



\$30,115,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
TEACHERS COLLEGE
REVENUE BONDS, SERIES 2012A

Dated: Date of Delivery

Due: July 1, as shown below

Payment and Security: The Teachers College Revenue Bonds, Series 2012A (the "Series 2012A 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 March 28, 2012, between Teachers College (the "College") and the Authority, and (ii) all funds and accounts, except the Arbitrage Rebate Fund, established in connection with the Series 2012A Bonds. The Series 2012A Bonds are to be issued under the Authority's Teachers College Revenue Bond Resolution, adopted December 3, 2008 (the "Resolution") and a Series Resolution authorizing the Series 2012A Bonds, adopted March 28, 2012 (the "Series 2012A 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, when due, the principal and Redemption Price of and interest on the Series 2012A Bonds. The obligations of the College to make such payments under the Loan Agreement will be secured by a pledge of tuition and fees charged to students for academic instruction (the "Pledged Revenues").

The Series 2012A Bonds will not be a debt of the State of New York (the "State") and the State will not be liable on the Series 2012A Bonds. The Authority has no taxing power.

Description: The Series 2012A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due January 1, 2013 and each July 1 and January 1 thereafter) will be payable by check or draft mailed to the registered owners of the Series 2012A 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 2012A Bonds, by wire transfer to the holder of such Series 2012A 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 2012A 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 2012A Bonds, by wire transfer to the holder of such Series 2012A Bonds as more fully described herein.

The Series 2012A 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 2012A Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2012A Bonds, payments of the principal, Redemption Price and Purchase Price of and interest on such Series 2012A 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 2012A BONDS - Book-Entry Only System" herein.

Redemption or Purchase: *The Series 2012A Bonds are subject to redemption or purchase in lieu of optional redemption prior to maturity as more fully described herein.*

Tax Exemption: In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Authority and the College described herein, interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Bond Counsel is further of the opinion that, by virtue of the Act, interest on the Series 2012A Bonds is exempt from personal income taxes of the State of New York and its political subdivisions. See "PART 11 - TAX MATTERS" herein regarding certain other tax considerations.

\$21,555,000 Serial Bonds

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP Number¹	Due July 1	Principal Amount	Interest Rate	Yield	CUSIP Number¹
2013	\$1,125,000	3.000%	0.380%	649906TY0	2021	\$1,415,000	5.000%	2.420%	649906UG7
2014	1,380,000	3.000	0.620	649906TZ7	2022	1,485,000	5.000	2.650	649906UH5
2015	1,425,000	3.000	0.820	649906UA0	2023	1,555,000	5.000	2.840*	649906UJ1
2016	1,120,000	4.000	1.100	649906UB8	2024	1,635,000	5.000	3.000*	649906UK8
2017	1,160,000	5.000	1.340	649906UC6	2025	1,715,000	5.000	3.130*	649906UL6
2018	1,220,000	5.000	1.650	649906UD4	2026	1,800,000	5.000	3.250*	649906UM4
2019	1,280,000	5.000	1.940	649906UE2	2027	1,895,000	5.000	3.330*	649906UP7
2020	1,345,000	5.000	2.200	649906UF9					

\$8,560,000 5.00% Term Bonds Due July 1, 2031 Yield 3.530%* CUSIP Number¹ 649906UN2

* Yield to first optional call date on July 1, 2022

⁽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 2012A Bonds. Neither the Authority nor the Underwriter is responsible for the selection or uses of the CUSIP numbers and no representation is made as their correctness on the Series 2012A Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2012A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Series 2012A 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 2012A Bonds.

The Series 2012A Bonds are offered when, as, and if issued and received by the Underwriter. The offer of the Series 2012A Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Nixon Peabody LLP, New York, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the College by its General Counsel and by its special counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Cozen O'Connor, New York, New York. The Authority expects to deliver the Series 2012A Bonds in definitive form in New York, New York, on or about May 2, 2012.

Goldman, Sachs & Co.

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 2012A 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 2012A 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 College has reviewed the parts of this Official Statement describing the College, the principal and interest requirements, the refunding plan, the estimated sources and uses of funds and Appendix B. As a condition to delivery of the Series 2012A Bonds, the College will certify that as of the date of this Official Statement and of delivery of the Series 2012A 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 this 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 2012A Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2012A Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2012A 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.

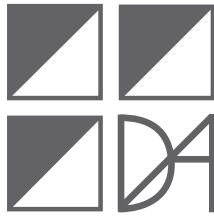
Under no circumstances will the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of the Authority or the College have remained unchanged after the date of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2012A BONDS, THE UNDERWRITER OF THE SERIES 2012A BONDS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2012A 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., ESQ – CHAIR

OFFICIAL STATEMENT RELATING TO

\$30,115,000

**DORMITORY AUTHORITY
OF THE STATE OF NEW YORK
TEACHERS COLLEGE REVENUE BONDS
SERIES 2012A**

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 \$30,115,000 aggregate principal amount of its Teachers College Revenue Bonds, Series 2012A (the “Series 2012A Bonds”).

The following is a brief description of certain information concerning the Series 2012A 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 2012A 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 2012A Bonds are being issued for the purpose of providing funds which, together with other available money, will be used (i) to pay or to provide for the payment of all of the Authority’s outstanding Teachers College Insured Revenue Bonds, Series 2002 (the “Refunded Bonds”) and (ii) to pay the Costs of Issuance of the Series 2012A Bonds. See “PART 5 - THE REFUNDING PLAN” and “PART 6 - ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

The Series 2012A Bonds will be issued pursuant to the Act, the Authority’s Teachers College Revenue Bond Resolution, adopted December 3, 2008 (the “Resolution”), and the Series Resolution authorizing the issuance of up to \$36,000,000 Teachers College Revenue Bonds, Series 2012A adopted March 28, 2012 (the “Series 2012A Resolution” and, together with the Resolution, the “Resolutions”). In addition to the Series 2012A Bonds, the Resolution authorizes the issuance of other Series of Bonds (collectively, the “Bonds”) to pay Costs of one or more Projects, to pay the Costs of Issuance of such Series of Bonds, to refund all or a portion of Outstanding Bonds or other notes or bonds of the Authority that were issued on behalf of the College and to refinance other indebtedness of the College. Each Series of Bonds will be separately secured from each other Series of Bonds. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2012A Bonds. See “PART 3 - THE SERIES 2012A 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, nonsectarian, not-for-profit institution of higher education chartered by the Regents of the University of the State of New York. The College is located in New York City in Morningside Heights. See “PART 7 - THE COLLEGE” and “APPENDIX B - FINANCIAL STATEMENTS OF TEACHERS COLLEGE, AND INDEPENDENT AUDITORS’ Report.”

The Series 2012A Bonds

The Series 2012A Bonds are dated their date of delivery and bear interest from such date (payable January 1, 2013 and on each July 1 and January 1 thereafter) at the rates and will mature at the times set forth on the cover page of this Official Statement. See “PART 3 - THE SERIES 2012A BONDS - Description of the Series 2012A Bonds.”

Payment of the Series 2012A Bonds

The Series 2012A 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 2012A BONDS - Payment of the Series 2012A Bonds.”

Security for the Series 2012A Bonds

The Series 2012A Bonds are secured by the pledge of the Revenues, the proceeds of the Series 2012A Bonds until disbursed in accordance with the Resolution and, except as otherwise provided in the Resolutions, all funds and accounts established by the Resolution and the Series 2012A Resolution in connection with the Series 2012A Bonds, other than the Arbitrage Rebate Fund.

The Loan Agreement is a general obligation of the College. As security for its obligations under the Loan Agreement, the College has granted to the Authority a security interest in the tuition and fees charged to students for academic instruction (the “Pledged Revenues”). The Authority has pledged and assigned to the Trustee for the benefit of the Bondholders its security interest in the Pledged Revenues. The Loan Agreement permits the College, with the consent of the Authority, to incur certain additional Indebtedness secured by a pledge of, or security interest in, the Pledged Revenues that is of equal priority with the pledge securing its obligations under the Loan Agreement. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012A BONDS - Security for the Series 2012A Bonds” and “ - Issuance of Additional Bonds”, “PART 7 - THE COLLEGE - Outstanding Indebtedness” and “APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.”

The Series 2012A Bonds will not be a debt of the State nor will the State be liable on them. The Authority has no taxing power. Neither the State nor the Authority has any responsibility to make payments with respect to the Series 2012A Bonds except for the Authority’s responsibility to make payments from money received from the College pursuant to the Loan Agreement and from amounts held in the funds and accounts under the Resolution and pledged to the payment of or to secure payment of the Series 2012A Bonds.

Covenants

The College covenants in the Loan Agreement that, so long as the Series 2012A Bonds remain Outstanding, it will demonstrate at the end of each Fiscal Year that (i) Operating Income Available for Debt Service for such Fiscal Year then ended was at least equal to 1.25 times its Annual Debt Service for such Fiscal Year, and (ii) commencing with the College’s Fiscal Year ending August 31, 2012 through its Fiscal Year ending August 31, 2014, Expendable Resources as of the end of such Fiscal Year are at least equal to 50% of outstanding Long-Term Indebtedness. The requirement pertaining to Expendable Resources increases to 75% for all subsequent Fiscal Years. The College is required to demonstrate compliance with such covenants by filing annual certificates with the Authority. Failure by the College to comply with the foregoing covenants will not constitute an event of default under the Loan Agreement or the Resolution; however, the Authority may require that the College engage a Management Consultant. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012A BONDS - Covenants - *Maintenance Covenants*” and “APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT.”

The College also covenants in the Loan Agreement that, except to the extent permitted by the Loan Agreement, it will not issue, incur, assume or guarantee any Indebtedness without the prior written consent of the Authority. For a summary of the circumstances in which the College may incur such Indebtedness, see “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012A BONDS - Covenants - *Additional Indebtedness*.”

The Refunding Plan

Substantially all of the proceeds of the Series 2012A Bonds, together with other available money, will be used to pay or provide for the payment of the Refunded Bonds. See "PART 5 - THE REFUNDING PLAN."

PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012A BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2012A 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 2012A Resolution. Copies of the Loan Agreement, the Resolution and the Series 2012A 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 2012A Bonds

The Series 2012A Bonds will be special obligations of the Authority. The principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Series 2012A Bonds are payable solely from the Revenues, which consist of payments to be made by the College pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Series 2012A Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Series 2012A Bonds.

The Loan Agreement obligates the College to make payments to satisfy the principal, Purchase Price and Redemption Price of and interest on all Outstanding Series 2012A Bonds. Payments made by the College in respect of interest on the Series 2012A Bonds are to be made on the 10th day of each June and December immediately preceding the July 1 and January 1 on which interest is payable, in each case in an amount equal to the interest coming due on such July 1 or January 1. Payments by the College in respect of principal of the Series 2012A Bonds, whether at maturity or through mandatory Sinking Fund Installments, are to be made on the 10th day of each June immediately preceding the July 1 on which such principal becomes due. The Loan Agreement also obligates the College to pay, at least 15 days prior to a redemption date or purchase date of Series 2012A Bonds called for redemption or contracted to be purchased, the amount, if any, required to pay the Purchase Price or Redemption Price of such Series 2012A Bonds. See "PART 3 - THE SERIES 2012A BONDS - Redemption and Purchase in Lieu of Optional Redemption."

The Authority has directed, and the College has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal and Redemption Price of and interest on the Series 2012A Bonds.

Security for the Series 2012A Bonds

The Series 2012A Bonds are secured by the pledge of the Revenues, the proceeds of the Series 2012A Bonds until disbursed in accordance with the Resolution and, except as otherwise provided in the Resolution, all funds and accounts established by the Series 2012A Resolution, other than the Arbitrage Rebate Fund. Each Series of Bonds issued pursuant to the Resolution will be separately secured from each other Series.

The Series 2012A Bonds will not be a debt of the State nor will the State be liable on them. The Authority has no taxing power. Neither the State nor the Authority has any responsibility to make payments with respect to the Series 2012A Bonds except for the Authority's responsibility to make payments from money received from the College pursuant to the Loan Agreement and from amounts held in the funds and accounts under the Resolution and the Series 2012A Resolution and pledged therefor.

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

As security for its obligations under the Loan Agreement, the College has granted to the Authority a security interest in the Pledged Revenues. The Authority has pledged and assigned to the Trustee for the benefit of the Holders of the Series 2012A Bonds its security interest in the Pledged Revenues. The College covenants and agrees that, except as permitted by

the Loan Agreement, it will not create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal to the pledge of the Pledged Revenues made under the Loan Agreement. See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT." The Loan Agreement permits the College, with the consent of the Authority, to incur additional Indebtedness secured by a pledge of, or security interest in, the Pledged Revenues that is of equal priority with the pledge securing its obligations under the Loan Agreement. In the event of a default under any debt instrument secured by a parity lien on the Pledged Revenues, the creditor under such debt instrument will have the right to collect a pro rata portion of the Pledged Revenues, and apply the amount collected to the payment of amounts due under such debt instrument.

Covenants

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

Maintenance Covenants

The College covenants to charge and maintain during each Fiscal Year, student tuition, fees and other charges sufficient to provide a Debt Service Coverage Ratio of 1.25 : 1.0. On or prior to each Reporting Date, the College is to file with the Authority a certificate of an Authorized Officer of the College stating whether at the immediately preceding Testing Date the Debt Service Coverage Ratio requirement is satisfied and setting forth the calculation upon which such statement is based. Failure to comply with such covenant will not constitute an event of default under the Loan Agreement. However, if on two consecutive Testing Dates the College does not satisfy the Debt Service Coverage Ratio requirement, or in the event the Debt Service Coverage Ratio falls below 1.0 : 1.0 on any Testing Date, the Authority may require the College to retain a Management Consultant. As of August 31, 2011, the College's Debt Service Coverage Ratio was reported at 3.78 : 1.0.

Commencing with the College's Fiscal Year ending August 31, 2012 and continuing through its Fiscal Year ending August 31, 2014, the College has covenanted to maintain an Expendable Resources to Debt Ratio of at least 0.50 : 1.0 and for each Fiscal Year thereafter of 0.75 : 1.0. On or prior to each Reporting Date, the College is to file with the Authority a certificate of an Authorized Officer of the College stating whether at the immediately preceding Testing Date the Unrestricted Resources to Debt Ratio requirement is satisfied and setting forth the calculation upon which such statement is based. Failure to comply with such covenant will not constitute an event of default under the Loan Agreement. However, if on any Testing Date the College does not satisfy the Expendable Resources to Debt Ratio requirement, the Authority may require the College to retain a Management Consultant. As of August 31, 2011, the College's Expendable Resources to Debt Ratio was reported at 1.31 : 1.0.

