at the Marine Biological Laboratory in Woods Hole, Massachusetts, an M.B.A. program with Clarkson University; an M.A.T. affiliation with Union College; and a B.S.N. with New York University College of Nursing.

Skidmore students are encouraged to spend a semester abroad. The Office of Off-Campus Study & Exchanges organizes a wide range of opportunities abroad for students and faculty. The office provides administrative oversight for Skidmore's programs in Paris, London, Madrid and Alcalá, Spain, India, and Beijing. In addition, the office oversees other Skidmore affiliations in many regions of the world.

Governance

The College is governed by a Board of Trustees (the "Board") whose membership is selected by a majority vote of the Board. According to the College's Bylaws, the Board shall not exceed 35 members. The Board is comprised as follows: (i) 27 members of the Board are elected for staggered terms of four years; (ii) four (4) members of the Board are elected from nominations made by the College's Alumni Association for staggered terms of four (4) years; (iii) two Young Alumni Trustees, graduated from the College more than two but fewer than ten years, are elected for staggered terms of two years; and (iv) two members consisting of the President of the College and the President of the Alumni Association. Currently, there are 32 members of the Board. Any vacancy on the Board

may be filled by action of the Board upon the recommendation of the Trusteeship Committee at any regular meeting of the Board, and Trustees elected to fill a vacancy in an unexpired term serve until that term expires and are then eligible for reelection thereafter. The Board conducts at least three regular meetings each calendar year including an annual meeting for, among other things, the election of members of the Board and officers of the College. In addition, the Board has created an Executive Committee which possesses full power (i) to transact any and all business of the Board which may arise between meetings of the Board; (ii) to appoint a Compensation Committee which shall fix the compensation of the President of the College and the other Board-appointed officers of the College; and (iii) to designate the appropriate officers of the College or others to sign financial and legal documents on behalf of the College. The Executive Committee consists of the Chair of the Board (the “Chair”), the Vice Chair(s) of the Board, the President of the College and not fewer than four nor more than six additional members nominated by the Chair of the Board and elected by the Board annually.

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Current members of the Board and their principal businesses or professional affiliations are as follows:

Mrs. Susan Gottlieb Beckerman (b)
Active Civic Leader
New York, New York

Mrs. Linda Jackson-Chalmers (a)
Assistant to the Superintendent for
HR, Albany School District
Albany, New York

Mrs. Sara Lubin Schupf (b)
Active Civic Leader
New York, New York

Ms. Rosemary Bourne (d)
Mayor, Village of Oyster Bay Cove, NY
Oyster Bay, New York

Mr. Bernie Kastory (b)
Retired VP, Best Foods; Former
Business Professor
Vero Beach, Florida

Mr. S. Donald Sussman (b)
Chairman, Trust Asset Management
North Haven, Maine

Mr. Charles B. Buchanan (c)
Active Civic Leader
Glenmont, New York

Mrs. Pauline Skogsberg Kisiel (c)
Active Civic Leader
Sherborn, Massachusetts

Mrs. Suzanne Corbet Thomas (4)(d)
Active Civic Leader
Summit, New Jersey

Mr. David Castle (5)(d)
President, Branford Castle, Inc.
New York, New York

Ms. Judith Roberts Kunisch (5)(a)
President, Alumni Association
Owner, J. Kunisch Consulting
West Hartford, Connecticut

Ms. Kareen Thorpe (6)(a)
Public Affairs Officer, Foreign Service
Falls Church, Virginia

Mr. William P. Dake (a)
Chairman of the Board
Stewart's Shops Corp.
Saratoga Springs, New York

William L. Ladd (d)
Actor; Screenwriter
Los Angeles, California

Mrs. Wilma Stein Tisch (d)
Active Civic Leader
New York, New York

Mr. Dennis D. Dammerman (d)
Retired Chairman, GE Capital Services
Wellington, Florida
Saratoga Springs, New York

Mr. Scott M. Martin (2)(4)(b)
Sr. Vice President / Assistant General
Counsel; Paramount Pictures
Aspen, Colorado

Mrs. Linda Toohey (2)(4)(c)
VP, Leadership Saratoga
Saratoga Springs, New York

Ms. Michele A. Dunkerly (5)(b)
Alumni Association Trustee
Former Business Attorney
Stephenville, Texas

Mr. Elliott Masie (4)(c)
Founder & CEO, The Masie Center
Saratoga Springs, New York

Ms. Julianne Traylor (3)(5)(a)
Associate Director, USF Law School
Oakland, California

Dr. Terry Thomas Fulmer (a)
Dean, College of Nursing, NYU
Rye, New York

Ms. Barbara Kahn Moller (b)
Active Civic Leader
London, England

Mr. Robert Weisbuch (d)
President, Drew University
Montclair, New Jersey

Dr. Philip A. Glotzbach (4)
President, Skidmore College
Saratoga Springs, New York

Dr. John S. Morris (c)
President Emeritus, Union College
Hamilton, New York

Mrs. Janet Lucas Whitman (1)(4)(d)
Active Civic Leader
Summit, New Jersey

Mr. John W. Humphrey (4)(a)
Chairman, Humphrey Enterprises LLC
Boston, Massachusetts

Ms. Emily C. Rover(6)(b)
VP, Bernstein Global Wealth Mgmt
New York, New York

Mrs. Susan Kettering Williamson (a)
Active Civic Leader
Hanover, New Hampshire

Ms. Maxine Isaacs (4)(c)
Associate, Harvard Kennedy School
Washington, DC

Ms. Kim Roy (5)(c)
Division President, Lauren Brands
Larchmont, New York

Term Ends:

- (1) Chair of the Board
- (2) Vice Chair
- (3) Secretary of the Board

- (4) Member of the Executive Committee
- (5) Nominated by the College's Alumni Association
- (6) Young Alumni Trustee

- (a) May 31, 2011
- (b) May 31, 2012
- (c) May 31, 2013
- (d) May 31, 2014

The Board operates with twelve committees: the Academic Affairs Committee, the Advancement Committee, the Audit Committee, the Budget and Finance Committee, the Compensation Committee, the Executive Committee, the Infrastructure Committee, the Investment Committee, the Special Programs Committee, the Strategic Planning Committee, the Student Life Committee, and the Trusteeship Committee.

Administration

The College is administered on a day-to-day basis by the President and his administrative staff. The President of the College is appointed by the Board, 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 by the President, the following principal administrative officers of the College. The College’s principal administrative officers include:

Philip A. Glotzbach Ph.D.	President*
Susan Kress Ph.D.	Vice President for Academic Affairs*
Michael D. West, M.B.A.	Vice President for Finance and Administration and Treasurer
Michael Casey, B.A.	Vice President for Advancement
Muriel Poston Ph.D.	Dean of Faculty
Jeffrey Segrave Ph.D.	Dean of Special Programs
Mary Lou Bates, A.B.	Dean of Admissions and Student Aid
Rochelle Calhoun, M.F.A	Dean of Student Affairs

*President Glotzbach is currently on sabbatical until April, 2011. Susan Kress is serving as Acting President.

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 the northeast, though typically the College receives applicants from most of the 50 states and more than 30 foreign countries. For the Class of 2014 (entering Skidmore in the fall of 2010), the top 5 states in representation in the class were NY (31%), MA (17%), CT (10%), NJ (8%) and CA (6%.)

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>	<u>Percent Accepted</u>	<u>New Enrollment</u>	<u>Matriculation Yield</u>
2006-07	6,655	2,579	39%	673	26%
2007-08	6,843	2,479	36	687	28
2008-09	7,316	2,178	31	651	30
2009-10	6,403	2,692	42	665	25
2010-11	6,045	2,813	47	771	27

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 stable and for the fall of 2011 was measured at 1250.

Student Enrollment

The number of full time undergraduate students enrolled at Skidmore College for the Fall 2010 semester was 2,676. For those students in the Class of 2014 whose schools provided a rank-in-class, 47% ranked in the top 10% of their high school class and 78% ranked in the top 25% of their high school class.

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>
2006-07	2,481	30	2,511	2,491
2007-08	2,594	30	2,624	2,604
2008-09	2,602	115	2,717	2,653
2009-10	2,591	81	2,672	2,603
2010-11	2,676	16	2,692	2,681

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

DEGREES CONFERRED

<u>Academic Year</u>	<u>Total</u>
2005-06	577
2006-07	594
2007-08	600
2008-09	637
2009-10	620

Student Charges

For fiscal year 2010, net tuition, fees, room and board accounted for approximately 78.1% 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 and Fees</u>	<u>Room</u>	<u>Board</u>
2006-07	\$34,695	\$5,535-\$6,940	\$4,020
2007-08	36,860	5,816-7,300	4,020
2008-09	38,888	6,136-7,886	4,242
2009-10	40,420	6,376-8,190	4,400
2010-11	41,184	6,496-8,348	4,490

The College currently charges \$1,345 per credit hour for part-time students.

Financial Aid

Nearly half of Skidmore's students receive some form of financial assistance. Most of the financial assistance at Skidmore is awarded on the basis of demonstrated need and is provided through a student-aid "package" that usually includes a grant, a campus job, and a loan. Student aid funds come from a variety of sources, including Skidmore's own need-based grants and scholarships, as well as federal, state, and independent programs.

The following is a summary of the scholarships provided by the College and grant aid 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>
2005-06	\$20,955,682	\$1,157,181	\$1,684,091	\$23,796,954
2006-07	22,514,606	1,456,236	1,851,993	25,822,835
2007-08	25,859,782	1,690,754	2,053,801	29,604,337
2008-09	28,324,643	1,667,355	2,015,973	32,007,971
2009-10	30,585,699	1,504,115	2,782,141	34,871,955

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

Skidmore 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. Skidmore College received \$243,343 in 2009-10 compared to \$256,408 in 2008-09 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 2010-11 is estimated at \$237,000.

Faculty

In the Fall of 2010, 187 full-time and 86 part-time (full-time equivalent) classroom faculty were employed by the College; 70.1% 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>Percentage Full-time Faculty Tenured</u>
2006-07	193	136	70.5%
2007-08	189	139	73.5
2008-09	193	140	72.5
2009-10	186	133	71.5
2010-11	187	131	70.1

Employee Relations

The College has a history of good relationships with its faculty and non-academic employees. Approximately 171 non-academic employees are covered by union agreements.

ANNUAL FINANCIAL STATEMENT INFORMATION

The College's financial statements are audited by UHY, 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, 2010 and the report thereon of UHY, 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)

	2006	2007	2008	2009	2010
Operating revenue:					
Tuition and fees	\$ 86,865	\$ 92,837	\$ 100,134	\$ 105,249	\$ 109,079
Less: institutional aid	(20,956)	(22,515)	(25,860)	(28,325)	(30,586)
Net tuition and fees	65,909	70,322	74,274	76,924	78,493
Sales of auxiliary enterprises	21,294	24,222	25,675	27,064	26,950
Private gifts and grants	8,272	8,173	7,336	5,959	8,559
Government grants and appropriations	1,815	2,031	1,878	2,511	3,544
Dividends and interest	5,732	6,671	6,096	3,356	2,228
Realized gains to support operations	8,263	9,164	11,951	11,079	11,970
Interest on student loans	281	222	177	150	114
Other	1,819	1,598	2,203	1,347	2,811
Total operating revenue	113,385	122,403	129,590	128,390	134,669
Operating expenses:					
Instruction	41,504	45,650	49,877	47,785	50,451
Research	705	910	1,116	1,908	1,860
Academic support	13,100	13,633	14,657	14,335	15,224
Student services	10,843	12,156	13,775	13,753	14,531
Institutional support	20,075	22,622	24,298	23,652	24,484
Auxiliary enterprises	18,680	21,458	23,004	23,302	23,416
Total operating expenses	104,907	116,429	126,727	124,735	129,966
Net operating activities	8,478	5,974	2,863	3,655	4,703
Non-operating:					
Dividends and interest	452	1,487	825	284	104
Net realized and unrealized losses	17,267	35,583	(3,362)	(77,271)	25,131
Capital gifts	9,900	49,814	16,171	27,347	11,507
Net loss on disposal of fixed assets	(171)	(459)	(483)	(1,764)	(76)
Other net revenue (expense)	(282)	548	(262)	91	(363)
Changes from non-operating activities	27,166	86,973	12,889	(51,313)	36,303
Effect for change in accounting	(3,132)	(13,638)	-	-	-
Pension related changes	-	-	9,919	(2,057)	(15,551)
Net (Decrease) increase in net assets	32,512	79,309	25,671	(49,715)	25,455
Net assets at beginning of year	309,944	342,456	421,765	447,436	397,721
Net assets at end of year	\$ 342,456	\$ 421,765	\$ 447,436	\$ 397,721	\$ 423,176

Management Report on Operating Results

Since fiscal year 2006, total operating revenues have increased from \$113.4 million to \$134.7 million in fiscal year 2010. Tuition, fees, room and board, net of financial aid discounting, on average have made up approximately 78.1% of the College's operating revenues for the past five years. Such revenues rose from \$87.2 million in fiscal year 2006 to \$109.1 million in fiscal year 2010. Much of the balance is comprised of investment returns and private gifts and grants. The College has implemented an endowment spending policy that utilizes 5.0% of the three year weighted average of the December 31 portfolio value to support its annual operations. Along with dividends and interest from investments not in the endowment, such contributions have averaged approximately \$15.3 million over the past five years. Accordingly, while total operating expenses since fiscal year 2006 have increased from \$104.9 million to \$130.0 million in fiscal year 2010, 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)

	2006	2007	2008	2009	2010
ASSETS					
Cash and cash equivalents	\$ 31,227	\$ 36,827	\$ 37,084	\$ 33,404	\$ 33,768
Accounts receivable, net	2,351	2,569	1,751	2,504	3,189
Inventories	864	662	805	688	673
Prepaid expenses	1,395	1,312	1,351	1,671	1,008
Contributions receivable, net	32,908	32,883	31,197	32,236	31,285
Student loans receivable, net	4,865	3,993	3,813	3,341	2,890
Investments	249,804	332,796	345,604	284,847	316,692
Deposits with bond trustees	20,138	7,910	7,972	10,088	8,466
Debt issuance costs, net	2,192	2,117	2,037	1,954	1,867
Prepaid benefit costs	1,057	215	322	205	67
Land, buildings and equipment	121,732	136,735	144,548	160,170	165,955
Total assets	<u>\$ 468,534</u>	<u>\$ 558,019</u>	<u>\$ 576,484</u>	<u>\$ 531,109</u>	<u>\$ 565,860</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 15,062	\$ 13,034	\$ 14,956	\$ 16,514	\$ 17,185
Deposits and deferred revenues	9,260	9,955	10,751	13,607	11,445
Accrued postretirement benefits	19,582	34,228	27,756	30,761	48,633
Refundable federal loan funds	1,719	1,747	1,761	1,811	1,874
Asset retirement obligation	3,219	2,717	2,561	2,291	2,031
Long-term debt	77,236	74,571	71,263	68,404	61,516
Total liabilities	<u>126,078</u>	<u>136,254</u>	<u>129,049</u>	<u>133,388</u>	<u>142,684</u>
NET ASSETS					
Unrestricted	227,073	294,971	311,071	247,019	282,973
Temporarily restricted	32,458	39,313	42,781	53,247	37,407
Permanently restricted	82,925	87,482	93,583	97,456	102,796
Total net assets	<u>342,456</u>	<u>421,765</u>	<u>447,436</u>	<u>397,721</u>	<u>423,176</u>
Total liabilities and net assets	<u>\$ 468,534</u>	<u>\$ 558,019</u>	<u>\$ 576,484</u>	<u>\$ 531,109</u>	<u>\$ 565,860</u>

Budget

The Board 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 President's Cabinet in consultation with the Institutional Policy and Planning Committee. At present, monthly reports comparing actual activity to the amounts budgeted are available to all departments and other 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.

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 asset allocation and rebalancing, and hiring managers. The College does not currently use the services of investment consultants, but relies on a very sophisticated, experienced staffing of the Investment Committee. The Investment Committee meets regularly to review performance, asset allocation, investment opportunities and any other issues. As of May 31, 2010, the endowment was allocated as follows: 8.9% in equities, 12.0% in fixed income, 6.9% in private equity, 32.0% in hedge funds, 33.6% ownership in funds primarily invested in equities, 1.6% in real estate and 5.0% in cash. The College invests directly with individual fund managers rather than employing a pooled or fund of funds approach.

As of May 31, 2010, the College had approximately \$146,481,000 in cash and investments that could be liquid within one month and approximately \$132,138,000 that could be liquid in less than one year. As of May 31, 2010, the College had approximately \$65,377,000 with greater than one year liquidity.

Endowment spending for the College's operating purposes is calculated by applying a spending rate against the three-year weighted average of December 31 market value of the endowment. The current spending rate is 5.0%, which resulted in \$13,612,315 and \$13,735,668 from the endowment being used for College operations in 2009 and 2010, respectively.

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

TOTAL ENDOWMENT INVESTMENTS					
Fiscal Year Ended May 31,					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Short Term Investments	\$ 4,735,734	\$27,377,446	\$ 16,662,601	\$ 24,256,209	\$ 18,539,779
Fixed Income Investments	44,248,223	44,550,284	50,322,115	46,913,081	50,912,304
Equity Investments					
U.S. Equity	90,756,229	107,727,731	108,308,115	57,248,133	52,587,818
International Equity	36,986,978	63,592,137	65,417,826	60,426,703	66,185,834
Low Correlative Investments	46,840,654	56,740,820	63,127,767	50,154,227	77,195,467
Private Equity Investments	5,172,732	10,919,728	16,911,270	18,256,944	25,620,114
Other	7,477,991	8,597,684	7,867,862	8,183,510	8,885,976
Less: Pooled Working Capital	<u>(14,168,446)</u>	<u>(32,187,189)</u>	<u>(32,287,380)</u>	<u>(24,866,934)</u>	<u>(26,932,352)</u>
Total Endowment	<u>\$222,050,095</u>	<u>\$287,318,641</u>	<u>\$296,330,176</u>	<u>\$240,571,873</u>	<u>\$272,994,940</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>2006</u>	<u>2007*</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Unrestricted	\$4,183,169	\$44,011,362	\$6,758,213	\$1,786,247	\$9,085,212
Temporarily Restricted	7,772,232	9,479,706	10,662,976	25,805,586	5,628,301
Permanently Restricted	<u>6,216,488</u>	<u>4,495,502</u>	<u>6,085,640</u>	<u>5,714,261</u>	<u>5,352,721</u>
Total	<u>\$18,171,889</u>	<u>\$57,986,570</u>	<u>\$23,506,829</u>	<u>\$33,306,094</u>	<u>\$20,066,234</u>

*The College received a bequest from the Estate of Arthur Zankel of \$38 million this year, overall \$44 million.

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Land and improvements	\$ 1,199	\$ 1,199	\$ 1,699	\$ 1,641	\$ 1,641
Buildings and improvements	138,540	177,829	182,049	184,571	221,672
Equipment and furnishings	48,800	54,888	59,354	62,292	66,359
Library holdings and Art Collections	19,822	21,129	22,548	24,245	25,592
Construction in progress	<u>25,607</u>	<u>2,611</u>	<u>10,452</u>	<u>28,334</u>	<u>3,569</u>
	233,967	257,656	276,102	301,083	318,833
Less: Accumulated depreciation	<u>(112,235)</u>	<u>(120,921)</u>	<u>(131,554)</u>	<u>(140,913)</u>	<u>(152,878)</u>
	<u>\$ 121,732</u>	<u>\$ 136,735</u>	<u>\$ 144,548</u>	<u>\$ 160,170</u>	<u>\$ 165,955</u>

The College currently insures its plant facilities under a multi-peril all-risk insurance policy through the Chubb Insurance Company. In addition, excess liability coverage in the amount of \$40 million is provided through United Educators Insurance.

Outstanding Indebtedness

At May 31, 2010, the College had total outstanding indebtedness of \$61,516,175.

Dormitory Authority Indebtedness

The College is obligated under the terms of an agreement dated October 23, 1998 by and between the Authority and the College regarding the Authority's Skidmore College Insured Revenue Bonds, Series 1998, also referred to herein as the Refunded Bonds. 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 \$14,625,000 amount originally issued, \$9,170,000 remained outstanding as of May 31, 2010. The bonds were sold by the Authority to provide monies to finance the renovation of Palamountain Hall, the renovation of Starbuck Center, the construction of the Case Center Southwest Addition, the Case Center Southeast Addition, the Filene Music Building Addition, Pedestrian Improvements, the construction of the Tang Museum / Art Gallery, and various renovations to the Field House, Moore Hall, and the Water Tower. All or a portion of the Refunded Bonds are expected to be redeemed approximately 35 days after issuance of the Series 2011A Bonds.

The College is obligated under the terms of an agreement dated April 29, 2004 by and between the Authority and the College regarding the Authority's Skidmore College Insured Revenue Bonds, Series 2004. 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 \$32,245,000 amount originally issued, \$29,445,000 remained outstanding as of May 31, 2010. The bonds were sold by the Authority to provide monies to finance the construction and equipping of a residence housing complex and the renovation and equipping of the main dining facilities on the College's campus.

The College is a participant with other colleges and universities in an Authority program to provide funds for student loans to students attending those institutions, or to the parents of such students. The College's share of these issues are secured by a pledge of repayments on the loans and, if necessary, by a portion of tuition and other student fees. Of the \$17,761,922 originally issued, \$2,681,175 remained outstanding as of May 31, 2010.

Pledges securing the Dormitory Authority Indebtedness described above constitute Prior Pledges.

County of Saratoga Industrial Development Agency Indebtedness

On July 22, 2003, the College entered into an agreement with the County of Saratoga Industrial Development Agency, which provided for the issuance of \$29,560,000 in Tax-exempt Civic Facility Revenue Refunding Bonds (the "Series 2003A Bonds"). The proceeds were used to refund the Dormitory Authority of the State of New York, Skidmore College Insured Revenue Bonds, Series 1993 and to pay the costs of issuance of the bonds. As of May 31, 2010, \$20,220,000 remained outstanding. Upon the occurrence of specified financial results of the College, a mortgage on certain College property unrelated to the Project will be given to the Series 2003A Bond trustees as security in connection with the Series 2003A Bonds.

Lines of Credit

The College maintains two separate \$10,000,000 million lines of credit for working capital liquidity purposes with two different commercial banks. Outstanding balances on the lines are unsecured. The College has not drawn any funds on the lines of credit.

Pension and Other Post-Retirement Benefits

All non-unionized employees of the College participate in the Skidmore College Retirement Plan, a mandatory, non-contributory plan established under Internal Revenue Service Code Section 403(b). Under the plan, the College makes contributions of 10% (for employees less than 50 years of age) or 11% (if age 50 or greater) of the employee's salary which are deposited to their accounts. In addition, the College contributes an amount equal to 1% of base annual salary / wages of an eligible employee with a start date on or after September 4, 2008 who is a fully benefits eligible employee, but is not eligible for the College's postretirement healthcare plan. Employees may direct these contributions in any combination among investments offered by the Teachers Insurance and Annuity Association and College Retirement Equities Fund or the Vanguard Group of Investment Companies. Total contributions by the College to this plan for the fiscal year ended May 31, 2010 were approximately \$5,689,000. In addition to the College's contribution, employees have the option of contributing additional funds on their own into their account on a "before tax" basis subject to Internal Revenue Service regulations.

The College contributes to pension funds administered by various unions with whom the College has collective bargaining agreements. Total contributions by the College to these union funds for the fiscal year ended May 31, 2010 were approximately \$622,000.

During calendar year 1990, the College determined that an early retirement program it had been administering as a severance pay plan was jurisdictional under Title I of ERISA as a defined benefit pension plan. Effective November 15, 1990, the College's Board of Trustees voted to freeze all benefits under the plan and close the plan to new employees. The plan, now known as the Skidmore College Supplemental Retirement Plan, includes all non-unionized employees employed at the College on November 15, 1990. These employees would be vested in the frozen plan after five years of service. A summary of the plan's funded status and amounts recognized in the College's statement of financial position are summarized in footnote 11 of the College's audited financial statements for the fiscal year ended May 31, 2010 which are included herein.

The College provides post-retirement health and life insurance benefits for certain former employees. The total net periodic benefit cost for the fiscal year ended May 31, 2010 was \$3,780,790.

Financial Advisor

The Yuba Group LLC, also known as Yuba Group Advisors, (the "Financial Advisor") has been retained by the College to serve as its financial advisor in connection with the issuance of the Series 2011A Bonds. The following three sentences have been provided by the Financial Advisor. The Financial Advisor's fee for services rendered with respect to the sale of the Series 2011A Bonds is contingent upon the issuance and delivery of the Series 2011A Bonds. The Financial Advisor is not obligated to make, and has not undertaken, an independent verification of any of the information contained in this Official Statement and makes no guarantee as to the accuracy, completeness or fairness of such information. The Financial Advisor is an independent financial advisory and consulting firm and is not engaged in the underwriting or trading of municipal securities or other negotiable instruments.

LITIGATION

The College has no litigation or proceedings pending or threatened against it except litigation in which the probable recoveries and the estimated costs and expenses of defense, in the opinion of management of the College and counsel to the College, will be entirely within the College's applicable insurance coverages, subject to the applicable deductibles, or will have no material effect on (i) the College's financial condition, (ii) the ability of the College to pay the principal of and interest on the Series 2011A Bonds when due or (iii) the ability of the College to fulfill its obligations under the Loan Agreement.

PART 8 — 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

Outstanding Indebtedness of the Agency Assumed by the Authority

At December 31, 2010, the Agency had approximately \$303.5 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency’s bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at December 31, 2010 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	\$ 2,480,000
Insured Mortgage Programs	6,625,079,927	294,625,000
Revenue Bonds, Secured Loan and Other Programs.....	<u>2,414,240,000</u>	<u>6,380,000</u>
Total Non-Public Programs.....	<u>\$ 9,265,549,927</u>	<u>\$ 303,485,000</u>
Total MCFFA Outstanding Debt.....	<u>\$ 13,082,780,652</u>	<u>\$ 303,485,000</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, 2013.

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, 2013.

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 the Executive Vice President / Chief Operating Officer and Chief Financial Officer of Black Enterprise, a multi-media company with properties in print, digital media, television, events and the internet. He is a member of the Investment Advisory Committee of the New York Common Retirement Fund. Previously, Mr. Jiha served as Deputy Comptroller for Pension Investment and Public Finance in the Office of the New York State Comptroller. As the State's chief investment officer, he managed assets valued at \$120 billion and was also in charge of all activities related to the issuance of New York State general obligation bonds, bond anticipation notes, tax and revenue anticipation notes, and certificates of participation. Mr. Jiha was the Co-Executive Director of the New York State Local Government Assistance Corporation (LGAC) in charge of the sale of refunding bonds, the ratification of swap agreements, and the selection of financial advisors and underwriters. 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. Earlier, Mr. Jiha 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, 2011.

CHARLES G. MOERDLER, Esq., New York.

Charles Moerdler was appointed as a Member of the Authority by the Governor on March 16, 2010. Mr. Moerdler is a founding partner in the Litigation Practice of the law firm Stroock & Stroock & Lavan LLP. His areas of practice include defamation, antitrust, securities, real estate, class actions, health care, international law, labor law, administrative law and zoning. By appointment of the Appellate Division, First Department, Mr. Moerdler serves as Vice Chair of the Committee on Character and Fitness and as a Member of the Departmental Disciplinary Committee. He served as Commissioner of Housing and Buildings of the City of New York, as a real estate and development consultant to New York City Mayor John Lindsay, as a member of the City's Air Pollution Control Board, and as Chairman and Commissioner of the New York State Insurance Fund. Mr. Moerdler currently serves on the Board of Directors of the New York City Housing Development Corporation as well as the Metropolitan Transportation Authority and is a member of the New York City Board of Collective Bargaining. He holds a Bachelors of Arts degree from Long Island University and a Juris Doctor degree from Fordham University. His current term expires on March 31, 2012.

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 term expired on August 31, 2010 and by law he continues to serve until a successor shall be chosen and qualified.

SANDRA M. SHAPARD, Delmar.

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

GERARD ROMSKI, Esq., Mount Kisco.

Mr. Ronski was appointed as a Member of the Authority by the Temporary President of the State Senate on June 8, 2009. He is Counsel and Project Executive for "Arverne By The Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, NY. Mr. Ronski is also of counsel to the New York City law firm of Bauman, Katz and Grill LLP. He formerly was a partner in the law firm of Ross & Cohen, LLP (now merged with Duane Morris, LLP) for twelve years, handling all aspects of real estate and construction law for various clients. He previously served as Assistant Division Chief for the New York City Law Department's Real Estate Litigation Division where he managed all aspects of litigation arising from real property owned by The City of New York. Mr. Ronski is a member of the Urban Land Institute, Council of Development Finance Agencies, the New York State Bar Association, American Bar Association and New York City Bar Association. He previously served as a member of the New York City Congestion Mitigation Commission and the Board of Directors for the Bronx Red Cross. Mr. Ronski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

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

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

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.

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

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

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

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 President and chief executive 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 Vice President of the Authority, and assists the President 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.

PAUL W. KUTEY is the Chief Financial Officer of the Authority. Mr. Kutey oversees and directs the activities of the Office of Finance and Information Services. He is responsible for supervising the Authority's investment program, accounting functions, operation, maintenance and development of computer hardware, software and communications infrastructure; as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. Previously, Mr. Kutey was Senior Vice President of Finance and Operations for AYCO Company, L.P., a Goldman Sachs Company, where his responsibilities included finance, operations and facilities management. Prior to joining AYCO Company, he served as Corporate Controller and Acting Chief Financial Officer for First Albany Companies, Inc. From 1982 until 2001, Mr. Kutey held increasingly responsible positions with PricewaterhouseCoopers, LLP, becoming Partner in 1993. He is a Certified Public Accountant and holds a Bachelor of Business Administration degree from Siena College.