Additional Indebtedness

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

The College may issue, incur, assume or guarantee Indebtedness without the consent of the Authority provided that (i) it maintains a debt rating in the "A" category without regard for "+" or "-" or numerical notation from at least one Rating Service and (ii) (a) such Long-Term Indebtedness issued, incurred, assumed or guaranteed in any Fiscal Year is in an amount not more than 10% of the amount of its unrestricted and temporarily restricted 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, incurred, assumed or guaranteed (provided that, for purposes of calculating the Debt Service Coverage Ratio for such pro forma calculations, Annual Debt Service is to be equal to the projected Maximum Annual Debt Service).

Notwithstanding the foregoing, the College may issue, incur, assume or guaranty (i) Non-Recourse Indebtedness without limitation provided that any assets pledged as collateral or for the repayment of such Indebtedness must have been acquired by the College after the issuance of the Series 2012A Bonds, (ii) Refunding Indebtedness without limitation so long as the Annual Debt Service on Long Term Indebtedness would not be increased in any future Fiscal Year, and (iii) Short-Term Indebtedness without limitation if during any 12-month period there will be no outstanding Short-Term Indebtedness for a period of not less than 30 days.

For a more complete description of the financial covenants of the College contained in the Loan Agreement, see "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT."

Events of Default and Acceleration

The following are events of default under the Resolution with respect to the Series 2012A 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 Series 2012A Bond; (iii) a default by the Authority in the due and punctual performance of any covenant or agreement contained in the Series 2012A Resolution to comply with the provisions of the Code necessary to maintain the exclusion of interest on Series 2012A 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 2012A Bonds or in the Resolution or the Series 2012A Resolution 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 has 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 has 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 2012A Bonds, must declare the principal of and interest on all the Outstanding Series 2012A Bonds to be due and payable. At any time after the principal of the Series 2012A Bonds have been 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 with the written consent of the Holders of not less than 25% in principal amount of Series 2012A Bonds not yet due by their terms and then Outstanding, by written notice to the Authority, is to 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 of the Series 2012A Bonds 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. However, 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 2012A 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 2012A Bonds.

Issuance of Additional Bonds

In addition to the Series 2012A 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. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time prior to or after the scheduled delivery date of the Series 2012A Bonds.

The Authority currently anticipates that it will issue, on behalf of and at the request of the College, its Teachers College Revenue Bonds, Series 2012B (the "Series 2012B Bonds"), under the Resolution in May 2012 in an aggregate amount of approximately \$34.4 million, to finance certain capital improvements to the College's campus. The amount of Bonds issued by the Authority will constitute an additional loan to the College that is expected to be secured by a lien on the Pledged Revenues that is of equal priority with the lien on the Pledged Revenues securing the Loan Agreement.

General

The Series 2012A Bonds will not be a debt of the State and the State will not be liable on the Series 2012A 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 2012A BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2012A Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2012A Resolution and the Loan Agreement, copies of which are on file with the Authority and the Trustee. See also "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT" and "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" for a more complete description of certain provisions of the Series 2012A Bonds.

Description of the Series 2012A Bonds

The Series 2012A Bonds will be issued pursuant to the Resolution and the Series 2012A Resolution and will be dated their date of delivery and bear interest from such date (payable January 1, 2013 and on each July 1 and January 1 thereafter) at the rates set forth on the cover page of this Official Statement.

The Series 2012A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2012A Bonds will be payable by check mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 of Series 2012A Bonds, by wire transfer to the wire transfer address within the continental United States to which the registered owner has instructed the Trustee to make such payment at least five days prior to the interest payment date. If the Series 2012A Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal and Redemption Price of the Series 2012A 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 2012A 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 2012A Bonds will be made in bookentry form, without certificates. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2012A Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2012A 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 2012A 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 2012A Bonds, the Series 2012A Bonds will be exchangeable for fully registered Series 2012A 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 2012A Bonds see "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

Redemption and Purchase in Lieu of Optional Redemption

The Series 2012A 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 2012A Bonds. See "APPENDIX D-SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

Optional Redemption

The Series 2012A Bonds maturing on or before July 1, 2022 are not subject to optional redemption prior to maturity. The Series 2012A Bonds maturing after July 1, 2022 are subject to redemption prior to maturity at the option of the Authority on or after July 1, 2022, in any order, as a whole or in part at any time, at a Redemption Price equal to 100% of the principal amount of the Series 2012A Bonds to be redeemed, plus accrued interest to the redemption date.

The Authority's obligation to optionally redeem a Series 2012A Bond called for redemption may be conditioned upon the availability of sufficient money to pay the Redemption Price for all of the Series 2012A Bonds to be redeemed on the Redemption Date. If sufficient money is available on the Redemption Date to pay the Redemption Price of the Series 2012A Bonds to be redeemed, the former registered owners of such Series 2012A Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Redemption Price. If redemption has been conditioned upon the availability of sufficient money and sufficient money is not available on the Redemption Date for payment of the Redemption Price, the Series 2012A Bonds called for redemption will continue to be registered in the name

of the registered owners on the Redemption Date, who will be entitled to the payment of the principal of and interest on such Series 2012A Bonds in accordance with their respective terms.

Purchase in Lieu of Optional Redemption

The Series 2012A Bonds maturing after July 1, 2022 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, 2022, in any order, as a whole or in part at any time, at a purchase price equal to 100% of the principal amount of the Series 2012A Bonds to be purchased, plus accrued interest (the “Purchase Price”) to the date set for purchase (the “Purchase Date”).

Mandatory Redemption

The Series 2012A Bonds maturing on July 1, 2031 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 2012A Bond to be redeemed, plus accrued interest to the date of redemption. Unless none of the Series 2012A Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Series 2012A Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there will be due and the Authority will be required to pay on July 1 of each of the years set forth below for the retirement of the Series 2012A Bonds of such maturities, the amount set forth opposite such year:

Series 2012A Bonds	
<u>Maturing July 1, 2031</u>	
<u>Year</u>	<u>Sinking Fund Installment</u>
2028	\$1,985,000
2029	2,085,000
2030	2,190,000
2031†	2,300,000

†Final maturity.

There will be credited against and in satisfaction of the Sinking Fund Installment payable on any date, the principal amount of Series 2012A Bonds entitled to such Sinking Fund Installment (A) purchased with money 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 2012A Bonds purchased with money in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2012A Bonds so purchased payable on the next succeeding July 1. Series 2012A 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 2012A Bonds of the maturity entitled to such Sinking Fund Installment will be reduced for such year.

Special Redemption

The Series 2012A 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 2012A Bonds to be redeemed, plus accrued interest to the redemption date, from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the portion of the Project to which such proceeds relate.

Selection of Bonds to be Redeemed

In the case of redemptions of less than all of the Series 2012A Bonds of a maturity other than through mandatory Sinking Fund Installments, the Authority will select the maturities of the Series 2012A Bonds to be redeemed and the Series 2012A Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee considers proper in its discretion.

Notice of Redemption

The Trustee is to give notice of the redemption of the Series 2012A Bonds in the name of the Authority, by first-class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the redemption date to the registered owners of any Series 2012A Bonds which are to be redeemed, at their last known addresses appearing on the registration books of the Authority not more than ten Business Days prior to the date such notice is given. Each notice of an optional redemption, will state, in addition to any other condition, that the redemption is conditioned upon the availability on the redemption date of sufficient money to pay the Redemption Price of the Series 2012A Bonds to be redeemed. The failure of any owner of a Series 2012A Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2012A Bond.

If on the redemption date money for the redemption of the Series 2012A Bonds 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 such Series 2012A Bonds will cease to accrue from and after the redemption date and such Series 2012A Bonds will no longer be considered to be Outstanding.

Notice of Purchase in Lieu of Redemption and its Effect

Notice of purchase of the Series 2012A Bonds will be given in the name of the College to the registered owners of the Series 2012A 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 2012A Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2012A Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2012A 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 2012A Bonds. Such Series 2012A 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 2012A Bond to be purchased or cause it to be purchased may be conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2012A 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 2012A Bonds to be purchased, the former registered owners of such Series 2012A Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Purchase Price. If purchase has been conditioned upon the availability of sufficient money and sufficient money is not available on the Purchase Date for payment of the Purchase Price, the Series 2012A 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 2012A Bonds in accordance with their respective terms.

If not all of the Outstanding Series 2012A Bonds of a maturity are to be purchased, the Series 2012A Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2012A Bonds of a maturity to be optionally redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the Series 2012A 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 2012A Bonds when the Book-Entry Only System is in effect.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2012A Bonds. The Series 2012A Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2012A Bond certificate will be issued for each maturity of the Series 2012A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized

book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2012A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012A 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 2012A 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 2012A Bonds, except in the event that use of the book-entry system for the Series 2012A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2012A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Series 2012A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012A 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 2012A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2012A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2012A Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2012A Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2012A Bonds, or other action to be taken by registered owners and for all

other purposes whatsoever. The Authority and the Trustee have no responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2012A Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2012A Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its service as depository with respect to the Series 2012A Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2012A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2012A Bond certificates will be printed and delivered to DTC.

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

Each person for whom a Participant acquires an interest in the Series 2012A Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2012A BONDS.

So long as Cede & Co. is the registered owner of the Series 2012A Bonds, as nominee for DTC, references herein to the Holders or registered owners of the Series 2012A Bonds (other than under the caption "PART 11 - TAX MATTERS" herein) means Cede & Co., as aforesaid, and does not mean the Beneficial Owners of the Series 2012A Bonds.

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

For every transfer and exchange of Series 2012A 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 2012A Bonds if the Authority determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2012A Bonds, or (ii) a continuation of the requirement that all of the Outstanding Series 2012A 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 2012A Bond certificates will be delivered as described in the Resolutions.

NEITHER THE AUTHORITY, THE COLLEGE NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT, (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2012A 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 2012A 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 2012A BONDS, (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2012A BONDS, OR (VI) ANY OTHER MATTER.

PART 4 - PRINCIPAL AND INTEREST REQUIREMENTS

The following table sets forth the amounts required to be paid by the College during each Fiscal Year ending August 31 for the payment of debt service on the currently outstanding Indebtedness of the College, the principal of and interest on the Series 2012A Bonds and the total debt service on all Indebtedness of the College, including the Series 2012A Bonds. The table does not reflect debt service on the Series 2012B Bonds expected to be issued in May 2012, in an aggregate principal amount of approximately \$34.4 million. The Series 2012B Bonds are expected to be structured as serial and/or term bonds maturing not later than 2042.

12 Month Period Ending on August 31	Total Debt Service on other Outstanding Indebtedness¹	Principal Payments on the Series 2012A Bonds	Interest Payments on the Series 2012A Bonds	Total Debt Service on the Series 2012A Bonds	Total Debt Service¹
2012	\$2,698,463	-	-	-	\$2,698,463
2013	2,698,463	\$1,125,000	\$1,648,008	\$2,773,008	5,471,471
2014	2,698,463	1,380,000	1,382,200	2,762,200	5,460,663
2015	4,263,463	1,425,000	1,340,800	2,765,800	7,029,263
2016	4,266,513	1,120,000	1,298,050	2,418,050	6,684,563
2017	4,266,913	1,160,000	1,253,250	2,413,250	6,680,163
2018	4,264,713	1,220,000	1,195,250	2,415,250	6,679,963
2019	4,262,463	1,280,000	1,134,250	2,414,250	6,676,713
2020	4,264,263	1,345,000	1,070,250	2,415,250	6,679,513
2021	4,264,013	1,415,000	1,003,000	2,418,000	6,682,013
2022	4,264,013	1,485,000	932,250	2,417,250	6,681,263
2023	4,264,013	1,555,000	858,000	2,413,000	6,677,013
2024	4,263,763	1,635,000	780,250	2,415,250	6,679,013
2025	4,263,013	1,715,000	698,500	2,413,500	6,676,513
2026	4,262,400	1,800,000	612,750	2,412,750	6,675,150
2027	4,264,800	1,895,000	522,750	2,417,750	6,682,550
2028	4,264,675	1,985,000	428,000	2,413,000	6,677,675
2029	4,261,756	2,085,000	328,750	2,413,750	6,675,506
2030	4,265,775	2,190,000	224,500	2,414,500	6,680,275
2031	4,261,975	2,300,000	115,000	2,415,000	6,676,975
2032	4,263,825	-	-	-	4,263,825
2033	4,265,500	-	-	-	4,265,500
2034	1,281,450	-	-	-	1,281,450
2035	1,280,300	-	-	-	1,280,300
2036	1,276,400	-	-	-	1,276,400
2037	1,279,750	-	-	-	1,279,750
2038	1,279,800	-	-	-	1,279,800
2039	1,276,550	-	-	-	1,276,550

¹ Does not include debt service on Refunded Bonds.

PART 5 - THE REFUNDING PLAN

Substantially all of the proceeds of the Series 2012A Bonds will be used, together with other available amounts, to provide for the payment of the Refunded Bonds. Such proceeds and other available amounts will be deposited with the trustee for the Refunded Bonds upon the issuance and delivery of the Series 2012A Bonds, and will be held in trust for the payment on July 2, 2012 of the principal of and interest on the Refunded Bonds maturing on July 1, 2012, and the payment on July 2, 2012 of the redemption price equal to 100% of the principal amount of the Refunded Bonds maturing after July 1, 2012, plus accrued and unpaid interest to the redemption date. In the opinion of Bond Counsel, upon making such deposit and the giving of certain irrevocable instructions to such trustee, the Refunded Bonds will, under the terms of the resolution pursuant to which they were issued, be deemed to have been paid and will be considered no longer outstanding, and the pledge of the revenues and other money and securities pledged under such resolution to the Refunded Bonds, and all other rights granted by such resolution to the Refunded Bonds, will be discharged and satisfied.

PART 6 - ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are as follows:

Sources of Funds	
Principal Amount of Series 2012A Bonds	\$30,115,000
Original Issue Premium	<u>4,395,715</u>
Total Sources	<u>\$34,510,715</u>
Uses of Funds	
Deposit to Refunding Escrow	\$33,815,133
Costs of Issuance ¹	511,286
Underwriter's Discount	<u>184,296</u>
Total Uses	<u>\$34,510,715</u>

¹ Includes legal fees, state bond issuance charge and associated costs relating to issuance of the Series 2012A Bonds.