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 2011A 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, 2010. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 9 — LEGALITY OF THE SERIES 2011A BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2011A 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 2011A Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 10 — NEGOTIABLE INSTRUMENTS

The Series 2011A 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 2011A Bonds.

PART 11 — TAX MATTERS

In the opinion of Bond Counsel, under existing law and assuming compliance by the Authority and the College with certain covenants and the accuracy and completeness of certain representations of the Authority and the College, interest on the Series 2011A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”) and is not an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations under the Code. Such interest is, however, taken into account in determining adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

The Code, as amended to the date hereof, imposes various requirements that must be met in order that interest on the Series 2011A 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 2011A 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 2011A 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 2011A Bonds, regardless of the date on which the event causing such inclusion occurs. The Authority and the College have covenanted in the Resolutions, Loan Agreement and Tax Compliance Agreement to comply with the requirements of the Code and have made representations in such documents addressing various matters relating to the requirements of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy of such representations made by the Authority and the College.

Certain requirements and procedures contained or referred to in the Resolutions, Loan Agreement, the Tax Compliance Agreement and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of Bond Counsel. The opinion of Hiscock & Barclay, LLP states that such firm, as Bond Counsel, expresses no opinion as to any Series 2011 Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of Bond Counsel other than Hiscock & Barclay, LLP.

The Series 2011A Bonds maturing July 1, 2017 through July 1, 2019, July 1, 2023, July 1, 2024 and July 1, 2026 through July 1, 2041 (the "Discount Bonds") are being sold to the initial purchasers at prices less than the stated principal amounts thereof. The difference between the stated principal amount of the Discount Bonds and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity were sold constitutes original issue discount that is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2011A Bonds. Further, such original issue discount accrues actuarially on a constant yield basis over the term of each Discount Bond and the basis of such Discount Bond acquired at such initial offering price by an initial purchaser of each Discount Bond will be increased by the amount of such accrued discount.

The Series 2011A Bonds maturing July 1, 2011 through July 1, 2016, July 1, 2020 through July 1, 2022 and July 1, 2025 (the "Premium Bonds") are being sold to the initial purchasers at prices greater than the stated principal amount thereof. The Premium Bonds will be subject to requirements under the Code relating to tax cost reduction associated with the amortization of bond premium and, under certain circumstances, the initial owner of a Premium Bond may realize taxable gain upon disposition of Premium Bonds even though sold or redeemed for an amount less than or equal to such owner's original cost of acquiring Premium Bonds. The amortization requirements may also result in the reduction of the amount of stated interest that an owner of Premium Bonds is treated as having received for federal tax purposes (and an adjustment to basis). Owners of Premium Bonds are advised to consult with their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

Prospective purchasers of the Series 2011A Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of the Series 2011A Bonds may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Series 2011A Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Interest paid on tax-exempt obligations is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. Interest on the Series 2011A 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 2011A 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 2011A Bonds, if other than the registered owner).

In the opinion of Bond Counsel, interest on the Series 2011A 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".

Bond Counsel's engagement with respect to the Series 2011A Bonds ends with the issuance of the Series 2011A Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Bondholders regarding the tax-exempt status of the Series 2011A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Bondholders, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2011A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2011A Bonds, and may cause the Authority, the College or the Bondholders to incur significant expense.

PART 12 — STATE NOT LIABLE ON THE SERIES 2011A 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 2011A Bonds are not a debt of the State and that the State is not liable on them.

PART 13— 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 14 — LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2011A 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 2011A 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, Judge & Duffy, Glens Falls, New York. Certain legal matters will be passed upon for the Underwriter by its co-counsel, Edwards Angell Palmer & Dodge LLP, New York, New York and The Hardwick Law Firm, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2011A Bonds or questioning or affecting the validity of the Series 2011A Bonds or the proceedings and authority under which they are to be issued.

PART 15 — UNDERWRITING

J.P. Morgan Securities LLC ("JPMS") has agreed, subject to certain conditions, to purchase the Series 2011A Bonds from the Authority at an aggregate purchase price of \$32,178,155.29 and to make a public offering of Series 2011A 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 2011A Bonds if any are purchased.

JPMS has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Series 2011A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2011A Bonds that such firm sells.

The Series 2011A 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 16 — 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, 2011, 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 7 - 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 2011A 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, the Trustee or the Authority 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 2011A 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 7 - THE COLLEGE” under the headings “OPERATING INFORMATION” and “ANNUAL FINANCIAL STATEMENT INFORMATION” relating to: (1) *student admissions*, similar to that set forth in the table under the heading “ADMISSIONS STATISTICS,” (2) *student enrollment*, similar to that set forth in the tables under the heading “ENROLLMENT SUMMARY” and “DEGREES CONFERRED,” (3) *tuition and other student charges*, similar to that set forth in the table under the heading “STUDENT CHARGES,” (4) *financial aid*, similar to that set forth in the table under the heading “SOURCES OF SCHOLARSHIP AND GRANT AID,” (5) *faculty*, similar to that set forth in the table 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 2011A Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, IRS notices or events affecting the tax status of the Series 2011A Bonds; (7) modifications to the rights of Holders of the Series 2011A Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2011A Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of the College; (14) merger, consolidation or acquisition of the College, if material; and (15) appointment of a successor or additional trustee, or the change in name of a trustee, if material. In addition, DAC will undertake, for the benefit of the Holders of the Series 2011A 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 2011A 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 2011A Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2011A 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 2011A 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 2011A 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 2011A 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 2011A 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 2011A 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 17 — RATING

Moody’s Investors Service (“Moody’s”) has assigned a rating of “A1” 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 2011A Bonds.

PART 18 — 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 2011A Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2011A Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2011A 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 Skidmore College and Independent Auditor's Report" contains the financial statements of the College as of and for the years ended May 31, 2010 and 2009 which have been audited by UHY 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 2011A 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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CERTAIN DEFINITIONS

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CERTAIN DEFINITIONS

In addition to the other terms defined in this Official Statement, when used in the summaries of certain provisions of the Resolution, the Series 2011A 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 Construction Act, being Title 4-B of Article 8 of the Public Authorities Law of the State.

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

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

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

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

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

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

Appendix A

(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 a law firm appointed by the Authority with respect to a Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

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

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

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

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

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

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

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

College means Skidmore College, a not-for-profit corporation duly organized and existing under the laws of the State, which is an institution for higher education located in the State and authorized to confer degrees by law or by the Board of Regents of the State, or any successor thereto.

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

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

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

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

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

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

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

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

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

Appendix A

Debt Service Reserve Fund means the fund, if any, so designated, created and established pursuant to the Resolution.

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

Defeasance Security means:

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

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

(iii) an Exempt Obligation, provided such Exempt Obligation (a) 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, (b) 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 (a) above, (c) 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 (a) above, and (d) is rated by at least two Rating Services in the highest rating category for such Exempt Obligation;

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

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

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

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

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 obligation that (a) would be an Exempt Obligation under clause (i) above, except that interest on such obligation is not excludable from gross income under Section 103 of the Code and (b) qualifies as a “build America bond” within the meantime of Section 54AA of the Code;

(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.

Facility Provider means the issuer of any Reserve Fund Facility.

Federal Agency Obligation means:

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

(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

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(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.

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

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

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

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

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

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

Loan Agreement means, when used in the Summary of Certain Provisions of the Resolution, a Loan Agreement, between the Authority and the College in connection with the issuance of one or more 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, and when otherwise used herein, unless the context requires otherwise, means the Loan Agreement between the Authority and the College dated January 26, 2011.

Maximum Annual Debt Service means on any date, when used with respect to the Series 2011A 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 assuming that a Variable Interest Rate Bond bears interest at a fixed rate of interest equal to that rate which, in the reasonable determination of an Authorized Officer of the Authority, such Variable Interest Rate Bond would have had to bear as a fixed rate bond to be marketed at par on the date of its initial issuance.

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

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

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

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

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

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 shall, if applicable with respect to a Series of Bonds, have the meaning given such term in the applicable Loan Agreement.

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;

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

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

Permitted Investments means:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

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

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

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

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

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

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

Pledged Revenues shall have the meaning required by the applicable Series Resolution and given in the applicable Loan Agreement, and the right to receive the same and the proceeds thereof. For purposes of the Series 2011A Bonds, "Pledged Revenues" means an amount equal to the Maximum Annual Debt Service from tuition and fees charged to students for academic instruction, the right to receive the same and the proceeds thereof

Prior Pledges means the lien, pledges, charges, encumbrances and security interests, if any, made and given by the College on all or a portion of its Pledged Revenues to secure indebtedness existing at the time of issuance of the applicable Series of Bonds and as permitted as a senior lien on such Pledged Revenues pursuant to the applicable Series Resolution. For purposes of the Series 2011A Bonds, "Prior Pledges" means the liens, pledges, charges, encumbrances and security interests made and given by the College in connection with (i) the College's loan dated February 26, 1992 relating to the Authority's College and University Education Loan Revenue Bonds, 1992 Issue in an initial aggregate principal amount of \$2,312,821, (ii) the College's loan dated July 21, 1993 relating to the Authority's College and University Education Loan Revenue Bonds, 1993 Issue in an initial aggregate principal amount of \$5,710,048, (iii) the College's loan dated August 2, 1995 relating to the Authority's College and University Education Loan Revenue Bonds, 1995 Issue in an initial aggregate principal amount of \$9,739,053 and (iv) the College's loan dated September 23, 1998 relating to the Authority's Skidmore College Insured Revenue Bonds, Series 1998 in an initial aggregate principal amount of \$14,625,000.

Project means (a) when used in the Summary of Certain Provisions of the Resolutions, 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, (b) when used in the Summary of Certain Provisions of the Loan Agreement, (i) the Project as defined in "Part 4 - The Project" and (ii) the refunding of the Refunded Bonds described in "Part 5- The Refunding Plan", and (C) when used in the body of the Official Statement, the Project described in "Part 4 - The Project".

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

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

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

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by

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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 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 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 thereto.

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

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

Reserve Fund Facility means a surety bond, insurance policy or letter of credit which constitutes any part of a Debt Service Reserve Fund Requirement authorized to be delivered to the Trustee pursuant to the Resolution.

Resolution means the Skidmore College Revenue Bond Resolution, adopted by the Authority January 26, 2011, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

Revenues means, with respect to a Series of Bonds,

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

(ii) all amounts received as a consequence of the enforcement of a Loan Agreement, including but not limited to amounts derived from the foreclosure or sale of or other realization upon any Pledged Revenues or Mortgage.

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

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

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

Series 2011A Resolution means the Series Resolution Authorizing Up To \$35,000,000 Skidmore College Revenue Bonds, Series 2011A.

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

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thereto to be paid on a single future July 1 for the retirement of any Outstanding Bonds of said Series which mature after said future July 1, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future July 1 is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be Bonds entitled to such Sinking Fund Installment; and

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

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

State means the State of New York.

Sub-Series means the grouping of the Bonds of a Series established by the Authority pursuant to the Series Resolution authorizing the issuance of the Bonds of such Series or the Bond Series Certificate related to such Series of Bonds.

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.

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 therein 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 thereto.

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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**FINANCIAL STATEMENTS OF SKIDMORE COLLEGE
AND
INDEPENDENT AUDITOR'S REPORT**

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SKIDMORE COLLEGE

AUDITED FINANCIAL STATEMENTS

Years ended May 31, 2010 and 2009

SKIDMORE COLLEGE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Skidmore College

We have audited the accompanying statements of financial position of Skidmore College (the "College") as of May 31, 2010 and 2009, 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Skidmore College as of May 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

UHY LLP

Albany, New York
August 10, 2010

SKIDMORE COLLEGE
STATEMENTS OF FINANCIAL POSITION
As of May 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 33,768,125	\$ 33,403,871
Accounts receivable, net	3,189,384	2,504,206
Inventories	673,470	688,152
Prepaid expenses	1,007,654	1,671,321
Contributions receivable, net	31,284,696	32,236,204
Student loans receivable, net	2,889,844	3,340,846
Investments	310,351,542	278,453,635
Investments under split interest agreements	6,339,701	6,392,882
Deposits with bond trustees	8,466,429	10,088,002
Debt issuance costs, net	1,866,738	1,953,981
Pension assets, net	67,087	205,426
Land, buildings and equipment, net	165,954,996	160,170,240
Total assets	<u>\$ 565,859,666</u>	<u>\$ 531,108,766</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 17,184,907	\$ 16,514,113
Student tuition deposits and deferred revenues	9,082,992	11,171,997
Liabilities to beneficiaries under split interest agreements	2,362,147	2,434,819
Accrued postretirement benefits	48,633,089	30,761,044
Refundable government loan funds	1,873,995	1,811,182
Asset retirement obligation	2,030,668	2,290,900
Long-term debt	61,516,175	68,403,593
Total liabilities	<u>142,683,973</u>	<u>133,387,648</u>
NET ASSETS		
Unrestricted	282,972,834	247,018,525
Temporarily restricted	37,406,573	53,246,763
Permanently restricted	102,796,286	97,455,830
Total net assets	<u>423,175,693</u>	<u>397,721,118</u>
Total liabilities and net assets	<u>\$ 565,859,666</u>	<u>\$ 531,108,766</u>

See notes to financial statements.

SKIDMORE COLLEGE
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating revenue:				
Tuition and fees	\$ 109,079,235	\$ -	\$ -	\$ 109,079,235
Less: institutional aid	(30,585,699)	-	-	(30,585,699)
Net tuition and fees	78,493,536	-	-	78,493,536
Sales and services of auxiliary enterprises	26,950,054	-	-	26,950,054
Private gifts and grants	3,451,556	5,107,451	-	8,559,007
Government grants and appropriations	243,343	3,300,490	-	3,543,833
Dividends and interest	458,602	1,769,680	-	2,228,282
Realized gains used to support operations	5,676,840	6,292,935	-	11,969,775
Interest on student loans	114,219	-	-	114,219
Other	2,001,895	808,710	-	2,810,605
Total operating revenue	117,390,045	17,279,266	-	134,669,311
Net assets released from restrictions	44,424,901	(44,424,901)	-	-
Total operating revenue and net assets released from restrictions	161,814,946	(27,145,635)	-	134,669,311
Operating expenses:				
Instruction	50,451,151	-	-	50,451,151
Research	1,859,777	-	-	1,859,777
Academic support	15,223,801	-	-	15,223,801
Student services	14,530,854	-	-	14,530,854
Institutional support	24,484,000	-	-	24,484,000
Auxiliary enterprises	23,416,574	-	-	23,416,574
Total operating expenses	129,966,157	-	-	129,966,157
Non-operating:				
Dividends and interest	6,523	97,100	-	103,623
Net realized and unrealized gains	13,535,089	11,595,565	-	25,130,654
Change in value of split interest agreements	-	(908,070)	(12,265)	(920,335)
Capital gifts	5,633,656	520,850	5,352,721	11,507,227
Net loss on disposal of fixed assets	(75,539)	-	-	(75,539)
Other net revenue	556,889	-	-	556,889
Changes in net assets from non-operating activities	19,656,618	11,305,445	5,340,456	36,302,519
Increase (decrease) in net assets before pension and postretirement benefit related changes other than net periodic benefit cost	51,505,407	(15,840,190)	5,340,456	41,005,673
Pension and postretirement benefit related changes other than net periodic benefit cost	(15,551,098)	-	-	(15,551,098)
Increase (decrease) in net assets	35,954,309	(15,840,190)	5,340,456	25,454,575
Net assets at beginning of year	247,018,525	53,246,763	97,455,830	397,721,118
Net assets at end of year	\$ 282,972,834	\$ 37,406,573	\$ 102,796,286	\$ 423,175,693

See notes to financial statements.