PART 7 - THE COLLEGE

GENERAL INFORMATION

Introduction

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

Teachers College became affiliated with Columbia University in 1898; the affiliation was formalized by an agreement between the two Boards of Trustees in 1915, which has been amended from time to time thereafter, and was most recently amended and restated in October 2004. Such agreement covers many subjects, such as the selection of instructional personnel, the procedures for achievement of certain degrees and the sharing of libraries and other academic facilities. Under such agreement, the College is the Graduate School of Education of Columbia University and degrees earned at the College are conferred in the name of Columbia University. The President of the College holds the rank of Dean of Columbia University, and the faculty of Teachers College is one of the faculties of Columbia University. However, the two institutions are independent 501(c)(3) organizations, neither controlled by the other, and are not consolidated for financial reporting purposes. Neither institution is liable or responsible for the payment of the debts or other obligations of the other institution. In particular, Columbia University is not guaranteeing nor is in any way liable for the payments of the College pursuant to the Loan Agreement with respect to the Series 2012A Bonds.

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

Academic Programs

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

Arts and Humanities: Includes degree programs in Applied Linguistics; Art and Art Education; Arts Administration; Bilingual/Bicultural Education; Music and Music Education; Humanities; History and Education; Philosophy and Education; Teaching English to Speakers of Other Languages (TESOL); Teaching English to Speakers of Other Languages (TESOL-Japan); Teaching of English; and Teaching of Social Studies.

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

Counseling and Clinical Psychology: Includes degree programs in Clinical Psychology; Counseling Psychology; Psychology in Education; and Psychological Counseling.

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

Education Policy and Social Analysis: Includes degree programs in Economics and Education; Leadership, Policy and Politics; Politics in Education; and Sociology and Education.

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

Human Development: Includes degree programs in Cognitive Studies in Education; Developmental Psychology Programs; and Measurement, Evaluation, and Statistics.

International and Transcultural Studies: Includes degree programs in Anthropology; Anthropology and Education; International Education Programs, including Comparative and International Education, and International Educational Development.

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

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

Governance

The College is governed by its Trustees, who elect their own members. The College's charter provides that the Trustees shall be composed of not less than 25 or more than 40 members. Currently, the Board of Trustees consists of 35 members, including the Presidents of Teachers College and Columbia University. Trustees may serve an unlimited number of consecutive three-year terms. The Trustees have regular meetings four times a year and have established several committees: the Executive Committee, standing Committees on Academic Affairs, Audit, Business and Finance, Compensation, Development and External Affairs, Investment, and Trustees, and special committees on Facilities, Library, and Student Affairs. The current Trustee membership and its officers are as follows:

James W. B. Benkard⁽¹⁾
Senior Partner
Davis Polk and Wardwell

Lee C. Bollinger, ex officio
President
Columbia University

Cory A. Booker
Mayor
City of Newark, New Jersey

Gene R. Carter, CEO
Association for Supervision and
Curriculum Development

Geoffrey J. Colvin
Partner
CEW Partners (New York)

James P. Comer
Professor and Associate Dean
Yale School of Medicine

Joyce B. Cowin⁽¹⁾
Founder
Heritage School

Nancy Rauch Douzinas
President
The Rauch Foundation

Dawn Duques
Hotelier
Former Trustee, Mitchell College

Susan Fuhrman, ex officio⁽¹⁾
President
Teachers College, Columbia University

Ruth L. Gottesman⁽¹⁾
Former Director
Fisher Landau Center for the
Treatment of Learning
Disabilities at Albert Einstein
College of Medicine

Patricia Green, Chair
Green Charitable Foundation

Antonia M. Grumbach⁽¹⁾
Of counsel and former managing partner
Patterson, Belknap, Webb
and Tyler LLP

John W. Hyland, Jr.⁽²⁾
Founding Partner
Media Advisory Partners, LLC

Elliot S. Jaffe⁽¹⁾
Founder and Chairman
Ascena Retail Group, Inc.

John Klingenstein⁽¹⁾
President
Esther A. and Joseph
Klingenstein Fund, Inc.

Martha Berman Lipp
Former owner
Merchants Travel, Inc.

Eduardo J. Marti
Vice Chancellor for Community Colleges
The City University of New York

Claude A. Mayberry, Jr.
President and CEO
Science Weekly, Inc.

John Merrow⁽¹⁾
President
Learning Matters, Inc.

Leslie Morse Nelson
President
Nelson-Giroux

Abby M. O'Neill
Former Chair
Rockefeller Brothers Fund

Dailey J. Pattee⁽¹⁾
Psychologist

E. John Rosenwald, Jr.⁽¹⁾
Vice Chairman Emeritus
J.P. Morgan Chase

William D. Rueckert⁽²⁾
President
Oyster Management Group, LLC

Marla Schaefer
Former Co-CEO
Claire's Stores

Edith Shih
Head Group General Counsel and
Company Secretary
Hutchinson Whampoa

Milbrey Rennie Taylor
Former Executive Producer
CBS News Sunday Morning and CBS
Weekend News

Laurie M. Tisch⁽³⁾
President
Laurie M. Tisch Illumination Fund

Gillian Neukom Toledo
Neukom Family Foundation

Jay Urwitz
Partner
WilmerHale LLP

Steven R. Wechsler
Senior Managing Director
Tishman Speyer Properties

Sue Ann Weinberg⁽¹⁾
Trustee, John L and Sue Ann Weinberg
Foundation

Bruce Wilcox⁽¹⁾
Former Chairman
Cumberland Associates, LLC

Christopher Williams
Chairman and CEO
The Williams Capital Group, LP

⁽¹⁾ Executive Committee.

⁽²⁾ Executive Committee and Co-Chair.

⁽³⁾ Executive Committee and Vice Chair.

Administration

The current executive officers of the College are:

Susan Fuhrman, Ph.D. was appointed President of the College in August 2006. Dr. Fuhrman previously served as Dean of the University of Pennsylvania's Graduate School of Education, as well as that school's George and Diane Weiss Professor of Education. She also serves as Chair of the Management Committee of the Consortium for Policy Research in Education (CPRE), which was founded in 1985 as a joint venture among seven universities. CPRE was the first federally funded center established to evaluate state and local school reforms. Dr. Fuhrman received her Bachelor's and Master's degrees in history from Northwestern University in Chicago, Illinois, and a Ph.D. in political science and education from Teachers College. Her many professional involvements include past membership on the Board of Trustees of the Carnegie Foundation for the Advancement of Teaching and the National Coalition on Asia and International Studies in the Schools. She is also President of the American Educational Research Association, former President of the National Academy of Education, and a non-executive Director of Pearson plc, the international education and publishing company.

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

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

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

Suzanne M. Murphy was appointed Vice President for Development and External Relations of the College on February 1, 2008. Prior to her appointment at Teachers College, Ms. Murphy served as Vice President for College Resources at Sarah Lawrence College for nearly seven years, overseeing development, communications and alumni relations efforts. From 1987 to 2001, Ms. Murphy held the positions of Dean of Enrollment Management, and then Vice President for External Affairs and Enrollment Services at Marymount Manhattan College. Ms. Murphy received her undergraduate degree from Marymount Manhattan College in 1987, and her Master's and Ed.M. degrees from Teachers College in 1996 and 1999, respectively.

Facilities

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

OPERATING INFORMATION

Admissions

Teachers College receives applications substantially in excess of the number of students it accepts into its programs. The following table reflects application statistics for the past four and the current academic years (an academic year is the 12-month period of September 1 through August 31):

ADMISSIONS STATISTICS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Doctoral Applications	1,223	1,113	1,214	1,206	1,345
Doctoral Admitted	278	228	267	241	290
New Doctoral Enrolled	151	138	159	117	157
Doctoral Admit %	23%	20%	22%	20%	22%
Doctoral Enrolled % of Admits	54%	61%	60%	49%	54%
Master's Applications	4,267	4,521	4,905	5,064	5,288
Master's Admitted	2,508	2,526	2,925	2,924	2,935
Master's Enrolled	1,411	1,441	1,673	1,716	1,720
Master's Admit %	59%	56%	60%	58%	56%
Master's Enrolled % of Admits	56%	57%	57%	59%	59%

Enrollment

The College's student body is drawn from all fifty states and approximately 80 foreign nations. The students range from recent college graduates to experienced professionals, with the median age being 29. Approximately 32% of the students pursue their studies on a full-time basis and are working toward the graduate master's or doctoral degrees. The remaining 68% of students are enrolled on a part-time basis. Approximately 1,800 students complete the work for the master's degree each year and approximately 225 complete the work for the doctorate.

The following tables summarize the College's enrollment history from the fall of 2007 through the fall of 2011:

ENROLLMENT SUMMARY

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Full-Time	1,578	1,627	1,777	1,815	1,704
Part-Time	3,467	3,490	3,611	3,582	3,685
Non-Degree	325	299	286	294	281
Headcount*	5,045	5,117	5,388	5,397	5,389
Full-Time Equivalents**	3,312	3,372	3,583	3,606	3,547

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

** Full-time equivalents are calculated by taking the total number of full-time students and half the number of part-time students. Twelve credits is the normal full-time load at the College.

Tuition and Fees

Shown below are charges for academic years 2007 through 2011.

STUDENT CHARGES

<u>Academic Year</u>	<u>Tuition</u>	<u>Registration Fees</u>	<u>Total</u>
2007	\$23,400	\$640	\$24,040
2008	24,720	680	25,400
2009	26,040	716	26,756
2010	27,048	736	27,784
2011	28,272	756	29,028

The College evaluates its courses on a credit point basis. For the academic year 2012, the standard tuition fee was \$1,231 per credit point. The average tuition cost for a full-time student taking 12 credit points per semester was \$14,722 per semester, or \$29,544 per academic year. The average tuition cost for academic year 2012 for a part-time student taking an average five credit points per semester was \$6,155 per semester, or \$12,310 per academic year. In addition, all students pay a college registration fee of \$388 per semester. All full-time students also pay a health service fee of \$450 per semester; for part-time students the health service fee is optional.

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

Other Student Expenses

The College also provides residence facilities consisting of 602 single units and 156 family units. Monthly rates for single rooms for the academic year 2012 range from \$813 to \$2,119. Apartments for students with families are also available ranging from \$1,536 to \$2,212 per month. The College does not offer a meal plan.

Sources of Financial Aid

The College has various scholarship and aid programs which helped approximately 5,000 students during academic year 2011. Students attending the College are eligible to participate in programs under Title IV of the Higher Education Act of 1965 (as amended), including the Perkins Loan Program and the Direct Loan Program (guaranteed student loans). The College also participates in various New York State student assistance programs, including the Tuition Assistance Program and Stafford loans guaranteed by the Higher Education Service Corporation. The availability and amount of the various State and federal programs depend on annual appropriations by the State legislature or Congress and the funding of such programs. Many students also obtain private bank loans.

A summary of the funds provided for financial aid and their source for the past five Fiscal Years ended August 31 of the years shown is as follows:

SOURCES OF FINANCIAL AID

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Federal Stafford Loans	\$32,445,341	\$36,056,528	\$37,465,418	\$43,884,165	\$47,506,381
Federal Perkins Loans	703,000	561,454	580,000	629,351	416,666
Federal Plus Loans	15,040,771	19,207,405	19,011,985	26,762,337	33,480,656
Federal Teach Loan	-	-	-	-	231,000
Private Bank Loans	3,232,323	2,131,069	1,521,159	996,483	374,534
Institutional Financial Aid*	<u>14,829,545</u>	<u>15,953,448</u>	<u>17,842,493</u>	<u>18,137,310</u>	<u>18,668,752</u>
Total	\$66,250,980	\$73,909,904	\$76,421,055	\$90,409,646	\$100,677,989

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

Faculty

The College has 154 full-time faculty, of which 74% are tenured. In addition there are another 55 full-time instructors, and 69 full-time equivalent (FTE) part-time and adjunct professors. The College's faculty is appointed within one of three academic ranks: Assistant Professor, Associate Professor and Full Professor.

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Full-Time Faculty on Appointment	155	153	149	153	154
Other Full-Time Instructors	38	45	48	55	55
Part-Time & Adjunct Faculty FTE	<u>78</u>	<u>75</u>	<u>76</u>	<u>67</u>	<u>69</u>
Full-Time Equivalent Faculty	271	273	273	275	278
Percent of Faculty on Appointment Tenured	73%	75%	76%	73%	74%

Employee Relations

The College has a long-standing relationship with three bargaining units. The College's in-house maintenance, custodial and security force currently consists of 96 employees that are represented by Local 707 of the Teamsters. The College's 108 secretarial and clerical employees are represented by Local 2110 of the United Auto-Workers. In addition, the College employs six employees at a faculty apartment building who are represented by Local 32B-32J of the Service Employees Union.

The agreements with these bargaining units average three years in length and the current agreements expire in February, 2012 (Local 2110), August, 2012 (Local 707) and April, 2014 (Local 32B-32J). The College recently completed negotiations with Local 2110 and has signed a memorandum of agreement with respect to the terms of a new agreement, which is expected to be finalized in the coming months. The College has not experienced a work stoppage or formal slowdown in the past decade.

ANNUAL FINANCIAL STATEMENT INFORMATION

Financial Statement Information

The College's financial statements are prepared in accordance with U.S. generally accepted accounting principles. The following table summarizes the College's unrestricted revenues and expenses and other changes in net assets for the last five Fiscal Years. This summary is derived from the audited financial statements of the College for such periods and should be read in conjunction with the College's financial statements included in Appendix B of this Official Statement. There has been no material adverse change in the College's financial position since August 31, 2011.

The following table presents a summary of the changes in the net assets of the College for the past five Fiscal Years.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Changes in unrestricted net assets:					
Operating revenues:					
Gross Student tuition and fees	\$ 89,341	\$ 96,735	\$ 102,430	\$ 113,217	\$ 120,952
Financial aid	<u>(14,830)</u>	<u>(15,953)</u>	<u>(17,842)</u>	<u>(18,137)</u>	<u>(18,669)</u>
Student tuition and fees, net	74,511	80,782	84,588	95,080	102,283
Government appropriations	847	811	573	624	615
Grants and contracts	34,354	40,143	36,852	35,332	38,132
Contributions	2,098	4,675	2,950	2,981	2,390
Investment return used in operations	10,825	11,433	13,158	13,122	10,459
Sales and service of auxiliary enterprises	18,828	19,607	18,722	20,159	20,511
Other sources	3,671	1,798	2,141	2,042	1,646
Net assets released from restrictions	<u>3,373</u>	<u>2,427</u>	<u>2,439</u>	<u>976</u>	<u>1,344</u>
Total operating revenues	148,507	161,676	161,423	170,316	177,380
Operating expenses:					
Instruction	50,768	56,702	58,027	59,595	60,423
Research, training, and public service	35,893	39,021	38,458	35,914	34,555
Academic support	13,217	14,393	13,423	12,948	13,296
Student services	8,149	8,501	8,948	9,652	9,107
Institutional support	21,544	24,184	25,599	24,394	28,398
Auxiliary services	<u>21,221</u>	<u>21,458</u>	<u>21,219</u>	<u>21,731</u>	<u>21,824</u>
Total operating expenses	150,792	164,259	165,674	164,234	167,603
Increase (decrease) in unrestricted net assets from operations	(2,285)	(2,583)	(4,251)	6,082	9,777
Nonoperating activities:					
Excess (deficiency) of total investment return over amounts used in operations	21,910	(14,888)	(31,608)	2,950	3,923
Net change in fair value of derivative instruments	45	(3,575)	(5,860)	(3,178)	2,758
Investment return on funds held by bond trustees	309	137	37	9	6
Change in value of split-interest agreements	29	(27)	(13)	29	48
Redesignation of net assets	-	(52)	(43)	-	-
Change in additional minimum pension liability	591	-	-	-	-
Pension and postretirement changes other than net periodic benefit cost	-	(4,954)	(11,126)	(2,192)	24,358
Loss on refinancing of debt	(1,074)	(1,332)	-	-	-
Net assets released from restrictions	1,346	667	2,030	605	355
Net asset reclassification based on ASC 958-20	-	-	-	-	<u>(58,396)</u>
Increase (decrease) in unrestricted net assets before effect of adoption of FASB Statement No. 158	20,871	(26,607)	(50,834)	4,305	(17,171)
Effect of adoption of FASB Statement No. 158	<u>(10,982)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in unrestricted net assets	<u>9,889</u>	<u>(26,607)</u>	<u>(50,834)</u>	<u>4,305</u>	<u>(17,171)</u>
Changes in temporarily restricted net assets:					
Contributions	3,042	1,111	1,486	1,192	3,176
Investment return, net of amounts appropriated	-	-	-	-	9,107
Change in value of split-interest agreements	460	(17)	(78)	(62)	76
Redesignation of net assets and other transfers	(1,000)	-	(131)	-	58,297
Net assets release from restrictions	<u>(4,720)</u>	<u>(3,095)</u>	<u>(4,468)</u>	<u>(1,581)</u>	<u>(1,701)</u>
Increase (decrease) in temporarily restricted net assets	<u>(2,218)</u>	<u>(2,001)</u>	<u>(3,191)</u>	<u>(451)</u>	<u>68,955</u>
Changes in permanently restricted net assets:					
Contributions	597	4,899	1,194	562	553
Change in value of split-interest agreements	(150)	(236)	(261)	12	112
Redesignation of net assets	<u>1,000</u>	<u>52</u>	<u>174</u>	<u>-</u>	<u>98</u>
Increase in permanently restricted net assets	<u>1,447</u>	<u>4,715</u>	<u>1,107</u>	<u>574</u>	<u>763</u>
Increase (decrease) in net assets	\$9,118	(\$23,893)	(\$52,918)	\$4,427	\$52,547

In the Fiscal Year ended August 31, 2011, unrestricted operating revenues totaled approximately \$177 million. The College's principal sources of unrestricted operating revenues were student tuition and fees, net of student aid, representing 58% of such revenues; grants and contracts for research and training programs, representing 21% of unrestricted operating revenues; sales and services of auxiliary enterprises comprised 12%; investment return used in operations comprised 6%; and government appropriations (New York State Bundy aid), contributions received for unrestricted operating use, net assets released from restrictions and other sources comprised the remaining 3% of unrestricted operating revenues. Operating expenses totaled \$168 million; program services expenses, which consist of all expenses other than institutional support, represented 83% of total expenses, at \$139 million. The increase in unrestricted net assets from operations was approximately \$9.8 million.

Unrestricted net assets decreased by approximately \$17 million due to a \$26.9 million decrease from nonoperating activities in the Fiscal Year ended August 31, 2011. The decrease in unrestricted net assets from nonoperating activities was primarily driven by the reclassification of certain net assets from unrestricted to temporarily restricted net assets based on the adoption of accounting guidance (ASC 958-205) associated with the enactment of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA, which took effect on September 17, 2010, governs expenditures from permanently-restricted funds. Subject to certain restrictions including a prudence standard, NYPMIFA permits institutions to make an expenditure from a permanently restricted fund even if such expenditure would cause the fund's balance to fall below its original amount or "historic dollar value." ASC 958-205 requires the portion of donor restricted endowment funds that is not classified as permanently restricted to be classified as temporarily restricted net assets and, accordingly, in the Fiscal Year ended August 31, 2011, the College reclassified \$58.4 million of unrestricted net assets as temporarily restricted net assets. This reclassification of net assets was offset by pension and postretirement changes other than net periodic benefit cost of \$24.4 million, investment return net of amounts appropriated of \$3.9 million, and a \$2.8 million gain related to swaps. Temporarily restricted net assets increased by \$68.9 million primarily due to the reclassification of assets from unrestricted previously described above, investment return net of amounts appropriated of \$9.1 million and contributions of \$3.2 million. Permanently restricted net assets increased by \$763,000 principally from contributions. Overall, the College's net assets increased by \$52.5 million in the Fiscal Year ended August 31, 2011 as a result of the changes described herein.

Government Contracts and Grants

The College receives grants and contracts from federal, state, and local government sources. In the Fiscal Year ended August 31, 2011, the College received approximately \$21.2 million of government research and training grants. Included in the Fiscal Year ended August 31, 2011 amount was \$4.6 million of indirect cost recovery associated with administering these grants. In the Fiscal Year ended August 31, 2011, indirect cost revenue was calculated at a rate of 69.1% of the salary component of research grants and 8% of total direct costs on training grants. Indirect cost recovery rates for the future are subject to negotiation with the federal government. Government grants and current contracts revenue for the past five years are reflected in the table below.

Government Contracts and Grants Fiscal Year ended August 31 (in thousands)

<u>Fiscal Year</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
2007	\$10,007	\$420	\$8,509	\$18,936
2008	10,164	85	12,226	22,475
2009	9,870	17	9,609	19,496
2010	9,401	23	9,591	19,015
2011	11,985	20	9,928	21,933

The College received \$738,000 in the Fiscal Year ended August 31, 2011 in the form of Federal Work Study financial aid grants.

The College receives funding from New York State in the form of Bundy Aid, a program that allocates funds to not-for-profit institutions of higher education based on the number of academic degrees conferred in the preceding year. For the Fiscal Year ended August 31, 2011, the College received \$615,000 in Bundy Aid.

Fundraising

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

Summary of Fundraising Fiscal Year Ended August 31 (in thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Unrestricted	\$17,516	\$22,342	\$21,579	\$20,344	\$19,327
Temporarily Restricted	3,042	1,111	1,486	1,191	3,175
Permanently Restricted	<u>597</u>	<u>4,899</u>	<u>1,193</u>	<u>562</u>	<u>553</u>
Total	\$21,155	\$28,352	\$24,258	\$22,097	\$23,055

Investments

At August 31, 2011, the fair market value of all investments, including money market funds, fixed income securities, domestic common stock, equity mutual funds, exchange traded funds, foreign currency funds, nonpublic equity funds and private and real estate funds amounted to \$219,504,282. At January 31, 2012, the fair value of the College's investments totaled \$215,407,526 which reflected additional gifts received and changes in market valuation. The value of the College's investments may be negatively impacted by adverse events in the financial markets.

According to its endowment spending policy, the College allocates the income from certain long-term investments (i.e., endowment and similar funds) to operations under the total return method. In the Fiscal Year ended August 31, 2011, under this method, 5% of a sixteen-quarter moving average of the fair value of these long-term investments was transferred to operations. In addition, in Fiscal Years ending August 31, 2008, 2009, 2010 and 2011, the Board of Trustees authorized the allocation to operations of certain additional amounts from funds previously designated for investment by the Board of Trustees.

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

The Investment Committee of the Board of Trustees oversees the investment of the endowment and similar funds, including the selection of external managers, the allocation of investments among managers and any restrictions on the amounts of funds in any type of investment. As of January 31, 2012, 69% of the endowment was invested in equity and equity-like securities, 16% was invested in fixed income investments and cash, and 15% was invested in non-traditional investments.

The College maintains a liquidity level that it believes is well in excess of short term cash needs. At August 31, 2011, approximately \$99.7 million or 41.3% of the investment and cash portfolio provided daily liquidity with an additional \$50.3 million or 20.9% providing at least quarterly liquidity.

The following table sets forth the fair value of investments for the past five Fiscal Years.

Fair Value of Investments Fiscal Year Ended August 31 (in thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>
Unrestricted	\$174,574	\$160,900	\$123,284	\$129,470	\$ 70,595
Temporarily Restricted	9,750	8,517	5,930	5,514	74,148
Permanently Restricted	<u>66,019</u>	<u>70,117</u>	<u>73,805</u>	<u>74,589</u>	<u>74,762</u>
Total	\$250,342	\$239,534	\$203,019	\$209,573	\$219,504

* In accordance with accounting guidance associated with the enactment of NYPMIFA, the College reclassified a portion of unrestricted net assets to temporarily restricted net assets. See "FINANCIAL STATEMENT INFORMATION."

Plant Assets

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

	Plant Assets				
	Fiscal Year Ended August 31				
	(in thousands)				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Land	\$ 692	\$ 692	\$ 692	\$ 692	\$ 692
Buildings, Improvements & Construction in Progress	181,340	187,136	194,380	198,805	205,482
Furniture & Equipment	36,365	38,948	39,981	40,783	42,792
Less: Accumulated Depreciation	<u>(94,087)</u>	<u>(103,053)</u>	<u>(112,329)</u>	<u>(121,127)</u>	<u>(129,428)</u>
Total	\$124,310	\$123,724	\$122,725	\$119,153	\$119,539

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

Outstanding Indebtedness

The outstanding short-term debt and long-term debt as of August 31, 2011 was as follows:

Outstanding Indebtedness

Fiscal Year Ended August 31
(in thousands)

Long-term debt issued by the Dormitory Authority of the State of New York on behalf of the College:

Series 2002 Insured Revenue Bonds (to be refunded by the Series 2012A Bonds)	\$32,995*
Series 2009 Revenue Bonds	52,595
Equipment Leases	<u>113</u>
Total debt outstanding	\$85,703

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

The College also has a \$15 million line of credit which was not drawn upon in the Fiscal Year ended August 31, 2011. Currently, there is no outstanding unpaid balance on the line of credit. For a full description of the College's outstanding indebtedness, refer to the College's financial statements included as Appendix B to this Official Statement.

Benefit Plans

The College has a non-contributory defined benefit plan covering nonacademic union employees. Benefits under this plan are based on years of service and the employee's regular remuneration averaged over the period of the highest five consecutive years during the last ten years of service. The College is planning to make contributions to the pension fund from operating revenues on an annual basis that will meet the requirements of the Pension Protection Act of 2006.

In addition, the College provides health insurance coverage to eligible retired faculty and professional staff and their dependents. Faculty and professional staff hired before January 1, 2006 become eligible for these benefits if they are at least 55 years of age and have a minimum of 15 years of service. This plan was amended on June 16, 2010; under the revised plan eligible professional staff who retire after August 31, 2011, and eligible faculty who retire after August 31, 2013 have a reduced benefit and must contribute to the plan based upon their age and years of service. Faculty and professional staff hired on or after January 1, 2006 may obtain retiree health insurance only if they pay for it; the College is not contributing to this benefit.

The College also has a contributory defined contribution plan covering academic and professional employees. Total operating expense for these plans for the past five Fiscal Years ended August 31 are as follows:

Pension and Postretirement Expenses			
Fiscal Year Ended August 31			
(in thousands)			
<u>Fiscal Year</u>	<u>Defined Benefit Plan</u>	<u>Post-retirement Health</u>	<u>Defined Contribution Plan</u>
2007	\$1,165	\$3,180	\$5,600
2008	911	4,543	5,866
2009	1,340	3,635	5,918
2010	2,397	5,567	5,798
2011	3,243	284	5,875

For further information, refer to the financial statements included as Appendix B to this Official Statement.

Future Capital Plans

The College is planning for the renovation of a 108 unit family housing facility that the College owns to be financed through the issuance of the Series 2012B Bonds anticipated to be issued in May, 2012, in a principal amount not exceeding \$35,200,000. Construction of the project is planned to begin Summer of 2013 and occupancy is planned for Fall 2015.

LITIGATION

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

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

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

At March 31, 2012, the Authority had approximately \$44.3 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of the Authority's bonds and notes is paid from moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

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

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The total amounts of the Authority bonds and notes (excluding debt of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act) outstanding at March 31, 2012 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Notes Outstanding</u>
State University of New York Dormitory Facilities	\$ 2,738,656,000	\$ 1,364,250,000	\$ 0	\$ 1,364,250,000
State University of New York Educational and Athletic Facilities	15,991,132,999	6,723,169,624	0	6,723,169,624
Upstate Community Colleges of the State University of New York	1,644,630,000	664,175,000	0	664,175,000
Senior Colleges of the City University of New York	11,126,291,762	3,693,833,213	0	3,693,833,213
Community Colleges of the City University of New York	2,590,993,350	547,566,787	0	547,566,787
BOCES and School Districts	3,279,181,208	2,439,090,000	0	2,439,090,000
Judicial Facilities	2,161,277,717	668,012,717	0	668,012,717
New York State Departments of Health and Education and Other	7,400,435,000	4,822,440,000	0	4,822,440,000
Mental Health Services Facilities	8,662,585,000	4,070,455,000	0	4,070,455,000
New York State Taxable Pension Bonds	773,475,000	0	0	0
Municipal Health Facilities Improvement Program	<u>1,146,845,000</u>	<u>719,200,000</u>	<u>0</u>	<u>719,200,000</u>
Totals Public Programs	<u>\$ 57,515,503,036</u>	<u>\$ 25,712,192,341</u>	<u>\$ 0</u>	<u>\$ 25,712,192,341</u>
<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Bonds and Notes Outstanding</u>
Independent Colleges, Universities and Other Institutions	\$ 20,658,539,952	\$ 10,708,659,444	\$ 78,095,000	\$ 10,786,754,444
Voluntary Non-Profit Hospitals	15,615,509,309	7,197,695,000	0	7,197,695,000
Facilities for the Aged	2,030,560,000	613,645,000	0	613,645,000
Supplemental Higher Education Loan Financing Program	<u>95,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals Non-Public Programs	<u>\$ 38,399,609,261</u>	<u>\$ 18,519,999,444</u>	<u>\$ 78,095,000</u>	<u>\$ 18,598,094,444</u>
			0	
Grand Totals Bonds and Notes	<u>\$ 95,915,112,297</u>	<u>\$ 44,232,191,785</u>	<u>\$ 78,095,000</u>	<u>\$ 44,310,286,785</u>

Outstanding Indebtedness of the Agency Assumed by the Authority

At March 31, 2012, the Agency had approximately \$183.6 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 March 31, 2012 were as follows:

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

<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Hospital and Nursing Home Project Bond Program	\$ 226,230,000	\$ 2,035,000
Insured Mortgage Programs	6,625,079,927	178,175,000
Revenue Bonds, Secured Loan and Other Programs	<u>2,414,240,000</u>	<u>3,440,000</u>
Total Non-Public Programs	<u>\$ 9,265,549,927</u>	<u>\$ 183,650,000</u>
Total MCFFA Outstanding Debt	<u>\$ 13,082,780,652</u>	<u>\$ 183,650,000</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 & Chief Financial Officer of Earl G. Graves, Ltd/Black Enterprise, a multi-media company with properties in print, digital media, television, events and the internet. He is a member of the Investment Advisory Committee of the New York Common Retirement Fund and a member of the Board of Directors at Ronald McDonald House of New York. 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 the assets of the NY Common Retirement Fund, 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 expired on March 31, 2011 and by law he continues to serve until a successor shall be chosen and qualified.