SKIDMORE COLLEGE
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating revenue:				
Tuition and fees	\$ 105,249,215	\$ -	\$ -	\$ 105,249,215
Less: institutional aid	(28,324,643)	-	-	(28,324,643)
Net tuition and fees	76,924,572	-	-	76,924,572
Sales and services of auxiliary enterprises	27,063,642	-	-	27,063,642
Private gifts and grants	22,994	5,936,396	-	5,959,390
Government grants and appropriations	256,409	2,254,405	-	2,510,814
Dividends and interest	797,609	2,558,306	-	3,355,915
Realized gains used to support operations	5,263,265	5,815,411	-	11,078,676
Interest on student loans	150,366	-	-	150,366
Other	1,108,226	238,781	-	1,347,007
Total operating revenue	111,587,083	16,803,299	-	128,390,382
Net assets released from restrictions	13,788,384	(12,525,370)	(1,263,014)	-
Total operating revenue and net assets released from restrictions	125,375,467	4,277,929	(1,263,014)	128,390,382
Operating expenses:				
Instruction	47,785,467	-	-	47,785,467
Research	1,907,554	-	-	1,907,554
Academic support	14,335,275	-	-	14,335,275
Student services	13,752,865	-	-	13,752,865
Institutional support	23,652,278	-	-	23,652,278
Auxiliary enterprises	23,301,575	-	-	23,301,575
Total operating expenses	124,735,014	-	-	124,735,014
Non-operating:				
Dividends and interest	120,192	163,564	-	283,756
Net realized and unrealized losses	(65,723,668)	(11,547,697)	-	(77,271,365)
Change in value of split interest agreements	-	(1,827,519)	(556,837)	(2,384,356)
Capital gifts	1,763,253	19,869,190	5,714,261	27,346,704
Net gain on disposal of fixed assets	621,790	-	-	621,790
Other net revenue (expense)	582,248	(470,054)	(21,580)	90,614
Changes in net assets from non-operating activities	(62,636,185)	6,187,484	5,135,844	(51,312,857)
(Decrease) increase in net assets before pension and postretirement benefit related changes other than net periodic benefit cost	(61,995,732)	10,465,413	3,872,830	(47,657,489)
Pension and postretirement benefit related changes other than net periodic benefit cost	(2,057,221)	-	-	(2,057,221)
(Decrease) increase in net assets	(64,052,953)	10,465,413	3,872,830	(49,714,710)
Net assets at beginning of year	311,071,478	42,781,350	93,583,000	447,435,828
Net assets at end of year	<u>\$ 247,018,525</u>	<u>\$ 53,246,763</u>	<u>\$ 97,455,830</u>	<u>\$ 397,721,118</u>

See notes to financial statements.

SKIDMORE COLLEGE
STATEMENTS OF CASH FLOWS
For the Years Ended May 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 25,454,575	\$ (49,714,710)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	12,008,028	11,294,564
Amortization of debt issuance costs	87,243	83,246
Increase in pledge discount	269,061	20,641
Loss (gain) on disposal of fixed assets	76,512	(621,790)
(Decrease) increase in allowance for uncollectable receivables	(269,797)	561,808
Net realized and unrealized (gains) losses on investments	(37,100,429)	66,192,689
Capital gifts	(11,507,227)	(27,346,702)
Gifts in kind	(996,470)	(719,946)
Pension and postretirement benefit related changes other than net periodic benefit cost	15,551,098	1,525,591
Changes in operating assets and liabilities:		
Accounts receivable	(495,891)	(756,363)
Inventories	14,682	117,202
Prepaid expenses	663,667	(319,942)
Pension assets	(7,619)	116,447
Accounts payable and accrued expenses	670,794	3,365,560
Liabilities to beneficiaries under split interest agreements	(72,672)	16,123
Student tuition deposits and deferred revenues	(2,089,005)	1,032,790
Accrued postretirement benefits	2,466,905	1,479,211
Asset retirement obligation	(260,232)	(270,475)
Net cash provided by operating activities	<u>4,463,223</u>	<u>6,055,944</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	49,806,543	50,615,255
Purchases of investments	(44,550,840)	(56,050,655)
Student loan principal collected	775,826	775,429
Student loans originated	(261,901)	(293,658)
Proceeds from disposal of fixed assets	206,960	1,090,574
Purchases of land, buildings and equipment	(17,079,786)	(26,665,455)
Net cash used in investing activities	<u>(11,103,198)</u>	<u>(30,528,510)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital gifts	11,507,227	27,346,702
Change in contributions receivable	700,034	(1,628,794)
Payments on long-term debt	(6,887,418)	(2,859,539)
Net change in deposits with bond trustees	1,621,573	(2,116,163)
Net change in refundable government loan funds	62,813	49,815
Net cash provided by financing activities	<u>7,004,229</u>	<u>20,792,021</u>
Net increase (decrease) in cash and cash equivalents	364,254	(3,680,545)
Cash and cash equivalents at beginning of year	<u>33,403,871</u>	<u>37,084,416</u>
Cash and cash equivalents at end of year	<u>\$ 33,768,125</u>	<u>\$ 33,403,871</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ 3,313,476</u>	<u>\$ 2,953,941</u>

See notes to financial statements.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 1 — ORGANIZATION AND NATURE OF ACTIVITIES

Skidmore College (the “College”) was founded in 1903 and is a predominantly residential, independent, nonsectarian, four-year coeducational liberal arts college. The College operates on an 850 acre campus located in Saratoga Springs, New York. The College serves approximately 2,400 undergraduate students.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

Basis of Presentation

The College’s net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the College are classified as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations, but may be internally designated by the College.

Temporarily restricted – Net assets subject to donor-imposed stipulations that may or will be satisfied either by actions of the College and/or the passage of time.

Permanently restricted – Net assets subject to donor-imposed stipulations, requiring the principal to be invested in perpetuity. Generally, donors of these assets permit the College to use the income earned on related investments for general or specific purposes.

Income Taxes

The College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes pursuant to Section 501(a) of the Code. However, income from certain activities not directly related to the College's tax-exempt purpose is subject to taxation as unrelated business income.

The primary income tax position taken by the College for any years open under the various statutes of limitations is that the College continues to be exempt from income taxes except for unrelated business income. The College believes that there are no uncertain tax positions that are material to the financial statements.

None of the College’s returns are currently under examination by the Internal Revenue Service (“IRS”) or state authorities. However, the College’s federal Exempt Organization Business Income Tax Returns (Form 990T) for fiscal years 2007 and later are subject to examination by the IRS, generally for three years after they were filed.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Cash and Cash Equivalents

The College considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. This does not include cash equivalents included in investment pools, which are included in investments in the accompanying statements of financial position.

The College has certain cash equivalents in money market mutual funds with several high quality financial institutions. These funds are not federally insured. The uninsured balance totaled approximately \$29,050,000 at May 31, 2010. Based on management's review of the strength of the financial institutions, management believes the risk of loss on these funds is minimal.

Investments and Investment Valuation

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Realized and unrealized gains and losses include gains and losses from purchases and sales of investments as well as changes in value of assets held during the year and are recognized in the accompanying statements of activities. Gains or losses on investments are recognized as an increase or decrease in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

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

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Annuities and Deferred Giving Arrangements

The College's deferred giving arrangements consist primarily of gift annuities, pooled life income funds and charitable remainder trusts. For irrevocable deferred gifts where the assets are held by the College, contribution revenues are recognized at the date the deferred gift is established along with a corresponding liability for the present value of the estimated future payments to be made to the donors and/or beneficiaries. For irrevocable deferred gifts where the assets are not held by the College, contribution revenue and a related receivable are recorded at the date the college becomes aware of the deferred gift, based on the estimated fair value.

Contributions Receivable

Contributions receivable consists of unconditional promises to give and charitable remainder trusts. Unconditional promises to give are reported at fair value at the date of the pledge and subsequently measured at the present value of future cash flows. Charitable remainder trusts are measured at fair value. Such gifts are recorded as restricted revenue if the gifts are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, i.e. when a stipulated time restriction ends or the purpose of the restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Gifts received without donor restrictions are recorded as unrestricted revenue.

Student Loans Receivable

Student loans receivable are reported net of an allowance for doubtful accounts. A reasonable estimate of the market value of student loans receivable under government loan programs cannot be made because the notes are not saleable and can only be assigned to the U.S. Government or its designees.

Financial Instruments

The carrying amount of cash and cash equivalents, contributions receivable, deposits held by bond trustees, and accounts payable and accrued expenses approximate fair value.

Inventories

Inventories are stated at the lower of cost or market, based upon the first-in, first-out ("FIFO") method. Inventories consist principally of items held for sale in the College bookstore and the Tang Museum Shop.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land, Building and Equipment, net

Land, buildings and equipment are carried at cost, if purchased, or at fair market value at the date of receipt, if acquired by contribution, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 45 years. Art collections are stated at cost, if purchased, or fair market value at the date of receipt, if acquired by contribution; however these items are not depreciated. All gifts of land, buildings and equipment are recorded as unrestricted non-operating resources, unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted non-operating resources. Absent donor restrictions on how long those long-lived assets must be maintained, the expiration of donor restrictions are reported as being released from restriction when the donated or acquired long-lived assets are placed in service.

Conditional Asset Retirement Obligations

The College recognizes a liability when a legal obligation exists to perform an asset retirement in which the timing or method of settlement is conditional on a future event that may or may not be under the control of the College. Asset retirement obligation (“ARO”) is recognized at its net present value with a corresponding increase in the carrying amount of the long-lived asset to which the ARO relates. The liability is accreted through periodic charges to accretion expense through the expected dates of the asset retirement. The capitalized asset cost is depreciated over the useful life of the related long lived asset.

Accrued Pension and Postretirement Benefits

The College accounts for pension and other postretirement benefits in accordance with the guidance issued by FASB. The guidance requires the recognition of a defined benefit postretirement plan’s funded status as either an asset or liability on the Statement of Financial Position.

Debt Issuance Costs

Debt issuance costs consist of legal, underwriting, and other fees for services rendered in connection with the issuance of long-term debt. Debt issuance costs are amortized using the effective interest rate method over the life of the related debt. The amortization expense approximated \$87,000 and \$83,000 for the years ended May 31, 2010 and 2009, respectively.

Deposits With Bond Trustees

All borrowing arrangements between the College and the Dormitory Authority of the State of New York require the establishment of various reserve funds (debt service and building and equipment reserves). Balances in these reserves, which are comprised primarily of U.S. government agency and treasury notes, are reflected in deposits with bond trustees in the accompanying statements of financial position.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Investment Policy

Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets while assuming a moderate level of investment risk.

Endowment Investment Return Spending Policy

The College has an endowment and similar funds “total return” investment spending policy, which is applied to substantially all of the College’s endowment and similar funds investments. It is intended to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets. The amount of endowment and similar funds investment return (yield and appreciation) used annually to support operations is equivalent to 5% of the weighted average of these investments over the prior three years. Investment returns equal to the annual spending rate are reflected as operating support and investment returns in excess of the spending rate are reflected as non-operating support in the accompanying statements of activities. Spending in excess of investment return is reflected as a decrease in unrestricted net assets.

Capital Gift Revenue

Capital gift revenue (non-operating) includes endowed gifts, gifts of equipment or other property, life income funds and/or other gifts that are designated by the College’s Board of Trustees for non-operating purposes.

Program Expenses

Total program expenses for the years ended May 31, 2010 and 2009 were approximately \$105,482,000 and \$101,083,000, respectively. Program expenses include instruction, research, academic support, student services and auxiliary enterprises.

Subsequent Events

The College has evaluated subsequent events through August 10, 2010, the date the financial statements were available to be issued.

Reclassification

Certain reclassifications have been made to the financial statements for 2009 to conform to the presentation for 2010.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 3 — ACCOUNTS RECEIVABLE AND STUDENT LOANS RECEIVABLE, NET

Accounts receivable are recognized net of an allowance for uncollectible accounts of approximately \$117,000 and \$307,000 as of May 31, 2010 and 2009, respectively.

Student loans receivable are comprised primarily of College sponsored loans that were funded through the issuance of tax-exempt bonds and Federally sponsored student loans with U.S. government mandated interest rates and repayment terms. Student loans receivable are recognized net of an allowance for uncollectible accounts of approximately \$608,000 and \$671,000 as of May 31, 2010 and 2009, respectively.

NOTE 4 — CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consists of pledges and contributions, which are presented net of a present value discount and net of an allowance for uncollectible contributions.

Contributions receivable as of May 31, 2010 and 2009, were as follows:

	<u>2010</u>	<u>2009</u>
Gross amounts expected to be received within:		
One year	\$ 696,125	\$ 1,242,705
One to five years	25,089,905	29,516,230
More than five years	5,003,500	237,500
	<u>30,789,530</u>	<u>30,996,435</u>
Less: discount to present value (1.93% to 5.88%)	<u>(2,690,741)</u>	<u>(2,421,680)</u>
	28,098,789	28,574,755
Less: allowance for doubtful accounts	<u>(2,617,110)</u>	<u>(2,634,697)</u>
Contributions Receivable - Pledges	25,481,679	25,940,058
Contributions Receivable - Charitable Remainder Trusts	<u>5,803,017</u>	<u>6,296,146</u>
Total Contributions Receivable, net	<u>\$ 31,284,696</u>	<u>\$ 32,236,204</u>

As of May 31, 2010 and 2009, the College had also received notification of bequest intentions totaling approximately \$23,809,000 and \$18,094,000, respectively. These bequests, if received, would be used for general operations, program activities and new facilities. These amounts are not included in contribution receivable due to the conditional nature of the gifts.

The College supports institutional development through the activities of the offices of annual fund, foundations and corporate relations, planned giving, campaign, parent relations, and major gifts. The expenses incurred for these activities were approximately \$3,634,000 and \$3,836,000 for the years ended May 31, 2010 and 2009, respectively. The College also incurs additional institutional development costs through activities such as alumni relations, college events, communications, and various other administrative costs. The direct expenses for these activities were approximately \$3,267,000 and \$3,354,000 for the years ended May 31, 2010 and 2009, respectively. These expenses are reflected in institutional support in the accompanying statements of activities.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 5 — INVESTMENTS

The fair value and cost of investments, by type, including investments under split interest agreements, as of May 31, 2010 and 2009 were as follows:

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash equivalents	\$ 18,721,306	\$ 18,735,720	\$ 22,414,935	\$ 22,426,846
Fixed income and fixed income type investments	67,208,220	59,639,380	65,640,590	64,844,187
Equity and equity type investments	137,749,848	120,884,896	127,474,133	130,391,410
Limited partnerships and other	93,011,869	66,808,061	69,316,859	53,453,609
Total	<u>\$316,691,243</u>	<u>\$266,068,057</u>	<u>\$284,846,517</u>	<u>\$271,116,052</u>

Fixed income and fixed income type investments consist of fixed income securities and similar assets which are held in limited partnerships. Equity and equity type investments consist of common stocks, and similar assets that are held in limited partnerships. Limited partnerships consist of private equity investments, real estate partnerships and various other assets that are invested through a limited partner.