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 expired on March 31, 2012 and by law he continues to serve until a successor shall be chosen and qualified.

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

Ms. Snyder was appointed as a member of the Authority by the Governor on June 15, 2011. She is currently a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. Previously, she was Vice President, General Counsel and a Director of Biocraft Laboratories, Inc. and a Director of Teva Pharmaceuticals. Ms. Snyder serves as a Board member of the Beatrice Snyder Foundation, the Roundabout Theater, the Advisory Committee of the Hospital of Joint Diseases and the Optometric Center of New York, where she also serves on the Investment Committee. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expires on August 31, 2013.

SANDRA M. SHAPARD, Delmar.

Ms. Shapard was appointed as a Member of the Authority by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from January, 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of Budget, from 1991 to 1994, and Deputy Assistant Commissioner for Transit for the State Department of Transportation, from 1988 to 1991. She began her career in New York State government with the Assembly in 1975

where, over a thirteen year period, she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. Ms. Shapard also served as Assistant to the County Executive in Dutchess County. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

GERARD ROMSKI, Esq., Mount Kisco.

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

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

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.

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

Dr. John B. King, Jr., was appointed by the Board of Regents to serve as President of the University of the State of New York and Commissioner of Education on July 15, 2011. As Commissioner of Education, Dr. King serves as chief executive officer of the State Education Department and as President of the University of the State of New York, which is comprised of public and non-public elementary and secondary schools, public and independent colleges and universities, libraries, museums, broadcasting facilities, historical repositories, proprietary schools and services for children and adults with disabilities. Dr. King is also responsible for licensing, practice and oversight of numerous professions. Dr. King previously served as Senior Deputy Commissioner for P-12 Education at the New York State Education Department. Prior thereto, Dr. King served as a Managing Director with Uncommon Schools. Prior to this, Dr. King was Co-Founder and Co-Director for Curriculum & Instruction of Roxbury Preparatory Charter School and prior to that, Dr. King was a teacher in San Juan, Puerto Rico and Boston, Massachusetts. He holds a Bachelor of Arts degree in Government from Harvard University, a Master of Arts degree in Teaching of Social Studies from Teachers College, Columbia University, a Juris Doctor degree from Yale Law School and a Doctor of Education degree in Educational Administrative Practice from Teachers College, Columbia University.

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

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

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

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.

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 twenty 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.

The position of General Counsel is currently vacant.

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 2012 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, 2011. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 9 - LEGALITY OF THE SERIES 2012A BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2012A 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 2012A Bonds may be deposited with the State Comptroller to secure deposits of State money in banks, trust companies and industrial banks.

PART 10 - NEGOTIABLE INSTRUMENTS

The Series 2012A 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 2012A Bonds.

PART 11 - TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2012A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2012A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2012A Bonds. Pursuant to the Resolution, the Series 2012A Resolution, the Loan Agreement and the Tax Certificate for the Series 2012A Bonds, the Authority and the College have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2012A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the College have made certain representations and certifications in the Resolutions, the Loan Agreement and the Tax Certificate. Bond Counsel will also rely on the opinion of General Counsel to the College as to all matters concerning the status of the College as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. Bond Counsel will not independently verify the accuracy of those representations and certifications or that opinion.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Authority and the College described above, interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2012A Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

State Taxes

Bond Counsel is also of the opinion that, by virtue of the Act, interest on the Series 2012A Bonds is exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers. Bond Counsel expresses no opinion as to other State or local tax law consequences arising with respect to the Series 2012A Bonds nor as to the taxability of the Series 2012A Bonds or the income derived therefrom under the laws of any other state other than the State of New York.

Original Issue Premium

All of the Series 2012A Bonds are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Series 2012A Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Series 2012A Bond based on the purchaser's yield to maturity (or, in the case of Series 2012A Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Series 2012A Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Series 2012A Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Series 2012A Bonds. Owners of the Series 2012A Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Series 2012A Bonds with amortizable bond premium.

Ancillary Tax Matters

Ownership of the Series 2012A Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2012A Bonds.

Interest paid on tax-exempt obligations such as the Series 2012A Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2012A Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as Appendix E to this Official Statement. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2012A Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Tax Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2012A Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2012A Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2012A Bonds from gross income for federal or state income tax purposes, or otherwise. For example, in September, 2011, President Obama released legislative proposals that would, among other things, subject interest on tax-exempt bonds (including the Series 2012A Bonds) to a federal income tax for taxpayers with incomes above certain thresholds for tax years beginning after 2012. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2012A Bonds may occur. Prospective purchasers of the Series 2012A Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2012A Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2012A Bonds may affect the tax status of interest on the Series 2012A Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2012A Bonds, or the interest thereon, if any action is taken with respect to the Series 2012A Bonds or the proceeds thereof upon the advice or approval of other counsel.

PART 12 - STATE NOT LIABLE ON THE SERIES 2012A 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 2012A 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 2012A Bonds by the Authority are subject to the approval of Nixon Peabody LLP, New York, New York, Bond Counsel, whose approving opinion will be delivered with the Series 2012A 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 General Counsel and by its special counsel, Orrick, Herrington & Sutcliffe, LLP, New York, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Cozen O’Connor, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2012A Bonds or questioning or affecting the validity of the Series 2012A Bonds or the proceedings and authority under which they are to be issued.

PART 15 - UNDERWRITING

Goldman, Sachs & Co. (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Series 2012A Bonds from the Authority at an aggregate purchase price of \$34,326,419.47 (representing the principal amount of the Series 2012A Bonds plus original issue premium and net of underwriter’s discount of \$184,295.93) and to make a public offering of Series 2012A Bonds at prices that are not in excess of the public offering prices (or less than the yields) stated on the cover page of this Official Statement. The Underwriter will be obligated to purchase all such Series 2012A Bonds if any are purchased.

The Series 2012A 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.

This paragraph and the following two paragraphs have been provided by the Underwriter. Goldman, Sachs & Co. (“Goldman Sachs”) has entered into a master dealer agreement (the “Master Dealer Agreement”) with Incapital LLC (“Incapital”) for the distribution of certain municipal securities offerings, including the Series 2012A Bonds, to Incapital’s retail distribution network at the initial public offering prices. Pursuant to the Master Dealer Agreement, Incapital will purchase the Series 2012A Bonds from Goldman Sachs at the initial public offering price less a negotiated portion of the selling concession applicable to any of the Series 2012A Bonds that Incapital sells.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority and/or the College, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority and/or the College.

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 August 31, 2012, for filing by DAC with the Municipal Securities Rulemaking Board (“MSRB”) and its Electronic Municipal Market Access System for municipal disclosures on an annual basis, operating data and financial information of the type hereinafter described (the “Annual Information”), together with the College’s annual financial statements prepared in accordance with generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with generally accepted accounting standards. However, if audited financial statements are not then available, unaudited financial statements are to be delivered to DAC for delivery to the MSRB when they become available.

If, and only if, and to the extent that it receives the Annual Information and annual financial statements described above from the College, DAC has undertaken in the Continuing Disclosure Agreement, on behalf of and as agent for the College and the Authority, to file such information and financial statements, as promptly as practicable, 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 has undertaken, for the benefit of the Bondholders, to provide such Notices to DAC, should the Authority have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the College, the Trustee or the Authority, DAC will file the Notices with the MSRB in a timely manner. With respect to the Series 2012A Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC’s

obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the College has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or Notices provided to it by the College, the Trustee or the Authority and will not be deemed to be acting in any fiduciary capacity for the Authority, the College, the Holders of the Series 2012A 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 has no duty to determine or liability for failing to determine whether the College, the Trustee or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the College and the Authority with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority's disclosure dissemination agent terminate, the Authority will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Bondholders.

The Annual Information will consist of 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 under the heading "ADMISSION STATISTICS;" (2) student enrollment, similar to that set forth under the heading "ENROLLMENT SUMMARY;" (3) tuition and other student charges, similar to that set forth under the heading "STUDENT CHARGES;" (4) financial aid, similar to that set forth under the heading "SOURCES OF FINANCIAL AID;" (5) faculty, similar to that set forth under the heading "FACULTY PROFILE;" (6) employee relations, including material information about union contracts and, unless such information is included in the College's audited financial statements, retirement plans; (7) restricted and designated net assets, unless such information is included in the College's audited financial statements; (8) college investment in plant, unless such information is included in the College's audited financial statements; and (9) outstanding long-term indebtedness, unless such information is included in the College's audited financial statements; together with such narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of financial and operating data concerning the College.

The Notices include notices of any of the following events (the "Notice Events") with respect to the Series 2012A 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices and determinations or events affecting the tax-exempt status of the Series 2012A Bonds; (7) modifications to the rights of holders of the Series 2012A Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2012A Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of the College; (14) consummation of a merger, consolidation or acquisition involving the College or the sale of all or substantially all of the assets of the College, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (15) appointment of a successor or additional trustee, or the change of name of a trustee, if material. In addition, DAC will undertake 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 2012A 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 2012A Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2012A 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 2012A Bonds. However, 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 2012A Bonds at the time Outstanding. A breach or default under the Continuing Disclosure Agreement will not constitute an Event of Default under the Resolution, the Series 2012A 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, will 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 2012A 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 2012A Bonds will be on file at the principal office of the Authority.

PART 17 - RATINGS

The Series 2012A Bonds have been assigned a long-term rating of “A1” by Moody’s Investors Service, Inc. (“Moody’s”) and “A+” by Standard & Poor’s Financial Services, a division of The McGraw-Hill Companies, Inc. (“Standard & Poor’s”). Such ratings reflect only the view of Moody’s and Standard & Poor’s, respectively, and any desired explanation of the significance of such ratings should be obtained from Moody’s and Standard & Poor’s at the following addresses: Moody’s, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; and Standard & Poor’s, 55 Water Street, New York, New York 10041. 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 any or both of the rating agencies if, in the judgment of any or both of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Series 2012A Bonds.

PART 18 - MISCELLANEOUS

References in this Official Statement to the Act, the Resolution, the Series 2012A Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2012A Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2012A Resolution and the Loan Agreement are on file with the Authority and the Trustee.

The agreements of the Authority with Holders of the Series 2012A Bonds are fully set forth in the Resolutions. Neither any advertisement of the Series 2012A Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2012A Bonds.

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

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

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

“APPENDIX A - CERTAIN DEFINITIONS,” “APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT,” “APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION” and “APPENDIX E - FORM OF APPROVING OPINION OF BOND COUNSEL” have been prepared by Nixon Peabody LLP, New York, New York, Bond Counsel.

“APPENDIX B - FINANCIAL STATEMENTS OF TEACHERS COLLEGE, AND INDEPENDENT AUDITORS’ REPORT” contains the audited financial statements of the College as of and for the years ended August 31, 2011 and 2010 and the report of the College’s independent accountants, KPMG LLP, on such financial statements.

The College has reviewed the parts of this Official Statement describing the College, the principal and interest requirements, the refunding plan, the estimated sources and uses of funds and Appendix B. The College, as a condition to issuance of the Series 2012A Bonds, is required to certify that as of the date of this Official Statement and as of the date of issuance of the Series 2012A Bonds, such parts do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

The College has agreed to indemnify the Authority, the 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

APPENDIX A - CERTAIN DEFINITIONS

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CERTAIN DEFINITIONS

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

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

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

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

“Annual Debt Service” when used in connection with any Indebtedness, means as of any particular date of calculation the amount required to be paid by the College during the then current Fiscal Year to pay the principal, whether at maturity or upon mandatory redemptions and prepayments, of and interest on such Indebtedness; **provided, however**, that such amounts required to be paid on Short-Term Indebtedness shall include interest only; and provided further that such amount shall not include interest to be paid from proceeds of Indebtedness (i.e. capitalized interest) or principal amounts paid during the then current Fiscal Year from the proceeds of Refunding Debt.

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

“Arbitrage Rebate Fund” means the fund so designated, created and established pursuant to the Resolution.

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

“Authority Fee” means the fee payable to the Authority consisting of all of the Authority’s internal costs and overhead expenses attributable to the issuance of the Series 2012A Bonds and the construction of the Project as more particularly described in the Loan Agreement.

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

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

“Available Money” means:

- (i) when used in connection with Bonds other than Letter of Credit Secured Bonds, any money unless the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to them otherwise provides; and
- (ii) when used in connection with Letter of Credit Secured Bonds:
 - (A) the proceeds of such Bonds;
 - (B) money obtained by the Trustee pursuant to the Letter of Credit for such Bonds;
 - (C) money derived from the remarketing of such Bonds which is directly paid to and held by the Trustee for the payment of the Purchase Price of such Bonds;
 - (D) money which has been on deposit with the Trustee for at least one hundred twenty–four (124) days (or, if there are any affiliates of the College, three hundred sixty–six (366) days) prior to and during which no petition by or against the Authority or the College, under the United States Bankruptcy Code of 1978, as amended, 11 U.S.C. Sec. 101 et seq. (the **“Bankruptcy Code”**) shall have been filed or any bankruptcy or similar proceeding shall have been commenced, unless such petition or proceeding shall have been dismissed and such dismissal shall be final and not subject to appeal; or
 - (E) any other money the application of which to the payment of the principal, Redemption Price or purchase price of or interest on such Bond would not, in the opinion of Bond Counsel, constitute a voidable preference in the case of a filing for protection of the Authority or the College under the Bankruptcy Code; and
 - (F) the proceeds from the investment of money described in clauses (A) through (E) above.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“*Debt Service Fund*” means, when used in connection with a Series of Bonds, the fund so designated, created and established by or pursuant to the Series Resolution authorizing the issuance of the Series 2012A Bonds.