The College has committed to investing an additional \$16,383,000 in six private equity limited partnerships over the next four years and \$11,021,000 in four real estate limited partnerships over the next three years. These additional commitments are subject to call provisions included in the respective partnership agreements.

Investment management and custodial fees are netted against investment income or reflected as a reduction in net asset value of the investment, and were approximately \$4,726,000 and \$4,857,000 for the years ended May 31, 2010 and 2009, respectively.

The fair value and cost of investments by traditional fund classification as of May 31, 2010 and 2009 were as follows:

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Pooled Investments				
Endowment and similar funds	\$ 299,927,292	\$ 248,757,335	\$ 265,437,656	\$ 245,654,255
Non-pooled Investments				
Current funds	10,424,250	10,561,286	13,015,979	17,940,944
Life income funds	6,339,701	6,749,436	6,392,882	7,520,853
Total non-pooled	<u>16,763,951</u>	<u>17,310,722</u>	<u>19,408,861</u>	<u>25,461,797</u>
Total	<u>\$ 316,691,243</u>	<u>\$ 266,068,057</u>	<u>\$ 284,846,517</u>	<u>\$ 271,116,052</u>

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 5 — INVESTMENTS (Continued)

Pooled endowment and similar funds are accounted for on a unit fair value basis. Funds are added to or withdrawn from the pool at the unit market value at the beginning of the month in which the transaction takes place. A summary of changes in the relationship between cost and market value of the pooled investments is as follows:

	2010			
	Pooled Investments		Net Gain	Fair Value Per Unit
	Fair Value	Cost		
End of year	\$ 299,927,292	\$ 248,757,335	\$ 51,169,957	\$ 7.61
Beginning of year	265,437,656	245,654,255	\$ 19,783,401	6.71
Net unrealized gain for year			31,386,556	
Net realized gain for year			4,734,094	
Net total gain for year			<u>\$ 36,120,650</u>	<u>\$ 0.90</u>

The average earnings per unit, exclusive of net unrealized and net realized gains and losses, amounted to \$.37 for the year ended May 31, 2010.

	2009			
	Pooled Investments		Net Gain(Loss)	Fair Value Per Unit
	Fair Value	Cost		
End of year	\$ 265,437,656	\$ 245,654,255	\$ 19,783,401	\$ 6.71
Beginning of year	328,617,557	254,002,149	\$ 74,615,408	8.34
Net unrealized loss for year			(54,832,007)	
Net realized loss for year			(9,229,075)	
Net total loss for year			<u>\$ (64,061,082)</u>	<u>\$ (1.63)</u>

The average earnings per unit, exclusive of net unrealized and net realized gains and losses, amounted to \$.07 for the year ended May 31, 2009.

NOTE 6 — FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification provides the framework for measuring fair value. That framework provides 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 unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College has the ability to access.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

- Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at May 31, 2010 and 2009.

Cash equivalents: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income and fixed income type investments: Fixed income investments are valued at the closing price reported on the active market on which the individual securities are traded. Fixed income type investments, which are held in limited partnerships, are valued at the net asset value (NAV) of shares held by the College at year end. Management has considered all other rights and obligations associated with the investment and has concluded there would be no significant adjustment required to the net asset value.

Equity and equity type investments: Common stocks, corporate bonds and U.S. government securities are valued at the closing price reported on the active market on which the individual securities are traded. Certain equity type investments, which are held in limited partnerships, are valued at the net asset value (NAV) of shares held by the College at year end. Other equity type investments are valued at net book value as an approximation of fair value. Management has considered all other rights and obligations associated with the investment and has concluded there would be no significant adjustment required to the net asset value or the net book value.

Limited Partnerships – NAV: Certain limited partnership investments are recorded at net asset value (NAV) of shares held by the College at year end. This category is for investments where the College receives audited financial statements under U.S. GAAP, tax returns and other financial data, including descriptions of underlying investments. The College determines the fair value based on the qualitative and quantitative information received.

Limited Partnerships – NBV: Certain limited partnership investments are recorded at net book value. This category is for investments where the College receives audited financial statements under U.S. tax basis, tax returns and other financial data including description of underlying investments. The College records these assets at net book value as an approximation of fair value.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following presents the College's investments by fair value hierarchy and investment type at May 31, 2010:

Investments	Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
Cash equivalents	\$ 18,636,055	\$ -	\$ -	\$ 18,636,055
Fixed income and fixed income type investments	44,569,632	-	18,611,010	63,180,642
Equity and equity type investments	24,261,592	61,298,265	50,088,120	135,647,977
Limited partnerships - NAV	-	-	85,481,723	85,481,723
Limited partnerships - NBV	-	-	7,405,145	7,405,145
Total Investments	\$ 87,467,279	\$ 61,298,265	\$ 161,585,998	\$ 310,351,542

Contributions Receivable - Charitable Remainder Trusts	Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
Charitable remainder trusts	\$ -	\$ -	\$ 5,803,017	\$ 5,803,017
Total charitable remainder trusts	\$ -	\$ -	\$ 5,803,017	\$ 5,803,017

Investments under Split Interest Agreements	Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
Cash equivalents	\$ 85,251	\$ -	\$ -	\$ 85,251
Fixed income investments	4,027,544	-	-	4,027,544
Equity investments	2,101,906	-	-	2,101,906
Other	-	-	125,000	125,000
Total investments under split interest agreements	\$ 6,214,701	\$ -	\$ 125,000	\$ 6,339,701

Deposits with Bond Trustees	Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
Cash equivalents	\$ 3,200	\$ -	\$ -	\$ 3,200
Fixed income investments	6,687,037	-	-	6,687,037
Other	-	-	1,776,192	1,776,192
Total deposits with bond trustees	\$ 6,690,237	\$ -	\$ 1,776,192	\$ 8,466,429
Total assets at fair value	\$ 100,372,217	\$ 61,298,265	\$ 169,290,207	\$ 330,960,689

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

The following presents the College's investments by fair value hierarchy and investment type at May 31, 2009:

Investments	Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
Cash equivalents	\$ 22,328,441	\$ -	\$ -	\$ 22,328,441
Fixed income and fixed income type investments	35,395,836	26,327,510	-	61,723,346
Equity and equity type investments	27,025,770	90,000,709	8,183,510	125,209,989
Limited partnerships - NAV	-	10,021,443	51,939,911	61,961,354
Limited partnerships - NBV	-	-	7,230,505	7,230,505
Total Investments	\$ 84,750,047	\$ 126,349,662	\$ 67,353,926	\$ 278,453,635

**Contributions Receivable
- Charitable Remainder Trusts**

	Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
Charitable remainder trusts	\$ -	\$ -	\$ 6,296,146	\$ 6,296,146
Total charitable remainder trusts	\$ -	\$ -	\$ 6,296,146	\$ 6,296,146

**Investments under
Split Interest Agreements**

	Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
Cash equivalents	\$ 86,494	\$ -	\$ -	\$ 86,494
Fixed income investments	3,917,244	-	-	3,917,244
Equity investments	2,264,144	-	-	2,264,144
Other	-	-	125,000	125,000
Total investments under split interest agreements	\$ 6,267,882	\$ -	\$ 125,000	\$ 6,392,882

Deposits with Bond Trustees

	Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
Cash equivalents	\$ 9,856,720	\$ -	\$ -	\$ 9,856,720
Other	-	-	231,282	231,282
Total deposits with bond trustees	\$ 9,856,720	\$ -	\$ 231,282	\$ 10,088,002
Total assets at fair value	\$ 100,874,649	\$ 126,349,662	\$ 74,006,354	\$ 301,230,665

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the College's level 3 assets for the year ended May 31, 2010.

Balance at June 1, 2009	\$ 74,006,354
Total gains or losses (realized and unrealized) included in non-operating gains	14,111,306
Purchases, sales, gifts, issuances and settlements	29,863,782
Transfers from Level 2 investments	51,308,765
Balance at May 31, 2010	<u>\$ 169,290,207</u>

The following table sets forth a summary of changes in the fair value of the College's level 3 assets for the year ended May 31, 2009.

Balance at June 1, 2008	\$ 94,769,129
Total gains or losses (realized and unrealized) included in non-operating losses	(22,078,924)
Purchases, sales, gifts, issuances and settlements	1,316,149
Balance at May 31, 2009	<u>\$ 74,006,354</u>

Nature and Risk of Certain Investments

The nature and risk of certain investments by major category are presented as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Provisions</u>
Fixed income type investments (a)	\$ 18,611,010	\$ -	90 days notice with 33% maximum annually
Equity type investments (b)	102,500,410	-	varies from 100% monthly with 6 days notice to 25% quarterly with 90 days notice
Limited partnerships - NAV (c)	85,481,723	24,602,000	varies from 100% quarterly with 45 days notice to no redemption permitted
Limited partnerships - NBV (d)	7,405,145	2,802,000	no redemption permitted
	<u>\$ 213,998,288</u>	<u>\$ 27,404,000</u>	

(a) This category is invested in a limited partnership that bases the investment selection on long/short and other relative value strategies to earn the benchmarks selected by the College. As of May 31, 2010, the benchmarks used were a U.S. Treasury Bond Index and a U.S. Government Inflation-Linked Bond Index.

(b) This category includes investments with the objective to achieve long-term growth from a diversified portfolio of equity securities. To achieve this objective, the College has selected investment managers that focus on both U.S. and international markets, in various business sectors including, commodities, credit markets, healthcare, energy, information technology, utilities, telecommunications, and others.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 6 — FAIR VALUE MEASUREMENTS (Continued)

- (c) This category includes investments with the objective to achieve long-term growth from a diversified portfolio of limited partnerships. The objective is achieved primarily through direct and equity investments in the power industry, real estate, and distressed securities. Approximately \$28,820,000 of this category of investment does not permit redemption. Instead, the nature of the investments is that distributions are received through the liquidation of the underlying assets of the fund. If these investments were held, it is estimated that the underlying assets of the fund would be liquidated over 1 to 10 years.
- (d) This category includes investments with the objective to achieve long-term growth from a diversified portfolio of limited partnerships. The objective is achieved primarily through private equity investments in real estate and other companies located in the U.S. and Canada. Through the limited partnership agreements, these investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. If these investments were held, it is estimated that the underlying assets of the fund would be liquidated over 1 to 9 years.

NOTE 7 — ENDOWMENT

FASB Accounting Standards Codification provides guidance regarding 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. The guidance requires additional disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA.

In 1978, the State of New York enacted the Uniform Management of Institutional Funds Act (UMIFA). Under the Act, not-for-profit organizations were provided uniform rules relating to the investment of funds donated as "endowment" to these organizations. Among its many provisions, the Act initiated the concept of total return expenditure of endowment assets for charitable program purposes, expressly permitting the prudent expenditure of both appreciation and income, and replacing the prior law that only investment income (such as interest and dividends) could be expensed from endowments. Under this concept, investment growth (or appreciation) and income could be utilized for program purposes, subject to the rule that an endowment fund could not be expended below "historical dollar value" (generally, the amount of the donor's original gift). In order to fulfill this requirement, in the event that market fluctuations cause the market value of a donated endowed fund to be less than historical dollar value, the College will temporarily fund from Unrestricted Net Assets to Permanently Restricted Net Assets the amount to fulfill this requirement. For the periods ended May 31, 2010 and 2009, approximately \$2,157,000 and \$3,834,000 was funded from Unrestricted Net Assets to Permanently Restricted Net Assets, respectively.

During the fiscal year ended May 31, 2009, the College reviewed the detailed components of the endowment as well as the designation of the funds. As a result of this review, approximately \$1,263,000 was transferred from permanently restricted net assets to unrestricted net assets to properly reflect the classification of the funds, which is presented as net assets released from restrictions in the statements of activities and changes in net assets. There are no such transfers during the fiscal year ended May 31, 2010.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 7 — ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of May 31, 2010 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor funds	\$ 58,664,482	\$ -	\$ 97,396,202	\$ 156,060,684
Board-designated funds	116,934,256	-	-	116,934,256
Total funds	<u>\$ 175,598,738</u>	<u>\$ -</u>	<u>\$ 97,396,202</u>	<u>\$ 272,994,940</u>

Endowment net asset composition by type of fund as of May 31, 2009 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor funds	\$ 46,549,717	\$ -	\$ 91,664,438	\$ 138,214,155
Board-designated funds	102,357,718	-	-	102,357,718
Total funds	<u>\$ 148,907,435</u>	<u>\$ -</u>	<u>\$ 91,664,438</u>	<u>\$ 240,571,873</u>

Changes in endowment net assets for the fiscal year ended May 31, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 148,907,435	\$ -	\$ 91,664,438	\$ 240,571,873
Contributions	5,889,825	-	5,731,764	11,621,589
Investment income	1,765,893	-	-	1,765,893
Net appreciation	32,771,254	-	-	32,771,254
Amounts appropriated for expenditure	(13,735,669)	-	-	(13,735,669)
Endowment net assets, end of year	<u>\$ 175,598,738</u>	<u>\$ -</u>	<u>\$ 97,396,202</u>	<u>\$ 272,994,940</u>

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 7 — ENDOWMENT (Continued)

Changes in endowment net assets for the fiscal year ended May 31, 2009 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 210,877,782	\$ -	\$ 85,452,394	\$ 296,330,176
Net asset reclassification based on review	1,263,014	-	(1,263,014)	-
Endowment net assets after reclassification	212,140,796	-	84,189,380	296,330,176
Contributions	5,585,859	-	7,475,058	13,060,917
Investment income	2,533,639	-	-	2,533,639
Net depreciation	(57,740,544)	-	-	(57,740,544)
Amounts appropriated for expenditure	(13,612,315)	-	-	(13,612,315)
Endowment net assets, end of year	<u>\$ 148,907,435</u>	<u>\$ -</u>	<u>\$ 91,664,438</u>	<u>\$ 240,571,873</u>

NOTE 8 — LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings and equipment, net as of May 31, 2010 and 2009, consisted of the following:

	2010	2009
Land	\$ 1,640,536	\$ 1,640,536
Buildings and building improvements	221,671,554	184,570,764
Equipment and furnishings	66,359,064	62,292,011
Library holdings and art collections	25,591,750	24,244,993
Construction in progress	3,569,614	28,334,253
	<u>318,832,518</u>	<u>301,082,557</u>
Less: accumulated depreciation	<u>(152,877,522)</u>	<u>(140,912,317)</u>
Land, buildings, and equipment, net	<u>\$ 165,954,996</u>	<u>\$ 160,170,240</u>

Depreciation expense for the years ended May 31, 2010 and 2009 amounted to \$12,008,028 and \$11,294,564, respectively.

Contingencies Related To Land, Buildings, and Equipment

Asset Retirement Obligation (ARO)

In the normal course of operation, the College performs maintenance and repairs on its facilities and is also involved in ongoing construction projects. As part of these activities, the College has identified areas containing materials that legally require removal (asset retirement obligation) at some point in the future. The primary material identified was asbestos that was used in the initial construction of many of the buildings at the College.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 8 — LAND, BUILDINGS AND EQUIPMENT, NET (Continued)

The following table details the activity in the College's asset retirement obligation for 2010 and 2009:

	<u>2010</u>	<u>2009</u>
ARO, beginning of year	\$ 2,290,900	\$ 2,561,375
Add: Current year accretion	96,698	102,958
Less: Settled Obligations	<u>(356,930)</u>	<u>(373,433)</u>
ARO, end of year	<u>\$ 2,030,668</u>	<u>\$ 2,290,900</u>

NOTE 9 — LONG-TERM DEBT

The College classifies its long-term debt into two categories, plant debt and student loan debt. Plant debt was issued to finance facilities additions/renovations and major equipment purchases, and will be repaid from the general operations of the College. Student loan debt was issued to fund the College's student loan program and will be repaid from principal and interest collected from the underlying loan portfolio.

Long-term debt of the College (including the current portion) as of May 31, 2010 and 2009, is summarized as follows:

	<u>2010</u>	<u>2009</u>
<u>Plant Debt</u>		
Dormitory Authority of the State of New York Insured Revenue Bonds, Series '98; 4.77%; due 2028	\$ 9,170,000	\$ 12,625,000
Saratoga County Industrial Development Agency Insured Revenue Bonds, Series '03A; 4.09%; due 2023	20,220,000	22,030,000
Dormitory Authority of the State of New York Insured Revenue Bonds, Series '04; 4.59%; due 2033	<u>29,445,000</u>	<u>30,170,000</u>
Total plant debt	<u>58,835,000</u>	<u>64,825,000</u>
<u>Student Loan Debt</u>		
Dormitory Authority of the State of New York College & University Educational Loan Insured Revenue Bonds:		
Series '92; 6.39%; due 2013	165,290	240,034
Series '93; 5.05%; due 2013	575,048	1,000,048
Series '95; 5.75%; due 2016	<u>1,940,837</u>	<u>2,338,511</u>
Total student loan debt	<u>2,681,175</u>	<u>3,578,593</u>
Total long-term debt	<u>\$ 61,516,175</u>	<u>\$ 68,403,593</u>

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 9 — LONG-TERM DEBT (Continued)

The Dormitory Authority of the State of New York (the "Authority") issues consist of serial bonds, term bonds and capital appreciation bonds in varying combinations. Maturities noted are the final year of maturity for the issue. Interest rates noted are annualized based on a weighted average for the entire issue. All of the Authority issues, as well as the Saratoga County Industrial Development Agency issue, are collateralized by municipal bond insurance as well as certain pledges of tuition and fees. As additional security for its plant-related debt, the College has granted mortgages on various campus properties.

A summary of long-term debt service payable for the next five years and thereafter is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,508,215	\$ 3,423,503	\$ 6,931,718
2012	3,562,147	3,255,303	6,817,450
2013	3,623,701	3,144,638	6,768,339
2014	2,685,072	3,103,596	5,788,668
2015	2,494,906	2,511,632	5,006,538
Thereafter	<u>45,642,134</u>	<u>20,014,138</u>	<u>65,656,272</u>
Total	<u>\$ 61,516,175</u>	<u>\$ 35,452,810</u>	<u>\$ 96,968,985</u>

The fair value of the College's financial debt instruments based on current borrowing rates for loans with similar terms and average maturities was estimated to be approximately \$66,348,000 and \$74,467,000 as of May 31, 2010 and 2009, respectively.

Interest expense for the years ended May 31, 2010 and 2009 totaled approximately \$3,049,000 and \$3,210,000, respectively.

NOTE 10 — NET ASSETS

Unrestricted net assets consisted of the following as of May 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Undesignated	\$ 42,617,957	\$ 59,823,069
Board designated for:		
Endowment	116,934,256	102,357,718
Facilities/equipment renewals and replacements	110,420,903	73,384,923
Academic programs and scholarships	<u>12,999,718</u>	<u>11,452,815</u>
	<u>\$ 282,972,834</u>	<u>\$ 247,018,525</u>

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 10 — NET ASSETS (Continued)

Temporarily restricted net assets are subject to donor-imposed stipulations to support scholarships, program activities, and new construction. Such stipulations may be or will be satisfied by the actions of the College and/or the passage of time. Temporarily restricted net assets as of May 31, 2010 and 2009 were classified as follows:

	<u>2010</u>	<u>2009</u>
Student loans	\$ 48,604	\$ 48,604
Funds for academic programs and scholarships	3,249,929	2,813,254
Funds for capital improvements	4,170,016	19,947,658
Life income and annuity funds	8,656,121	9,076,007
Pledges receivable	21,281,903	21,361,240
	<u>\$ 37,406,573</u>	<u>\$ 53,246,763</u>

Permanently restricted net assets are subject to donor-imposed stipulations that require the principal to be invested in perpetuity. Investment returns are expendable to support scholarships and program activities. Permanently restricted net assets as of May 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Endowment	\$ 97,396,202	\$ 91,664,438
Life income and annuity funds	1,200,309	1,212,574
Pledges receivable	4,199,775	4,578,818
	<u>\$ 102,796,286</u>	<u>\$ 97,455,830</u>

NOTE 11 — EMPLOYEE BENEFIT PLANS

Pension Plans

During 1990, the College determined that the early retirement option that had been offered to non-unionized employees and administered as a severance pay plan was deemed jurisdictional under Title 1 of ERISA as a defined benefit pension plan. Effective November 15, 1990, the College's Board of Trustees voted to freeze all benefits under the early retirement plan and close the plan to new employees. All non-unionized employees employed at the College on November 15, 1990 would be vested under the frozen plan after five years of service.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Pension Plans (Continued)

The following table sets forth the plan's funded status and amounts recognized in the College's statements of financial position as of May 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 1,479,791	\$ 1,562,914
Interest cost	110,571	92,349
Benefits paid	(220,621)	(131,735)
Actuarial loss (gain)	299,855	(43,737)
Increase due to settlement	21,282	-
Benefit obligation at end of year	<u>\$ 1,690,878</u>	<u>\$ 1,479,791</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 1,685,217	\$ 1,884,787
Actual return on plan assets	(6,631)	(67,835)
Employer contribution	300,000	-
Benefits paid	(220,621)	(131,735)
Fair value of plan assets at end of year	<u>\$ 1,757,965</u>	<u>\$ 1,685,217</u>
Funded status at year end	<u>\$ 67,087</u>	<u>\$ 205,426</u>
Amounts recognized in unrestricted net assets:		
Unamortized net loss	<u>\$ 864,663</u>	<u>\$ 718,705</u>
Amounts recognized in the statement of financial position consist of:		
Pension assets	<u>\$ 67,087</u>	<u>\$ 205,426</u>
Unrestricted net assets	<u>\$ 864,663</u>	<u>\$ 718,705</u>
Components of net periodic pension cost:		
Interest cost on projected benefit obligation	\$ 110,571	\$ 92,349
Expected return on assets	(44,686)	(21,173)
Amortization of unrecognized net loss	140,186	69,922
Settlement loss	86,310	-
Net periodic pension cost	<u>\$ 292,381</u>	<u>\$ 141,098</u>
Change in unamortized items:		
Actuarial loss	\$ 351,172	\$ 45,271
Settlement loss	21,282	-
Amortization of:		
Actuarial (loss)	(140,186)	(69,922)
Settlement (loss)	(86,310)	-
Total changes in recognized unrestricted net assets	<u>\$ 145,958</u>	<u>\$ (24,651)</u>
Total recognized in net periodic pension cost and unrestricted net assets	<u>\$ 438,339</u>	<u>\$ 116,447</u>
Expected effect in the unrestricted net assets next fiscal year:	2011	
Net loss	<u>\$ 112,700</u>	

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Pension Plans (Continued)

The College's funding policy is based upon and is in compliance with ERISA requirements. The College contributed \$300,000 to the plan for the year ended May 31, 2010 (none for 2009). Assumed discount rates of 5.75% and 6.7% were used in accounting for the benefit obligation as of May 31, 2010 and 2009, respectively. Assumed discount rates of 6.7% and 6.6% were used in accounting for the net periodic pension cost as of May 31, 2010 and 2009, respectively. Expected long-term rates of return on assets of 3.0% were used in accounting for the plan as of May 31, 2010 and 2009.

There is no expected contribution to the plan for the fiscal year ending May 31, 2011.

Estimated future benefit payments reflect expected future service for each fiscal year. Shown below are the expected payments for the next five years and thereafter:

2011	\$ 733,085
2012	\$ 172,509
2013	\$ 164,780
2014	\$ 86,060
2015	\$ 143,573
Years 2016-2020	\$ 461,239

Postretirement Health Benefits

The College pays for a portion of medical benefits for retired non-unionized employees with a start date prior to September 4, 2008 based upon years of service at retirement date. The College accrues the expected cost of postretirement benefits over the service life of active employees.

The following tables set forth the status of the plan, which is unfunded, as of May 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 30,761,044	\$ 27,756,242
Service cost	1,082,166	741,594
Interest cost	2,317,815	1,852,503
Plan participant's contribution	11,105	14,883
Amendments/curtailments	169,874	-
Medicare Part D Subsidy	-	153,886
Actuarial loss	15,615,675	1,781,096
Benefits paid	<u>(1,324,590)</u>	<u>(1,539,160)</u>
Benefit obligation at end of year	<u>\$ 48,633,089</u>	<u>\$ 30,761,044</u>

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Postretirement Health Benefits (Continued)

	<u>2010</u>	<u>2009</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ -	\$ -
Employer contribution	1,313,485	1,370,391
Plan participants' contributions	11,105	14,883
Medicare Part D Subsidy	-	153,886
Benefits paid	<u>(1,324,590)</u>	<u>(1,539,160)</u>
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>
Funded status at end of year	<u>\$ (48,633,089)</u>	<u>\$ (30,761,044)</u>
Amounts recognized in unrestricted net assets:		
Unamortized prior service (credit)	\$ (8,797,429)	\$ (9,948,613)
Unamortized net loss	29,259,696	15,005,740
	<u>\$ 20,462,267</u>	<u>\$ 5,057,127</u>
Amounts recognized in the statement of financial position consist of:		
Accrued postretirement benefits (liability)	<u>\$ (48,633,089)</u>	<u>\$ (30,761,044)</u>
Unrestricted net assets	<u>\$ 20,462,267</u>	<u>\$ 5,057,127</u>
Components of net periodic benefit cost:		
Service cost	\$ 1,082,166	\$ 741,594
Interest cost	2,317,815	1,852,503
Amortization of gains and losses	1,361,719	856,552
Amortization of unrecognized prior service cost	(1,151,184)	(1,157,328)
Special termination benefit cost	169,874	-
Net periodic postretirement benefit cost	<u>\$ 3,780,390</u>	<u>\$ 2,293,321</u>
Change in unamortized items:		
Actuarial loss	\$ 15,615,675	\$ 1,781,096
Amortization of:		
Prior service credit	\$ 1,151,184	\$ 1,157,328
Actuarial (loss)	<u>\$ (1,361,719)</u>	<u>\$ (856,552)</u>
Total changes in recognized unrestricted net assets	<u>\$ 15,405,140</u>	<u>\$ 2,081,872</u>
Total recognized in net periodic pension cost and unrestricted net assets	<u>\$ 19,185,530</u>	<u>\$ 4,375,193</u>
Expected effect in the unrestricted net assets next fiscal year:	2011	
Prior service (credit)	\$ (1,066,999)	
Net loss	\$ 1,795,833	

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 11 — EMPLOYEE BENEFIT PLANS (Continued)

Postretirement Health Benefits (Continued)

Actual net health care claims paid for retirees by the College for the years ended May 31, 2010 and 2009 totaled \$1,313,485 and \$1,370,391, respectively. The discount rates used in determining the accumulated postretirement benefit obligation were 5.75% and 6.7% as of May 31, 2010 and 2009, respectively. Assumed discount rates of 6.7% and 6.6% were used in accounting for the net periodic pension cost as of May 31, 2010 and 2009, respectively. The assumed trend rates for pre-65 medical, post-65 medical, and prescription drug costs are 10.0% for the next year, decreasing gradually in future years to 5% by fiscal 2017 and remaining at that level thereafter. Increasing the assumed health care cost trend rate by 1% in each year would increase the accumulated postretirement benefit obligation as of May 31, 2010 by \$7,907,790 and increase the aggregate of the service cost and interest cost by \$653,361. Decreasing the assumed health care cost trend rate by 1% in each year would decrease the accumulated postretirement benefit obligation as of May 31, 2010 by \$6,847,189 and decrease the aggregate of the service cost and interest cost by \$547,239.

Expected benefit payments reflect expected future service for each fiscal year. Shown below are the expected gross payments (including prescription drug benefits) for the next five years and thereafter:

	<u>Gross Payments</u>
2011	\$ 1,659,748
2012	2,066,867
2013	2,263,043
2014	2,356,024
2015	2,467,976
Years 2016-2020	14,398,677

Defined Contribution Plan

The College has a 403(b) defined contribution plan, which covers substantially all non union employees of the College. The College contributes an amount equal to 10% of base annual salary/wages if an eligible employee is less than age 50, or 11% if age 50 or over, into the plan. In addition, the College contributes an amount equal to 1% of base annual salary/wages of an eligible employee with a start date on or after September 4, 2008 who is a fully benefits eligible employee, but who is not eligible for the College's postretirement healthcare plan. For the years ended May 31, 2010 and 2009, the College's contribution was \$5,689,000 and \$4,229,000, respectively.

Other

In addition, the College contributes to pension funds administered by various unions with which the College has collective bargaining agreements. Total contributions by the College to these union funds for the years ended May 31, 2010 and 2009 were approximately \$622,000 and \$610,000, respectively.

SKIDMORE COLLEGE
NOTES TO FINANCIAL STATEMENTS
May 31, 2010 and 2009

NOTE 12 — EARLY RETIREMENT INCENTIVE PROGRAM

In 2010, the College offered a voluntary Early Retirement Incentive Program to eligible faculty and non-union staff. The Early Retirement Incentive Program was a one-time offer and was designed to enhance the financial feasibility of retirement for those eligible faculty and staff. For the year ended May 31, 2010, approximately \$3,300,000 was included in operating expenses in the statement of activities for 38 people that elected and were accepted into the Early Retirement Incentive Program.

NOTE 13 — CREDIT AGREEMENTS

The College has two \$10,000,000 lines of credit for working capital purposes with commercial banks. The rate of interest on one line is equivalent to the London Interbank Offered Rate ("LIBOR") plus 250 basis points. The rate of interest on the second line is equivalent to the J.P. Morgan Chase Bank prime lending rate. Outstanding balances on the lines are secured by interests in various College assets. There were no borrowings outstanding under the lines of credit as of May 31, 2010 and 2009.