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

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

“*Defeasance Security*” means:

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

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

(iii) an Exempt Obligation, provided such Exempt Obligation (i) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for

redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) is rated by at least two Rating Services in the highest rating category for such Exempt Obligation;

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

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

“Deferred Income Bond” means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such Deferred Income Bond, and as to which interest accruing after the Interest Commencement Date is payable semiannually on September 1 and March 1 of each Bond Year (unless otherwise provided in a Series Resolution or a Bond Series Certificate with respect to a Series of Bonds).

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

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

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as Depository for the Series 2012A Bonds, or any successor Depository for any Series 2012A Bonds.

“Exempt Obligation” means:

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

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

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

“Expendable Resources” means as of any particular date of calculation the sum of all unrestricted and temporarily restricted net assets (excluding unspent temporarily restricted net assets restricted for the purpose of capital projects as required to be reported on the College’s audited financial statements or in the footnotes to the College’s audited financial statements), exclusive of Plant Equity, in each case determined in accordance with generally accepted accounting principles then applicable to the College.

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

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

“Federal Agency Obligation” means:

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

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

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

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

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

“Government Obligation” means:

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

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

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

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

(v) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a – 7 of the

Investment company Act of 1940, as amended, wholly comprised of any of the foregoing obligations.

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

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

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

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

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

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

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

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

“*Letter of Credit*” means an irrevocable direct-pay letter of credit for the benefit of the Trustee pursuant to which the issuer thereof is obligated, upon a drawing made by the Trustee in accordance with the terms of such letter of credit, to advance to the Trustee amounts to pay the principal and Sinking Fund Installments of and interest on

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such Bonds, as the same becomes due whether or not the Authority is in default under the Resolution or the College is in default under a Loan Agreement that is issued by (i) a bank, savings bank, savings and loan association or trust company organized under the laws of any state of the United States of America and authorized to do business in the State, (ii) a trust company, (iii) a national banking association, (iv) an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, (v) a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, or (vi) a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

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

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

“Liquidity Facility” means a Letter of Credit, a surety bond, a loan agreement, a Standby Purchase Agreement, a line of credit or other agreement or arrangement pursuant to which money may be obtained by the Trustee upon the terms and conditions contained therein for the purchase of Bonds tendered for purchase in accordance with the terms of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds.

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

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

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

“Mandatory Tender Date” means any date on which a Series 2012A Bond is required to be tendered for purchase in accordance with the Resolution.

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

“Maximum Annual Debt Service” when used in connection with any Indebtedness means as of any particular date of calculation the greatest amount required to be paid by the College during the then current or any future Fiscal Year to pay the principal, whether at maturity or upon mandatory redemptions and prepayments, of and interest on such Indebtedness; provided, however, that such amounts required to be paid on Short-Term Indebtedness shall include interest only; and provided further that such amount shall not include interest to be paid from the proceeds of Indebtedness (i.e. capitalized interest) or principal amounts paid during the then current Fiscal Year from proceeds of Refunding Debt.

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

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

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

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

“*Official Statement*” means an official statement, offering memorandum or circular or other offering document relating to and in connection with the sale of the Series 2012A Bonds.

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

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

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

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

- (i) any Bond canceled by the Trustee at or before such date;
- (ii) any Bond deemed to have been paid in accordance with the Resolution;
- (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; and
- (iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution and in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond.

“*Parity Debt*” means any Long-Term Indebtedness secured by a pledge of or security interest in the Pledged Revenues that is of equal priority with the pledge of or security interest in the Pledged Revenues securing the College’s obligations under the Loan Agreement.

“*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;

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

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

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

"Permitted Investments" means any of the following:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

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

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

(vi) commercial paper issued by a domestic corporation rated, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, in the highest short term rating category by at least one Rating Service and having maturities of not 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.

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

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

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

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

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

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

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

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

Appendix A

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

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

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

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

“Refunded Bonds” means all or a portion of the outstanding principal amount of the Authority’s Teachers College Insured Revenue Bonds, Series 2002, issued on August 14, 2002 pursuant to the Authority’s Teachers College Insured Revenue Bond Resolution, adopted June 26, 2002.

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

“Refunding Debt” means Long–Term Indebtedness issued or incurred to pay or to provide for the payment of other Long–Term Indebtedness.

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

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

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

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

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

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

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

upon any lien upon property of the College given to secure the College's obligation under such Loan Agreement.

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

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

"Series 2012A Bonds" means the Bonds authorized by the Series 2012A Resolution.

"Series 2012A Resolution" means the resolution of the Authority adopted March 28, 2012 entitled "Series Resolution Authorizing Up To \$36,000,000 of Teachers College Revenue Bonds," which resolution authorized the issuance of the Series 2012A Bonds, together with the Bond Series Certificate executed by the Authority in connection with issuance of the Series 2012A Bonds, in each case as the same may be amended, supplemented or otherwise modified.

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

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

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

"Sinking Fund Installment" means, as of any date of calculation:

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

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

"Standby Purchase Agreement" means an agreement by and between the Authority and another person or by and among the Authority, the College and another person, pursuant to which such person is obligated to purchase an Option Bond or a Variable Interest Rate Bond tendered for purchase.

Appendix A

“*State*” means the State of New York.

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

“*Tax Certificate*” means a certificate executed by an Authorized Officer of the Authority, including the appendices, schedules and exhibits thereto, executed in connection with the issuance of the Series 2012A Bonds in which the Authority makes representations and agreements as to arbitrage compliance with the provisions of Section 141 through 150, inclusive, of the Code, or any similar certificate, agreement or other instrument made, executed and delivered in lieu of said certificate, in each case as the same may be amended or supplemented.

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

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

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

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

“*Variable Interest Rate*” means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of computing such interest rate or rates specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds and which shall be based on:

- (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times; or
- (ii) a stated interest rate that may be changed from time to time as provided in such Series Resolution or Bond Series Certificate;

provided, however, that in each case such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate as provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, and that Series Resolution or Bond Series Certificate shall also specify either (x) the particular period or periods of time or manner of determining such period or periods of time for which each variable interest rate shall remain in effect or (y) the time or times at which any change in such variable interest rate shall become effective or the manner of determining such time or times.

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

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

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

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

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TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Financial Statements

August 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

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KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Trustees
Teachers College, Columbia University:

We have audited the accompanying balance sheets of Teachers College, Columbia University (the College) as of August 31, 2011 and 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teachers College, Columbia University as of August 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 9 to the financial statements, in 2011 New York State passed the *New York Prudent Management of Institutional Funds Act*. Pursuant to this change in law, the College adopted certain provisions of Financial Accounting Standards Board Accounting Standards Codification 958-205, *Not-for-Profit Entities*, with respect to its accounting for endowment funds.

KPMG LLP

December 19, 2011

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Balance Sheets

August 31, 2011 and 2010

Assets	2011	2010
Cash and cash equivalents	\$ 21,498,061	8,723,069
Student accounts and other receivables, net (note 4)	3,986,484	4,073,337
Grants and contracts receivable	4,839,346	4,215,441
Inventories and other assets	3,974,705	3,880,595
Contributions receivable, net (notes 5 and 12)	6,314,282	5,498,408
Funds held by bond trustees (notes 7 and 12)	3,546,881	6,082,821
Investments (notes 3 and 12)	219,504,282	209,573,019
Student loans receivable, net (note 4)	3,567,584	3,764,131
Plant assets, net (note 6)	119,538,915	119,152,831
	<hr/>	<hr/>
Total assets	\$ 386,770,540	364,963,652
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 15,770,405	16,371,481
Deferred revenues (note 13)	17,739,737	16,442,169
Long-term debt (note 7)	85,007,068	86,213,462
Accrued pension and other benefit obligations (note 8)	38,981,413	61,802,364
Other liabilities (note 7)	2,225,669	9,554,774
U.S. government grants refundable	2,970,189	3,050,030
	<hr/>	<hr/>
Total liabilities	162,694,481	193,434,280
	<hr/> <hr/>	<hr/> <hr/>
Commitments and contingencies (notes 3, 8, and 14)		
Net assets (note 9):		
Unrestricted:		
Endowment and other	108,091,980	148,083,875
Pension and postretirement obligations	(38,981,413)	(61,802,364)
	<hr/>	<hr/>
Total unrestricted net assets	69,110,567	86,281,511
Temporarily restricted	78,081,358	9,127,070
Permanently restricted	76,884,134	76,120,791
	<hr/>	<hr/>
Total net assets	224,076,059	171,529,372
	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and net assets	\$ 386,770,540	364,963,652
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Statements of Activities

Years ended August 31, 2011 and 2010

	2011	2010
Changes in unrestricted net assets:		
Operating revenues:		
Student tuition and fees, net (note 10)	\$ 102,282,626	95,079,521
Government appropriations	614,994	623,620
Grants and contracts	38,131,693	35,333,349
Contributions	2,389,820	2,980,923
Investment return appropriated (note 3)	10,458,664	13,121,565
Sales and services of auxiliary enterprises	20,511,141	20,158,864
Other sources	1,645,530	2,042,000
Net assets released from restrictions	1,346,084	976,140
Total operating revenues	177,380,552	170,315,982
Operating expenses:		
Instruction	60,423,611	59,595,740
Research, training, and public service	34,554,581	35,913,574
Academic support	13,295,917	12,948,019
Student services	9,107,282	9,651,938
Institutional support (note 11)	28,398,240	24,394,385
Auxiliary enterprises	21,823,534	21,730,647
Total operating expenses	167,603,165	164,234,303
Increase in unrestricted net assets from operations, carried forward	\$ 9,777,387	6,081,679

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Statements of Activities

Years ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Increase in unrestricted net assets from operations, brought forward	\$ 9,777,387	6,081,679
Nonoperating activities:		
Investment return, net of amounts appropriated (note 3)	3,922,242	2,950,248
Gains (losses) related to swap (note 7)	2,757,828	(3,177,891)
Investment return on funds held by bond trustees	6,359	9,329
Change in value of split-interest agreements	47,617	28,879
Pension and postretirement changes other than net periodic benefit cost (note 8)	24,358,319	(2,191,969)
Net assets released from restrictions for capital	355,000	604,572
Net asset reclassification based on adoption of ASC 958-205 (note 9)	(58,395,696)	—
(Decrease) increase in unrestricted net assets	<u>(17,170,944)</u>	<u>4,304,847</u>
Changes in temporarily restricted net assets:		
Contributions	3,174,642	1,191,260
Investment return, net of amounts appropriated (note 3)	9,107,208	—
Change in value of split-interest agreements	76,192	(62,534)
Net asset reclassifications and other transfers (note 9)	58,297,330	—
Net assets released from restrictions	(1,701,084)	(1,580,712)
Increase (decrease) in temporarily restricted net assets	<u>68,954,288</u>	<u>(451,986)</u>
Changes in permanently restricted net assets:		
Contributions	552,677	561,679
Change in value of split-interest agreements	112,300	11,999
Net asset reclassification	98,366	—
Increase in permanently restricted net assets	<u>763,343</u>	<u>573,678</u>
Increase in net assets	52,546,687	4,426,539
Net assets at beginning of year	<u>171,529,372</u>	<u>167,102,833</u>
Net assets at end of year	\$ <u>224,076,059</u>	<u>171,529,372</u>

See accompanying notes to financial statements.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Statements of Cash Flows

Years ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase in net assets	\$ 52,546,687	4,426,539
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Net appreciation in fair value of investments	(24,963,982)	(17,865,708)
Interest rate swap (gain) loss	(2,757,828)	3,177,891
Depreciation	8,608,126	8,798,099
Provision for (recovery of) uncollectible amounts	156,531	(727,909)
Amortization of bond issuance costs	82,134	123,641
Amortization of bond discount	25,400	25,400
Contributions restricted for permanent investment	(476,320)	(593,634)
Change in value of split-interest agreements	(169,456)	37,127
Pension and postretirement changes other than net periodic benefit cost	(24,358,319)	2,191,969
Changes in operating assets and liabilities:		
Student accounts and other receivables	(14,901)	470,621
Grants and contracts receivable	(623,905)	(651,000)
Inventories and other assets	(176,244)	27,551
Contributions receivable, except for amounts restricted for permanent investment and plant assets	(1,002,036)	(559,416)
Accounts payable and accrued expenses and other liabilities	(508,037)	(2,736,764)
Deferred revenues	1,297,568	(6,808,336)
Accrued pension and other benefit obligations	1,537,368	7,209,445
U.S. government grants refundable	(79,841)	680,934
Net cash provided by (used in) operating activities	<u>9,122,945</u>	<u>(2,773,550)</u>
Cash flows from investing activities:		
Loans made to students	(400,548)	(408,244)
Repayments received on student loans	464,521	388,301
Purchase of plant assets	(8,994,210)	(5,226,393)
Change in amounts related to plant assets included in accounts payable and accrued expenses	(22,427)	(448,722)
Purchases of investments	(273,552,800)	(87,417,229)
Proceeds from sales of investments	288,722,914	98,792,819
Swap termination and carry cost payments	(4,600,446)	(5,435,746)
Net cash provided by investing activities	<u>1,617,004</u>	<u>244,786</u>
Cash flows from financing activities:		
Contributions restricted for permanent investment	476,320	593,634
Decrease in contributions receivable restricted for permanent investment and plant assets	347,644	677,505
Repayment of indebtedness	(1,231,795)	(1,546,455)
Change in funds held by bond trustees	2,535,940	2,091,177
Investment income on split-interest agreements, net of payments to annuitants	(93,066)	(76,960)
Net cash provided by financing activities	<u>2,035,043</u>	<u>1,738,901</u>
Net increase (decrease) in cash and cash equivalents	12,774,992	(789,863)
Cash and cash equivalents at beginning of year	<u>8,723,069</u>	<u>9,512,932</u>
Cash and cash equivalents at end of year	<u>\$ 21,498,061</u>	<u>8,723,069</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 4,934,803	4,692,451

See accompanying notes to financial statements.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2011 and 2010

(1) Description of Business

(a) Discussion of Operations

Teachers College, Columbia University (the College) is a graduate and professional school of education. The College engages in five basic activities: (1) research on critical issues of education; (2) instruction of future leaders-practitioners, policymakers, and academicians; (3) education of current leaders-teachers, principals, superintendents, board members, legislators, presidents, members of the media, and representatives of foundations and corporations; (4) development of the public discourse and national agenda for education; and (5) improvement of the practice of educational institutions via laboratories, models, and demonstration projects. The College has one subsidiary, a Japanese corporation, through which the College provides educational programs in Japan. This subsidiary's activities are included in the accompanying financial statements. The College was founded in 1887 and became affiliated with Columbia University in 1898. Under an arrangement with Columbia University, the faculty of the College was designated as faculty of Columbia University, but retained its legal and financial independence. The College remains a separate corporation.