NOTE 14 — OTHER AGREEMENT

The College has an agreement for a loan program with a local bank where loans are given to area businesses that meet certain criteria. The program is administered by the bank. At May 31, 2010, the College has \$799,000 receivable in loans outstanding and a \$1,263,549 investment that has not yet been loaned.

NOTE 15 — COMMITMENTS AND CONTINGENCIES

The College is subject to certain claims and legal proceedings arising in the ordinary course of business. In the opinion of management, the ultimate disposition with respect to these matters will not have a material adverse effect on the financial position of the College.

SUMMARY OF CERTAIN PROVISION 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 2011A 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, except that “Bonds” refers only to the Series 2011A Bonds.

Termination

The Loan Agreement shall remain in full force and effect until no Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the College shall have been made or provision made for the payment thereof; provided, however, that certain liabilities and the obligations of the College under the Loan Agreement 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 College to evidence such termination and the discharge of the College’s duties under the Loan Agreement, and the release or surrender of any security interests granted by the College to the Authority pursuant to the Loan Agreement.

(Section 45)

Construction of the Project

The College agrees that, whether or not there are sufficient moneys available to it under the provisions of the Resolution, the Series 2011A Resolution and the Loan Agreement, the College shall complete the acquisition, design, construction, reconstruction, rehabilitation and improving or otherwise providing and furnishing and equipping of the Project, substantially in accordance with the Contract Documents related to such Project. Subject to the conditions of the Loan Agreement, the Authority will, to the extent of moneys available in the Construction Fund, cause the College to be reimbursed for, or pay, any costs and expenses incurred by the College which constitute Costs of the Project, provided such costs and expenses are approved by the Authority, which approval shall not be unreasonably withheld.

(Section 5)

Amendment of the Project; Additional Bonds

The College, with the prior written consent of the Authority, which consent will not be unreasonably withheld, may amend the Project to decrease, increase or otherwise modify the scope thereof. The College shall provide such moneys as in the reasonable judgment of the Authority may be required for the cost of completing the Project in excess of the moneys in the Construction Fund, established for such Project, whether such moneys are required as a result of an increase in the scope of the Project or otherwise.

The Authority, upon the request of the College, may, but shall not be required to, issue additional Series of bonds under the Resolution to provide moneys required for the cost of completing the Project in excess of the moneys in the applicable Construction Fund.

(Section 6)

Financial Obligations

Except to the extent that moneys are available therefor under the Resolution or the Series 2011A 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 College 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:

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

(b) 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;

(c) Five Business Days prior to an interest payment date on Outstanding Variable Interest Rate Bonds, the interest coming due on such Variable Interest Rate Bonds on such interest payment date, assuming that such Bonds will, from and after the next succeeding date on which the rates at which such Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum for such Bonds on the immediately preceding Business Day, plus one percent (1%) per annum;

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

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

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

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

(h) 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);

(i) 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 to the Loan Agreement, (C) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of the Project, including but not limited to any fees or other amounts payable by the Authority under a Remarketing Agreement, a Liquidity Facility or a Credit Facility relating to the Bonds, (D) for the costs and expenses incurred by the Authority to compel full and punctual performance by the College of all the provisions of the Loan Agreement or of the Resolution in accordance with the terms thereof, (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution, (F) to restore the Debt Service Reserve Fund, if any, relating to the Bonds, to the Debt Service Reserve Fund Requirement, and (G) to pay any Provider Payments relating to the Bonds then due and unpaid;

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

(k) 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;

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

(m) 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 2011A Resolution, whether at maturity, upon acceleration, redemption or otherwise.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series 2011A Resolution, the College shall receive a credit against the amount required to be paid by the College during a Bond Year pursuant to paragraph (d) above on account of any Sinking Fund Installments if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Bonds to be redeemed through any Sinking Fund Installments during the next succeeding Bond Year, either (i) the College delivers to the Trustee for cancellation one or more Bonds of the maturity to be so redeemed or (ii) the Trustee, at the direction of the Authority, has purchased one or more Bonds of the maturity to be so redeemed from amounts on deposit in the Debt Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

The Authority shall direct and the College shall agree pursuant to the Loan Agreement, to make the payments required by this Section as follows: (i) the payments required by paragraphs (c), (d), (e), (g), (i) (clause F only) and (j) of this Section directly to the Trustee for deposit and application in accordance with the Resolution; (ii) the payments required by paragraph (b) of this Section directly to the Trustee for deposit in the

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Construction Fund or other fund established under the Resolution, as directed by the Authority; (iii) the payments required by paragraphs (a), (h) and (i) (other than pursuant to clause (F) thereof) of this Section directly to the Authority, and (iv) except as otherwise provided by this paragraph, the payments required by paragraphs (f), (k), (l) and (m) of this Section 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 College to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee shall be applied in reduction of the College's indebtedness to the Authority under the Loan Agreement, first, with respect to interest and, then, with respect to the principal amount of such indebtedness, but only to the extent that, with respect to interest on such indebtedness, such moneys are applied by the Trustee for the payment of interest on Outstanding Bonds, and, with respect to the principal of such indebtedness, such moneys have been applied to, or are held for, payments in reduction of the principal amount of Outstanding Bonds and as a result thereof Bonds have been paid or deemed to have been paid in accordance with the applicable provisions of 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 College to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the College may otherwise have against the Authority, the Trustee or any Holder of Bonds for any cause whatsoever including, without limiting the generality of the foregoing, failure of the College to complete the Project or the completion thereof with defects, failure of the College to occupy or use the Project, any declaration or finding that the Bonds are or the Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; provided, however, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreement 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 College may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the College for, or to pay, the Costs of the Project beyond the extent of moneys in the Construction Fund available therefor.

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

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

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

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

(Section 9)

Security Interest in Pledged Revenues

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

The College 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 College's performance thereunder. The College agrees that it shall not thereafter create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal to the pledge made by the Loan Agreement.

(Section 11)

Collection of Pledged Revenues

Subject to the provisions of the Loan Agreement, commencing on the date on which the Bonds are first issued and delivered and continuing until no Bonds are Outstanding, the College shall deliver to the Trustee for deposit in accordance with the Resolution all Pledged Revenues within ten (10) days following the College's receipt thereof unless and until there is on deposit in the Debt Service Fund an amount at least equal to the sum of (i) the interest coming due on or prior to the earlier of the next succeeding March 1 or September 1, assuming that Variable Interest Rate Bonds will, from and after the next succeeding date on which the rates at which such Variable Interest Rate Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum at which such Variable Interest Rate Bonds then bear interest, plus one percent (1%) per annum, (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding September 1, and (iii) the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased (other than Option Bonds tendered or deemed to have been tendered for purchase or redemption), and accrued interest thereon to the date of redemption or purchase. In the event that, pursuant to the Loan Agreement, the Authority notifies the College that account debtors are to make payments directly to the Authority or to the Trustee, such payments shall be made directly to the Authority or the Trustee notwithstanding anything contained in this subdivision, but the College shall continue to deliver to the Trustee for deposit in accordance with the Resolution any payments received by the College with respect to the Pledged Revenues.

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

Any Pledged Revenues collected by the College that are not required to be paid to the Trustee pursuant to the Loan Agreement shall be free and clear of the security interest granted thereby and may be disposed of by

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the College for any of its corporate purposes provided that no Event of Default nor any event which but for the passage of time or the receipt of notice or both would be an Event of Default has occurred and is continuing.
(Section 12)

Warranty of Title; Utilities and Access

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

The College shall warrant, represent and covenant that the Project 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, to the extent applicable, has and will have its own separate and independent means of access, apart from any other property owned by the College or others; **provided, however**, that such access may be through common roads or walks owned by the College used also for other parcels owned by the College.

(Section 14)

Consent to Pledge and Assignment

The College shall consent to and authorize 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 directly to the Trustee pursuant to the Loan Agreement, any or all security interests granted by the College under the Loan Agreement, including without limitation the security interest in the Pledged Revenues given by the College pursuant to the Loan Agreement, and the security interest in 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 College under the Loan Agreement or arising out of the transactions contemplated by the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The College shall further agree that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee authorized by this paragraph, the Trustee shall be fully vested with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the College's obligation to make all payments required by the Loan Agreement and to performing all other obligations required to be performed by the College under the Loan Agreement. 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 of the Loan Agreement or the obligations of the College under the Loan Agreement.

(Section 15)

Tax-Exempt Status of the College

The College 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 College shall agree that: (a) it shall not perform any act

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

(Section 17)

Use and Possession of the Project

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

(Section 21)

Restrictions on Religious Use

The College shall agree 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, the Project or portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; provided, however, that the foregoing restriction shall not prohibit the free exercise of any religion; provided, further, that if at any time after the date of the Loan Agreement, in the opinion of Bond Counsel, the then applicable law would permit the Project, or portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to such Project and each portion thereof. The Authority and its agents may conduct such inspections as the Authority deems necessary to determine whether the Project or any portion or real property thereof financed by Bonds is being used for any purpose proscribed by the Loan Agreement. The College shall further agree 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 anytime 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

The College will not transfer, sell or convey the Project or any part thereof or interest therein, including development rights, without the prior approval of the Authority, unless (a) in the opinion of Bond Counsel, the same will not adversely affect the exclusion of interest on any Bond from gross income for federal income tax

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purposes and (b) the College pays to the Trustee either for deposit into the Debt Service Fund, or, pursuant to certain provisions of the Resolution, to be set aside or to purchase Defeasance Securities in accordance with the direction of the Authority, an amount as set forth in the Loan Agreement.

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

(Section 23)

Covenant as to Insurance

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

The College shall furnish to the Authority annually (1) a certificate or report of an Insurance Consultant that the insurance coverage maintained by the College 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 College shall provide to the Authority summaries or other evidence of its insurance coverage and shall obtain endorsements reasonably requested by the Authority.

(Section 25)

Defaults and Remedies

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

(a) the College shall default in the timely payment of any amount payable pursuant to the Loan Agreement (except amounts payable described above under Financial Obligations (Section 9), paragraph (c) and (f)) or the payment of any other amounts required to be delivered or paid by or on behalf of the College in accordance therewith or with the Resolution or the Series 2011A Resolution, and such default continues for a period in excess of seven (7) days or (ii) default in the timely payment of any amount payable described above under Financial Obligations (Section 9), paragraphs (c) and (f); or

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

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

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

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

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

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

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

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

(j) an order of a court having jurisdiction shall be entered directing or providing for the sale, disposition or distribution of all or substantially all of the property belonging to the College, which order shall remain undismissed or unstayed for the earlier of (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

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

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

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

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

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

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

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

(f) to the extent permitted by law, (A) enter upon the Project and complete the construction thereof in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the College, consent to such entry being hereby given by the College, (B) at any time discontinue any work commenced in respect of the construction of the Project or change any course of action undertaken by the College and not be bound by any limitations or requirements of time whether set forth herein or otherwise, (C) assume any construction contract made by the College in any way relating to the construction of the Project and takeover and use all or any part of the labor, materials,

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

(g) permit, direct or request the Trustee to liquidate all or any portion of the assets of the Debt Service Reserve Fund by selling the same at public or private sale in any commercially reasonable manner and apply the proceeds thereof and any dividends or interest received on investments thereof to the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on Bonds, or any other obligation or liability of the College or the Authority arising from the Loan Agreement or from the Resolution;

(h) take any action necessary to enable the Authority to realize on its liens under the Loan Agreement, 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 in the Loan Agreement are cumulative, non-exclusive and in addition to any and all rights and remedies that the Authority may have or may be given by reason of any law, statute, ordinance or otherwise, and no failure to exercise or delay in exercising any remedy shall effect a waiver of the Authority's right to exercise such remedy thereafter.

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

(Section 31)

Arbitrage; Tax Exemption

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

(Section 36)

Appendix C

Management Consultant Call-In

If the Authority elects to require the College to retain the services of a Management Consultant in response to a failure by the College to meet either the Debt Service Coverage Ratio covenant or the Expendable Resources to Debt Ratio covenant (described in “Part 2 – Source of Payment and Security for the Series 2011A Bonds – Financial Covenants”), then the Authority shall, at its election which shall be exercised in writing within sixty (60) days of notice of the applicable covenant failure, request the College to engage, at the College's expense, a nationally recognized accounting or management consulting firm or other similar firm, experienced in reviewing and assessing the College's operations, acceptable to the Authority (the “Management Consultant”), to review the fees and tuition, operations and management of the College and any other matter deemed appropriate by the Authority and to make such recommendations with respect to such fees and tuition, operations, management and other matters as will enable the College to comply with such covenants within a reasonable period acceptable to the Authority. The College shall engage a Management Consultant within sixty (60) days of such request by the Authority.

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

If the College complies in all material respects with the reasonable recommendations of the Management Consultant, the College will be deemed to have complied with the Debt Service Coverage Ratio covenant and the Expendable Resources to Debt Ratio covenant for the College's Fiscal Year in which the Management Consultant's report is delivered.

(Schedule D)

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 2011 Resolution pertaining to the Series 2011A Bonds and the Project. Such summary does not purport to be complete and reference is made to the Resolution and the Series 2011A Resolution for full and complete statements of each of its provisions. Defined terms used in this Appendix shall have the meanings ascribed to them in Appendix A. Unless otherwise indicated, references to section numbers refer to sections in the Resolution or, where so specified the Series 2011A 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 Skidmore 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, this Resolution and such Series Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of such Bonds of a Series, and the pledge and assignment to the Trustee made in the Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such 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 or permitted by the Resolution or by a Series Resolution. (Section 1.03)

Additional Obligations

The Authority reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Authority, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as provided in the Resolution, entitled to a charge, lien or right prior or equal to the charge or lien created by the Resolution, or prior or equal to the rights of the Authority and Holders of Bonds as provided thereby. (Section 2.05)

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, if any, and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution, other than the Arbitrage Rebate Fund, shall, subject to the adoption of a Series Resolution, be pledged and assigned to the Trustee as security for the payment of the principal and Redemption Price of and interest on such Series of Bonds, all in accordance with the provisions of the Resolution and any 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 applicable Pledged Revenues, if any, and all funds and accounts established by the Resolution and by a Series Resolution which are pledged by the Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created

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nor any financing statement need be recorded or filed. The Bonds of each Series shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the applicable Revenues, the Authority's security interest in the applicable Pledged Revenues, if any, and the funds and accounts established by the Resolution and pursuant to a Series Resolution and which are pledged by the Resolution as provided in the Resolution, which pledge shall constitute a first lien thereon, subject to any Prior Pledged and permitted 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; and
Arbitrage Rebate Fund.

In addition to the accounts and subaccounts, if any, required to be established by the Resolution or by any Series Resolution, or any Bond Series Certificate, the Authority may for purposes of internal accounting establish such other accounts and subaccounts as the Authority or the Trustee deems proper, necessary or desirable. All moneys at any time deposited in any fund, account or subaccount created and pledged by the Resolution or by a Series Resolution or required thereby to be created shall be held in trust for the benefit of the Holders of Bonds of a Series, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Resolution, unless otherwise provided in the applicable Series Resolution.