(b) Tax Status

The College is qualified as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, as amended. Accordingly, it is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. The College recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. No provision for income taxes was required for fiscal years 2011 or 2010.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

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

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2011 and 2010

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

(b) Cash Equivalents

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

(c) Contributions

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

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

(d) Grants and Contracts

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

(e) Inventories

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

(f) Plant Assets

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

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

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2011 and 2010

(g) U.S. Government Grants Refundable

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

(h) Split-Interest Agreements

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

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

(i) Derivative Instrument

The College held an interest rate swap through February 2011 that was used to manage its variable rate long-term debt exposure (note 7). This instrument was recorded at fair value in the accompanying balance sheet for the fiscal year ended August 31, 2010, and the carrying costs, termination costs, and change in fair value are recorded as a nonoperating activity in the 2011 and 2010 statements of activities.

(j) Operations

The accompanying statements of activities distinguish between operating and nonoperating activities. Nonoperating activities principally include those activities affecting the change in temporarily and permanently restricted net assets, as well as the difference between investment return on board-designated quasi-endowed funds and the amounts authorized for spending by the College's trustees (note 3) on those funds, investment return on funds held by bond trustees, charges associated with the interest rate swap, pension and postretirement changes other than net periodic benefit cost (note 8), net assets released from restrictions for capital, and certain other nonrecurring activities.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2011 and 2010

(k) Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of the financial statements include valuation of investments and the accrued postretirement pension and other benefit obligations, and the net realizable value of receivables. Actual results could differ from those estimates.

(3) Investments

A summary of the College's investments at August 31, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Money market funds	\$ 17,803,224	40,397,837
Fixed income securities	321,566	242,451
Domestic common stock	32,958,287	25,417,685
Mutual funds	15,763,801	29,798,335
Exchange traded funds	19,889,237	7,106,363
Foreign currency fund	7,348,427	—
Nonpublic equity funds	96,915,018	81,731,427
Private equity and real estate funds	28,504,722	24,878,921
	<u>\$ 219,504,282</u>	<u>209,573,019</u>

Money market funds, domestic common stock, and mutual funds are reported at fair value based upon quoted market prices.

The foreign currency fund invests in an actively managed, short duration emerging market local currency portfolio in order to diversify U.S. dollar based portfolios as well as to take advantage of the short-term interest rate differences between U.S. and emerging market currencies. Withdrawals from the fund can be made each calendar month with a 14-day notice period.

Nonpublic equity funds include investment funds whose underlying investments are publicly traded domestic and international equities and interests in limited partnerships and limited liability corporations that may employ both long and short strategies and invest in public equities, internationally developed and emerging markets, and other marketable securities. These interests have varying degrees of liquidity, ranging from monthly to annually with 6 to 90 days notice, except for two funds with a combined value of approximately \$2.2 million that cannot be redeemed and four funds subject to lock up ending in fiscal years 2012 and 2013 with a total market value of \$23.3 million. Once the lock up periods expire, these funds will have similar redemption frequencies as the other nonpublic equity funds.

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Notes to Financial Statements

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Private equity and real estate funds include interests in limited partnerships and limited liability corporations that invest in private equity buyouts, distressed credit opportunities, real estate, and other private equity strategies. Under the terms of certain limited partnership agreements, the College is obligated to periodically advance additional funding for these limited partnership investments. At August 31, 2011, the College had outstanding commitments of approximately \$6.6 million. The College maintains sufficient liquidity in its investment portfolio to cover such calls. Such commitments, generally, have fixed expiration dates or other termination clauses ranging from April 2012 to December 2018. These funds offer no redemptions.

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in their values will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets.

Investments include \$1,537,382 and \$1,632,760 of assets relating to split-interest agreements at August 31, 2011 and 2010, respectively.

The following summarizes the College's total return on investments and its classification in the financial statements for the years ended August 31, 2011 and 2010:

	2011	2010
Dividends and interest	\$ 1,392,186	1,299,191
Net appreciation in fair value of investments	24,963,982	17,865,708
Investment fees and expenses	(2,868,054)	(3,093,086)
Total return on investments	23,488,114	16,071,813
Investment return appropriated for spending	10,458,664	13,121,565
Investment return reported as nonoperating and temporarily restricted	\$ 13,029,450	2,950,248

(4) Allowances for Uncollectible Accounts and Loans Receivable

Student accounts and other receivables are reported net of an allowance for uncollectible amounts of approximately \$536,000 and \$434,000 at August 31, 2011 and 2010, respectively.

Student loans receivable are reported net of an allowance for uncollectible amounts of approximately \$444,000 and \$474,000 at August 31, 2011 and 2010, respectively.

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(5) Contributions Receivable, Net

Contributions receivable consist of the following at August 31, 2011 and 2010:

	2011	2010
Amounts receivable from charitable remainder trusts	\$ 331,269	319,248
Beneficial interest in perpetual trusts	808,924	751,427
Amounts receivable from charitable lead trust	269,854	255,925
Amounts expected to be collected in:		
Less than one year	1,722,118	1,608,690
One to five years	3,095,812	3,094,315
More than five years	445,000	10,000
	6,672,977	6,039,605
Less allowance for uncollectible amounts	(35,000)	(164,000)
Less discount to present value (at discount rates ranging from 0.96% to 6.00%)	(323,695)	(377,197)
	\$ 6,314,282	5,498,408

(6) Plant Assets, Net

Plant assets consist of the following at August 31, 2011 and 2010:

	2011	2010
Land	\$ 642,443	642,443
Buildings and improvements	90,500,112	88,516,355
Furniture and equipment	31,453,285	29,933,552
Under capital lease with DASNY and other lenders:		
Land	50,000	50,000
Buildings and improvements	109,243,281	107,230,035
Furniture and equipment	11,338,231	10,849,140
	243,227,352	237,221,525
Less accumulated depreciation	(129,427,265)	(121,127,343)
Construction in progress	5,738,828	3,058,649
	\$ 119,538,915	119,152,831

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(7) Long-Term Debt and Derivative Instrument

Long-term debt at August 31, 2011 and 2010 consists of the following:

	2011	2010
DASNY:		
Series 2002 Insured Revenue Bonds (a)	\$ 32,995,000	34,145,000
Series 2009 Insured Revenue Bonds, net of unamortized bond discount of \$696,318 and \$721,718, respectively (b)	51,898,682	51,873,282
Equipment leases (c)	113,386	195,180
Total debt outstanding	\$ 85,007,068	86,213,462

- (a) In August 2002, DASNY issued Insured Revenue Bonds, Series 2002 (Series 2002 Bonds) in the amount of \$42,085,000 on behalf of the College. The Series 2002 Bonds are due through 2032 with interest rates ranging from 4.000% to 5.375%. Principal amounts are payable annually on July 1, and interest is payable semiannually on January 1 and July 1. The College used the proceeds from the Series 2002 Bonds to finance various capital renovations. The College has pledged revenues as security interest for the performance of all obligations under the Series 2002 loan agreement. In the event that liability payments are made from the College's general funds, or from any moneys legally available to it for such purposes, the College will not be required to deliver pledged revenues to the bond trustee.

At August 31, 2011 and 2010, the College had unamortized bond issuance costs of \$889,169 and \$931,610, respectively, relating to the Series 2002 Bonds, which have been deferred and are being amortized over the life of the Series 2002 Bonds.

- (b) In January 2009, DASNY issued Insured Revenue Bonds, Series 2009 (Series 2009 Bonds) in the amount of \$52,595,000 on behalf of the College at a discount of \$762,010. The College used the proceeds from the Series 2009 Bonds to redeem the Insured Revenue Bonds, Series 2007 (Series 2007 Bonds) and to finance various capital improvements and renovations.

The Series 2009 Bonds are due through 2039 with interest rates ranging from 3.0% to 5.5%. Principal amounts are payable annually beginning on March 1, 2015. Interest is payable semiannually on March 1 and September 1. In issuing the Series 2009 Bonds, the College incurred bond issuance costs of \$1,257,990, which have been deferred and are being amortized over the life of the related debt. At August 31, 2011 and 2010, the College had unamortized bond issuance costs of \$1,112,706 and \$1,152,399, respectively. The Series 2009 Bonds are secured by the pledge of revenues, the proceeds of the Series 2009 Bonds, and certain funds and accounts established by the Series 2009 Bonds.

The Series 2009 Bonds require compliance with certain financial and nonfinancial debt covenants.

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At August 31, 2011 and 2010, bond trustees held unexpended funds of \$1,199,984 and \$1,378,408, respectively, relating to the Series 2007 Bonds and \$2,346,897 and \$4,704,413, respectively, relating to the Series 2009 Bonds. In 2011 and 2010, such funds were invested in cash and short-term government securities.

- (c) The obligation under equipment leases is payable in monthly installments through September 2013 and bears interest at rates ranging from 3.35% to 3.59%.
- (d) In August 2003, the College entered into a floating-to-fixed interest rate swap agreement as a hedge on its Taxable Series 2003 Bonds (Series 2003 Bonds), which have since been retired. Subsequent to the retirement of the Series 2003 Bonds, the swap continued to hedge other outstanding debt until the refinancing of the Series 2007 Bonds in 2009. Under the arrangement, the College received the one-month London Interbank Offered Rate (LIBOR) (0.2755% at August 31, 2010) and paid a fixed rate of 5.816%. In April 2010, the College paid approximately \$3.5 million to terminate a notional amount of \$22.3 million. The remaining notional amount, \$21.25 million, was terminated in February 2011 at a cost of approximately \$4.1 million. The fair value of the swap agreement reported in other liabilities in the accompanying August 31, 2010 balance sheet approximated \$7.4 million. The nonoperating charge in 2011 and 2010 reflects change in value, \$7.4 million and \$2.3 million, respectively, as well as termination and other carrying costs of \$4.6 million and \$5.4 million, respectively.

The fair value of the College's long-term debt approximated \$91.8 million and \$94.2 million at August 31, 2011 and 2010, respectively. This amount was estimated by discounting future cash flows associated with the debt by current market rates for bonds with the same or similar maturities and credit quality.

The minimum annual payments for principal are as follows:

Year ending August 31:	
2012	\$ 1,248,381
2013	1,300,307
2014	1,299,698
2015	2,915,000
2016	2,690,000
Thereafter	76,250,000
Total principal payments	85,703,386
Unamortized bond discount	(696,318)
Total debt outstanding	\$ 85,007,068

Interest expense was approximately \$4.4 million and \$4.5 million in 2011 and 2010, respectively.

(8) Pension and Postretirement Benefit Plans

The College has a contributory defined contribution plan covering academic and professional employees. Total expense recognized under this plan for the years ended August 31, 2011 and 2010 was approximately \$5,875,000 and \$5,798,000, respectively.

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August 31, 2011 and 2010

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

In addition, the College provides health insurance coverage to retired faculty and professional staff and their dependents. Faculty and professional staff hired before January 1, 2006 become eligible for these benefits if they are at least 55 years of age and have a minimum of 15 years of service. This plan was amended on June 16, 2010 whereby eligible professional staff who retire after August 31, 2011, and eligible faculty who retire after August 31, 2013, will contribute to the plan based upon their age and years of service.

The following table provides information with respect to the defined benefit pension and postretirement benefit plans as of and for the years ended August 31, 2011 and 2010:

	Pension benefits		Postretirement benefits	
	2011	2010	2011	2010
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 45,053,686	39,563,760	41,064,928	37,168,833
Service cost	1,732,019	1,208,067	527,352	1,555,496
Interest cost	2,078,371	2,133,909	1,125,705	2,433,716
Actuarial (gain) loss	(4,946,359)	4,219,865	(18,014,647)	10,663,821
Plan amendments	—	—	—	(10,002,083)
Benefits paid	(2,294,440)	(2,071,915)	(1,116,771)	(754,855)
Benefit obligation at end of year	<u>41,623,277</u>	<u>45,053,686</u>	<u>23,586,567</u>	<u>41,064,928</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	24,316,250	24,331,643	—	—
Actual return on plan assets	3,333,699	2,056,522	—	—
Employer contribution	872,922	—	1,116,771	754,855
Benefits paid	(2,294,440)	(2,071,915)	(1,116,771)	(754,855)
Fair value of plan assets at end of year	<u>26,228,431</u>	<u>24,316,250</u>	<u>—</u>	<u>—</u>
Funded status, recognized in the balance sheets	<u>\$ (15,394,846)</u>	<u>(20,737,436)</u>	<u>(23,586,567)</u>	<u>(41,064,928)</u>

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Accumulated amounts recorded in unrestricted net assets other than through net periodic benefit cost at August 31, 2011 and 2010 consist of the following:

	Pension benefits		Postretirement benefits	
	2011	2010	2011	2010
Prior service credit	\$ —	\$ —	8,474,767	10,083,235
Net actuarial loss	(9,512,207)	(17,225,290)	(4,261,134)	(22,514,838)
	\$ (9,512,207)	(17,225,290)	4,213,633	(12,431,603)

The estimated net loss for the pension plan that will be amortized from unrestricted net assets into net periodic benefit cost in fiscal year 2012 is \$1,307,868. The estimated net loss and prior service credit for the postretirement plan that will be amortized from unrestricted net assets into net periodic benefit cost in fiscal year 2012 are \$204,567 and \$1,608,468, respectively.