(Section 5.02)

The Series 2011A Resolution provides that no Debt Service Reserve Fund shall be established with respect to the Series 2011A Bonds.

(Section 2.03 (m).)

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 Money 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 money paid to the Authority pursuant to the Resolution and all amounts paid by the College which by the terms of the Loan Agreement are required to be deposited therein.

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

Payments for Costs of Issuance shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority stating the names of the payees, the purpose of each payment in terms sufficient for identification, and the respective amounts of each such payment. Payments for Costs of each Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of 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 such Project, except that payments to pay interest on Bonds of a Series shall be made by the Trustee upon receipt of, and in accordance with, the direction of an Authorized Officer of the Authority directing the Trustee to transfer such amount from the Construction Fund to the Debt Service Fund.

Any proceeds of insurance, condemnation or eminent domain awards received by the Trustee, the Authority or the College with respect to a Project shall be deposited in the Construction Fund and, if necessary, such fund may be reestablished 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 College, which certificate shall be delivered as soon as practicable after the date of completion of such Project, or upon delivery to the College and the Trustee of a certificate signed by an Authorized Officer of the Authority which certificate may be delivered at any time after completion of such Project. Each such certificate shall state that 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 College, shall specify the date of completion.

Upon receipt by the trustee of a certificate relating to the completion of a Project, the money, if any, then remaining in the Construction Fund relating to 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 Debt Service Reserve Fund Requirement; and

Third: To the Debt Service Fund, to be applied in accordance with the provisions of the section entitled "*Debt Service Fund*" in the Resolution, any balance remaining.

(Section 5.04)

Deposit and Allocation of Revenues

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

First: To the Debt Service Fund (i) in the case of Revenues received during the 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

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of Outstanding Option Bonds of a Series and Variable Interest Rate 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 provisions of the section entitled “*Debt Service Fund*” of 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 provisions of the section entitled “*Debt Service Fund*” of 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 Provider;

Third: To the Debt Service Reserve Fund, if any, the amount, if any, necessary to make the amount on deposit therein equal to the Debt Service Reserve Fund Requirement;

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

Fifth: 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 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 Fifth.

The Trustee shall, promptly after making the above required payments, notify the Authority and the College 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 College, in the respective amounts set forth in such direction. Any amounts paid to the College shall be free and clear of any pledge, lien, encumbrance or security interest created by the Resolution or by the applicable 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 amount due and payable on all Outstanding Bonds of a Series on such interest payment date; and

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

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

In the event that on the fourth Business Day preceding any interest payment date the amount in the Debt Service Fund shall be less than the amounts, respectively, required for payment of interest on the Outstanding Bonds of a Series, for the payment of principal of such Outstanding Bonds, for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date or for the payment of the purchase price or Redemption Price of such Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, the Trustee shall withdraw from the applicable Debt Service Reserve Fund, if any, and deposit to the Debt Service Fund such amounts as will increase the amount in the Debt Service Fund to an amount sufficient to make such payments. The Trustee shall notify the Authority, each Provider and the College of a withdrawal from the Debt Service Reserve Fund

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

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.

Money in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds of a Series payable on and prior to the next succeeding July 1, the interest on Outstanding Bonds of a Series payable on and prior to the earlier of the next succeeding January 1 or July 1, 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 money shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority given pursuant to the Resolution to the redemption of Bonds of a Series, 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)

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Arbitrage Rebate Fund

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

Money on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys 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 money to the Department of the Treasury of the United States of America with respect to such Series of Bonds and (ii) if and to the extent required by the Code, pay out of the Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 5.07)

Application of Money in Certain Funds for Retirement of Bonds

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

(Section 5.08)

In lieu of the investments of money in obligations authorized in paragraph (a) of this Section, the Trustee shall, to the extent permitted by law, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority, invest money in the Construction Fund or Debt Service Reserve Fund in any Permitted Investment; ***provided, however,*** that each such investment shall permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes hereof, ***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.

Security for Deposits

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

(Section 6.01)

Investment of Funds and Accounts

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 or Exempt Obligations; ***provided, however,*** that each such investment shall permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes of the Resolution.

In lieu of the investments of money in obligations described above, the Trustee shall, to the extent permitted by law, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority, invest money in the Construction Fund or Debt Service Reserve Fund, if any, 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 hereof, ***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.

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.

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

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

(Section 6.02)

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 any such Bonds, the applicable Revenues, the Authority’s security interest in any Pledged Revenues, any Mortgage and all funds and accounts established by the Resolution and pursuant to any Series Resolution which are, or may be pledged by the Resolution, in the manner and to the extent provided in the Resolution and therein. The Authority shall further covenant that the proceeds from the sale of each applicable Series of Bonds, the applicable Revenues, the Authority’s security interest in any Pledged Revenues, any Mortgage and all funds and accounts established by the Resolution and by any Series Resolution which are or may be pledged by the Resolution 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 (i) 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 (i) any pledge, lien, charge or encumbrance upon the Revenues created by the Authority to secure its obligations to a Provider which has provided a Credit Facility or a Liquidity Facility, which may be of equal priority and rank with the charge and lien thereon created by the Resolution and thereby or (ii) any Prior Pledges identified at the time of issuance of such Series of Bonds in the applicable Loan Agreement or any permitted Parity Indebtedness with respect to such Series of Bonds. The Authority further covenants and that all corporate action on the part of the Authority to that end has been duly and validly taken. The Authority shall further covenant 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 shall further covenant that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the proceeds of the sale of the bonds of each series, the applicable Revenues, the Authority’s security interest in any Pledged Revenues, any Mortgage and all funds and accounts established by the Resolution and by any Series Resolution, which 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 or pursuant to a Series Resolution, the Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds of a Series on the proceeds from the sale of such Bonds, the applicable Revenues, the Authority’s security interest in the applicable Pledged Revenues, if any, the rights of the Authority to receive payments to be made under a Loan Agreement that are to be deposited with the Trustee, or the funds and accounts established by the Resolution and by any Series Resolution which are pledged by the Resolution; provided, however, that nothing contained in the Resolution shall prevent the Authority from (i) issuing bonds, notes or other obligations or otherwise incurring indebtedness under another and separate resolution so long as the charge or lien created by such resolution is not prior to the charge or lien created by the Resolution and by a Series Resolution and (ii) incurring obligations with respect to a Credit Facility or a Liquidity Facility which are secured by a lien upon and pledge of the applicable Revenues of equal priority with the lien created and the pledge made by the Resolution and by the applicable Series Resolution.

(Section 7.06)

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 the interest of the Holders of Outstanding Bonds of the applicable Series in any material respect unless consented to in writing by the Holders of at least a majority in aggregate principal amount of the Bonds of such Series then Outstanding; *provided, however*, that no such amendment, change, modification, alteration, or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds of a Series the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the College 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 Section, be given in the same manner required by 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 in the Resolution or in the Loan Agreement. Except as otherwise provided in this Section, 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 this Section, 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 this Section in the manner provided herein, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or Remarketing Agent or for resale, the nature of the amendment, change, modification, alteration, termination or waiver and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the initial offering, reoffering or resale of the Bonds of such Series.

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

For all purposes of this Section, the Trustee shall be entitled to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee, with respect to whether any amendment, change, modification, alteration, termination or waiver adversely affects the interests of any Holders or Insurers 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:

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(a) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(b) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds of a Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

(c) To prescribe further limitations and restrictions upon the issuance of Bonds of a Series and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(d) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

(e) To confirm, as further assurance, any pledge under the Resolution and under a Series Resolution, and the subjection to any lien, claim or pledge created onto be created by the provisions of the Resolution and by the provisions of a Series Resolution, of the Revenues, or any pledge of any other money, securities or funds;

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

(g) To modify or amend a Project; or

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

(Section 9.01)

Supplemental Resolutions Effective With Consent of Bondholders

The provisions of the Resolution and of a Series Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of 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 College upon its becoming effective.

(Section 9.02)

Powers of Amendment

Any modification or amendment of the Resolution and of any the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution or of any Series Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in the sections entitled “*Consent of Bondholders*” hereof, (i) of the Holders of at least a majority in principal amount of the Bonds of a Series Outstanding at the time such consent is given, or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond of a Series or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. 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 College upon its becoming effective.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the section entitled “*Powers of Amendment*” hereof to take effect when and as provided in this Section. 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 in this Section provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds of a Series specified in the section entitled “*Powers of Amendment*” and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds 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 a Bondholder shall be binding upon the Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Bondholder of 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 hereinafter in this Section provided for is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds of a Series shall have filed their consents to the Supplemental

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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 anytime thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds of a Series and will be effective as provided in this Section, 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 in this Section provided). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted by this Section 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 Resolution, the purchasers of the Bonds of a Series, whether purchasing as underwriters or Remarketing Agent, for resale or otherwise, upon such purchase, may consent to a modification or amendment permitted by and in the manner provided by the Resolution, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering, reoffering or resale 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 if:

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

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

(c) With respect to a Series of Bonds, the Authority shall default in the due and punctual performance of any covenants contained in the Series Resolution authorizing the issuance thereof to the effect that the Authority shall comply with the provisions of the Code applicable to such Bonds necessary to maintain the exclusion of interest herein 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 not longer be excludable from gross income under Section 103 of the Code; or

(d) With respect to a Series of Bonds, the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Resolution or in such Bonds or in 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

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

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default specified in the section entitled “*Event of Default*” hereof, other than an event of default specified in paragraph (c) of the section entitled “*Event of Default*” hereof, 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 default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds of such Series not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) money shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds of such Series (except the interest accrued on such Bonds since the last interest payment date); (ii) money shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by the Authority under the Resolution and under the Series Resolution (other than principal amounts payable only because of a declaration and acceleration under this Section) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in the Series Resolution or in such Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

Enforcement of Remedies

Upon the happening and continuance of any event of default specified in the section entitled “*Events of Default*” hereof, 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) to protect and enforce its rights and the rights of the Bondholders under the Resolution or of such Insurer 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

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of any power in the Resolution or therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

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

(Section 11.04)

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 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 under the Resolution unless such Holder or previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of a Series affected thereby, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted hereby 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 shall be 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 under the Resolution except in the manner provided in the Resolution, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds of such Series. Notwithstanding any other provision of the Resolution, the Holder of any Bond of a Series shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

(Section 11.08)

Defeasance

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

Bonds for the payment or redemption of which money shall have been set aside and shall be held in trust by the Trustee (through deposit of money for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subdivision 1 of this Section. All Outstanding Bonds of any Series or any maturity within such Series or a portion of a maturity within such Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received the written consent to such defeasance of each applicable Provider which has given written notice to the Trustee and the Authority that amounts advanced under a Credit Facility or Liquidity Facility issued by it or the interest thereon have not been repaid to such Provider, and (iv) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, and, if directed by the Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which money is to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds. 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 this Section. The Trustee shall select the Bonds of like Series, Sub-Series and maturity payment of which shall be made in accordance with this Section in the manner provided in the Resolution. Neither the Defeasance Securities nor money deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; provided, however, that any money received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due

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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 College, and any such money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the applicable Loan Agreement.

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

(Section 12.01)

FORM OF APPROVING OPINION OF BOND COUNSEL

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FORM OF APPROVING OPINION OF BOND COUNSEL

_____, 2011

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

Ladies and Gentlemen:

We have examined the record of proceedings relating to the \$32,425,000 aggregate principal amount of Skidmore College Revenue Bonds, Series 2011A (the “Series 2011 Bonds”) issued 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. Capitalized terms used herein without other definition have the meanings set forth in the Resolution (hereinafter defined).

The Series 2011 Bonds are issued under and pursuant to the Act and the Skidmore College Revenue Bond Resolution of the Authority, adopted January 26, 2011 (the “Resolution”), and the Skidmore College Series 2011A Resolution Authorizing Up To \$35,000,000 Series 2011A Bonds of the Authority, adopted January 26, 2011 (the “Series 2011A Resolution” and, together with the Resolution, the “Resolutions”). The Series 2011 Bonds are being issued for the purposes set forth in the Resolutions.

The Authority has entered into a Loan Agreement with Skidmore College (the “College”), dated as of January 26, 2011 (the “Loan Agreement”), providing, among other things, for a loan to the College for the purposes permitted thereby and by the Resolutions. Pursuant to the Loan Agreement, the College is required to make payments sufficient to pay the principal, sinking fund installments and redemption price, if applicable, of and interest on the Series 2011 Bonds as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the holders of the Series 2011 Bonds. The Authority, the College and the Trustee have also entered into a Tax Compliance Agreement as of the date hereof relating to the Series 2011 Bonds (the “Tax Compliance Agreement”).

The Internal Revenue Code of 1986, as amended (the “Code”), prescribes a number of qualifications and conditions for the interest on state and local obligations to be and to remain excluded from gross income for federal income purposes, some of which, including provisions for potential payments by the Authority to the federal government, require future or continued compliance after issuance of the Series 2011 Bonds in order for the interest thereon to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the Authority or the College may cause the interest on the Series 2011 Bonds to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to the date of their issuance. The Authority and the College have each covenanted, in the Series 2011A Resolution and the Loan Agreement, respectively, to comply with the requirements of the Code, and to take the actions required of them for the interest on the Series 2011 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. In

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addition, we have relied on the opinion of counsel to the College regarding, among other matters, the current qualifications of the College as an organization described in Section 501(c)(3) of the Code.

Based upon the foregoing, 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 2011 Bonds thereunder.

(2) The Resolution has been duly and lawfully adopted by the Authority. The Series 2011A Resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Resolutions are in full force and effect, and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms. The Resolutions create the valid pledge and the valid lien upon the Revenues that they purport to create, subject only to the provisions of the Resolutions permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolutions.

(3) The Series 2011 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 2011 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms pursuant to the Resolutions and are entitled to the equal benefits of the Resolutions and the Act.

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

(5) Under existing law:

(a) interest on the Series 2011 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code;

(b) interest on the Series 2011 Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code; provided, however, that such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations; and

(c) interest on the Series 2011 Bonds is exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

We are further of the opinion that for the Series 2011 Bonds maturing July 1, 2017 through July 1, 2019, July 1, 2023, July 1, 2024 and July 1, 2026 through July 1, 2041 (the "Discount Bonds") having original issue discount ("OID"), 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 2011 Bonds. Except as stated in paragraph 5 above, we express no opinion as to the federal or state tax consequences of the ownership or disposition of the Series 2011 Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences

with respect to the Series 2011 Bonds, or the interest thereon, if any action is taken with respect to the Series 2011 Bonds or the proceeds thereof upon the advice or approval of bond counsel other than Hiscock & Barclay, LLP.

In connection with the delivery of this opinion, we are not passing upon the authorization, execution and delivery of the Loan Agreement by the College or as to the accuracy, completeness or sufficiency of the Official Statement or other offering materials relating to the Series 2011 Bonds except to the extent, if any, stated in the Official Statement.

We have examined a fully executed Series 2011 Bond and, in our opinion, the form of said Series 2011 Bond and its execution is regular and proper.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Loan Agreement and the Series 2011 Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws effecting creditors' rights generally and as to the availability of any particular remedy.

Very truly yours,

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