The following table provides the actuarial assumptions:

	Pension benefits		Postretirement benefits	
	2011	2010	2011	2010
Weighted average assumptions used to determine benefit obligations:				
Discount rate	5.74%	4.75%	5.69%	5.00%
Rate of compensation increase	4.50	4.50	—	—
Weighted average assumptions used to determine net periodic benefit cost:				
Discount rate	4.75	5.75	5.00	5.75
Expected return on plan assets	8.00	8.00	—	—
Rate of compensation increase	4.50	4.50	—	—

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

	2011	2010
Assumed healthcare cost trend rates:		
Healthcare cost trend rate assumed for next year	7.70%	7.90%
Healthcare cost trend assumed to decline	4.50%	4.70%
Ultimate trend rate achieved	2027	2061

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The following table provides the components of net periodic benefit cost recognized in the accompanying statements of activities:

	Pension benefits		Postretirement benefits	
	2011	2010	2011	2010
Service cost	\$ 1,732,019	1,208,067	527,352	1,555,496
Interest cost	2,078,371	2,133,909	1,125,705	2,433,716
Expected return on plan assets	(1,874,843)	(1,861,033)	—	—
Amortization of prior service (credit) cost	—	—	(1,608,468)	5,973
Loss recognized	1,307,868	916,303	239,057	1,571,869
Net periodic benefit cost	\$ 3,243,415	2,397,246	283,646	5,567,054

Other changes in plan assets and benefit obligations recognized in unrestricted net assets at August 31, 2011 and 2010 are as follows:

	Pension benefits		Postretirement benefits	
	2011	2010	2011	2010
Pension and postretirement changes other than net periodic benefit cost:				
Net (gain) loss	\$ (6,405,215)	4,024,376	(18,014,647)	10,663,821
Prior service credit	—	—	—	(10,002,083)
Amortization of prior service credit (cost)	—	—	1,608,468	(5,973)
Amortization of net loss	(1,307,868)	(916,303)	(239,057)	(1,571,869)
Total amount recognized in unrestricted net assets	\$ (7,713,083)	3,108,073	(16,645,236)	(916,104)

The accumulated benefit obligation for the pension plan at August 31, 2011 and 2010 was \$37,430,378 and \$40,222,054, respectively.

Pension plan assets consist of an interest in a commingled fund, which is reported at the net asset value provided by the fund manager. The fund is classified as Level 2 within the fair value hierarchy. The College's overall investment strategy is to provide liquidity to fund current benefit payments as well as to provide for long-term growth through appreciation. The target allocations for plan assets are 62% equity securities, 33% fixed income, and 5% other investment types.

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August 31, 2011 and 2010

As of August 31, 2011 and 2010, the fund's composition was as follows:

	2011	2010
Domestic equities	41%	46%
International equities/emerging markets equities	23	17
Fixed income:		
U.S. treasury securities	3	6
Mortgages	8	15
Corporate bonds	5	7
High yield bonds	6	—
Other fixed income	9	3
Real estate	5	6
	100%	100%

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

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

2012	\$	2,287,999
2013		2,426,685
2014		2,567,268
2015		2,609,956
2016		2,668,971
2017 – 2021		14,678,459

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

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

		Expected benefits reflecting Medicare subsidy
		<u> </u>
2012	\$	1,297,273
2013		1,338,611
2014		1,428,743
2015		1,474,697
2016		1,546,778
2017 – 2021		8,370,436

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

		One- percentage- point increase	One- percentage- point decrease
		<u> </u>	<u> </u>
Impact of 1% change in healthcare cost trend rates:			
Effect on total service and interest cost components	\$	265,561	(215,900)
Effect on postretirement benefit obligation		3,318,101	(2,624,144)

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Notes to Financial Statements

August 31, 2011 and 2010

(9) Net Assets

(a) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at August 31, 2011 and 2010 primarily comprise unappropriated income on donor-restricted endowment funds and nonendowment contributions restricted for specific purposes or future periods. Temporarily restricted net assets are restricted for the following purposes:

	2011	2010
Donor-restricted unappropriated earnings restricted for:		
Scholarships and financial aid	\$ 6,937,731	—
Professorships and lectureships	15,502,758	—
Research and experimentation	29,007,878	—
Other	16,054,537	—
Other restrictions:		
Scholarships, fellowships, professorships, and lectureships	7,277,384	5,404,796
Capital projects	1,391,923	1,711,853
Future periods	1,909,147	2,010,421
Total	\$ 78,081,358	9,127,070

Permanently restricted net assets at August 31, 2011 and 2010 are restricted to investment in perpetuity, and associated investment return is restricted for the following:

	2011	2010
Scholarships and financial aid	\$ 36,206,871	35,630,292
Professorships and lectureships	22,688,409	22,686,872
Research and experimentation	9,924,265	9,922,954
Other	8,064,589	7,880,673
Total	\$ 76,884,134	76,120,791

(b) Endowment Funds

The College's endowment consists of both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. Deficiencies of this nature totaled approximately \$534,000 and \$2.1 million at August 31, 2011 and 2010, respectively.

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August 31, 2011 and 2010

The investment objectives for the College's endowment are to preserve the principal value of those funds, in both absolute as well as real terms, provide a stable source of perpetual financial support to endowment beneficiaries, and maximize over the long term the total rate of return earned without assuming an unreasonable degree of risk. In connection with these investment objectives, the board of trustees has adopted a spending policy. The amount available for spending is determined annually by applying a rate of 5% to the 16-quarter moving average of the fair value of the endowment.

The College's management and investment of donor-restricted endowment funds has historically been subject to the provisions of the Uniform Management and Institutional Funds Act (UMIFA) and the New State Trust Laws. In September 2010, the State of New York enacted the *New York Prudent Management of Institutional Funds Act* (NYPMIFA), effective immediately. Among NYPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar value, the amount below which an organization could not spend from the fund in favor of a more robust set of guidelines about what constitutes prudent spending. The financial reporting and disclosure implications stemming from the enactment of this law, and as provided by Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities*, are reflected in the 2011 financial statements.

The College has interpreted NYPMIFA as allowing the College to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund, as is deemed prudent for uses, benefits, purposes, and duration for which the endowment is established, subject to the intent of the donor as expressed in the gift instrument, absent donor stipulations to the contrary. As a result of this interpretation, the College has not changed the way permanently restricted net assets are classified.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Pursuant to this change in law and in accordance with ASC 958-205, the College reclassified net assets of \$58.4 million from unrestricted net assets to temporarily restricted net assets in the 2011 statement of activities.

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The tables that follow present information with respect to the College's endowment as of and for the years ended August 31, 2011 and 2010. Endowment net assets consist of the following at August 31, 2011 and 2010:

August 31, 2011				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	\$ (533,877)	67,502,904	74,761,737	141,730,764
Board-designated	67,026,617	—	—	67,026,617
Total	<u>\$ 66,492,740</u>	<u>67,502,904</u>	<u>74,761,737</u>	<u>208,757,381</u>
August 31, 2010				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	\$ 56,815,362	—	74,148,021	130,963,383
Board-designated	54,234,456	—	—	54,234,456
Total	<u>\$ 111,049,818</u>	<u>—</u>	<u>74,148,021</u>	<u>185,197,839</u>

Changes in endowment net assets during the fiscal years ended August 31, 2011 and 2010 are as follows:

2011				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets, August 31, 2010	\$ 111,049,818	—	74,148,021	185,197,839
Net asset reclassification based on adoption of ASC 958-205	(58,395,696)	58,395,696	—	—
Dividends and interest	397,093	843,823	—	1,240,916
Current year gifts/additions	10,005,549	—	613,716	10,619,265
Appropriation for expenditure	(3,304,089)	(7,021,190)	—	(10,325,279)
Investment gain, net	6,740,065	15,284,575	—	22,024,640
Net assets, August 31, 2011	<u>\$ 66,492,740</u>	<u>67,502,904</u>	<u>74,761,737</u>	<u>208,757,381</u>

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	2010			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Net assets, August 31, 2009	\$ 108,127,740	—	73,360,262	181,488,002
Dividends and interest	1,148,491	—	—	1,148,491
Current year gifts/additions	6,500	—	787,759	794,259
Appropriation for expenditure	(12,716,646)	—	—	(12,716,646)
Investment gain, net	14,483,733	—	—	14,483,733
Net assets, August 31, 2010	\$ 111,049,818	—	74,148,021	185,197,839

(10) Student Aid

Student tuition and fees are presented net of amounts awarded to students to defray their cost of attending the College. Student aid totaled \$18,668,752 and \$18,137,310 in fiscal years 2011 and 2010, respectively.

(11) Fund-Raising Expenses

Fund-raising expenses are included in institutional support in the accompanying statements of activities. For the years ended August 31, 2011 and 2010, fund-raising costs incurred by the College's development office for contributions and certain private grants and contracts amounted to approximately \$6.2 million and \$6.1 million, respectively.

(12) Fair Value of Financial Instruments

At August 31, 2011 and 2010, the carrying values of the College's cash and cash equivalents, receivables, and accounts payable and accrued expenses approximated their fair values. A reasonable estimate of the fair value of loans to students under government loan programs cannot be made because the loans are not saleable and can only be assigned to the U.S. government or its designees.

For all assets and liabilities reported at fair value, the College employs 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 as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active or investments in investment companies that are redeemable on or near the balance sheet date.
- Level 3 Inputs that are unobservable and investments in investment companies that are not redeemable near the balance sheet date.

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A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following tables present the fair value hierarchy for the College's assets and liabilities, which are reported in the August 31, 2011 and 2010 balance sheets at fair value:

	2011			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 17,803,224	17,803,224	—	—
Fixed income securities	321,566	321,566	—	—
Domestic common stock	32,958,287	32,958,287	—	—
Mutual funds:				
Equity mutual funds	10,195,522	10,195,522	—	—
Global hard assets	5,568,279	5,568,279	—	—
Exchange traded funds	19,889,237	19,889,237	—	—
Nonpublic investments:				
Foreign currency	7,348,427	—	7,348,427	—
Nonpublic equity	96,915,018	—	71,432,272	25,482,746
Private equity	20,977,069	—	—	20,977,069
Real estate	7,527,653	—	—	7,527,653
Total investments	219,504,282	86,736,115	78,780,699	53,987,468
Funds held by bond trustees	3,546,881	3,546,881	—	—
Charitable remainder, lead, and perpetual trusts in contributions receivable	1,313,689	—	—	1,313,689
Total assets	<u>\$ 224,364,852</u>	<u>90,282,996</u>	<u>78,780,699</u>	<u>55,301,157</u>

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2011 and 2010

	2010			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 40,397,837	40,397,837	—	—
Fixed income securities	234,451	234,451	—	—
Domestic common stock	25,417,685	25,417,685	—	—
Mutual funds:				
Equity mutual funds	19,151,183	19,151,183	—	—
Bond mutual funds	10,647,152	10,647,152	—	—
Exchange traded funds	7,106,363	7,106,363	—	—
Nonpublic investments:				
Nonpublic equity	81,739,427	12,705	75,788,598	5,938,124
Private equity	18,411,366	—	—	18,411,366
Real estate	6,467,555	—	—	6,467,555
Total investments	209,573,019	102,967,376	75,788,598	30,817,045
Funds held by bond trustees	6,082,821	6,082,821	—	—
Charitable remainder, lead, and perpetual trusts in contributions receivable	1,230,005	—	—	1,230,005
Total assets	<u>\$ 216,885,845</u>	<u>109,050,197</u>	<u>75,788,598</u>	<u>32,047,050</u>
Liabilities:				
Interest rate swap agreement	\$ 7,358,274	—	7,358,274	—

The following table presents a reconciliation of Level 3 assets for the years ended August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Beginning balance	\$ 32,047,050	44,817,506
Net appreciation in fair value	5,209,350	4,233,670
Purchases	28,602,751	2,356,616
Dispositions	(8,017,807)	(8,686,448)
Transfers out of Level 3	(2,540,187)	(13,026,954)
Transfers into Level 3	—	2,352,660
Ending balance	<u>\$ 55,301,157</u>	<u>32,047,050</u>

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2011 and 2010

(13) Deferred Revenue

Deferred revenue consists of the following at August 31, 2011 and 2010:

	2011	2010
Federal and private grants	\$ 12,752,176	10,775,272
Student tuition and loans	4,326,198	5,174,713
Other	661,363	492,184
	\$ 17,739,737	16,442,169

(14) Commitments and Contingencies

(a) Government Funding

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

(b) Operating Leases

The College has operating leases for building space and certain furnishings through July 31, 2020. Minimum future rental payments under these leases are as follows:

Year ending August 31:	
2012	\$ 802,519
2013	171,376
2014	138,557
2015	138,557
2016	138,557
Thereafter	542,683
	\$ 1,932,249

Total rent expense for the years ended August 31, 2011 and 2010 amounted to approximately \$916,000 and \$690,000, respectively.

(c) Line of Credit

The College has a revolving credit arrangement with a bank that provides for a line of credit up to \$15 million, which was not drawn upon for the years ended August 31, 2011 and 2010. Borrowings under the line of credit will bear interest at the following options: (1) the bank's prime rate or (2) the one-month LIBOR plus 1.15% or (3) a negotiated rate with the bank.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2011 and 2010

(d) *Litigation*

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

(15) Subsequent Events

The College evaluated events subsequent to August 31, 2011 and through December 19, 2011, the date on which the financial statements were issued.

**APPENDIX C - SUMMARY OF CERTAIN PROVISIONS
OF THE LOAN AGREEMENT**

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a brief summary of certain provisions of the Loan Agreement. Such summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of such and all provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix A.

Construction of Projects

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

(Section 5)

Project Amendment

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

(Section 6)

Financial Obligations; Nature of Obligations.

(a) Except to the extent that money is available therefor under the Resolution or under the Loan Agreement, including money in the Debt Service Fund (other than money required to pay the Redemption Price or purchase price of Outstanding Series 2012A Bonds theretofore called for redemption or contracted to be purchased, plus interest accrued to the date of redemption or purchase), and excluding interest accrued but unpaid on investments held in the Debt Service Fund, the College by the Loan Agreement unconditionally agrees to pay, or cause to be paid, to or upon the order of the Authority, from its general funds or any other money legally available to it:

- (i) On or before the date of delivery of the Series 2012A Bonds, the Authority Fee agreed to by the Authority and the College in connection with issuance of the Series 2012A Bonds;
- (ii) On or before the date of delivery of the Series 2012A Bonds, such amount, if any, as is required, in addition to the proceeds of the Series 2012A Bonds available therefor, to pay the Costs of Issuance of the Series 2012A Bonds, and other costs in connection with the issuance of the Series 2012A Bonds;
- (iii) On December 10, 2012, and each June 10th and December 10th thereafter, the interest coming due on the Series 2012A Bonds on the next succeeding interest payment therefor;
- (iv) On June 10, 2013, and on each June 10th thereafter, the principal and the Sinking Fund Installments coming due on the next succeeding July 1st;
- (v) Unless the redemption of Series 2012A Bonds at the option of the Authority or any purchase thereof in lieu of optional redemption is subject to the condition that sufficient money is available on the redemption date or the purchase date, on or prior to the date any notice of optional redemption or purchase in lieu of optional redemption is given, the Redemption Price or purchase price of the Series 2012A Bonds previously called for redemption or to be purchased;

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

(vii) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (i) for the Authority Fee then unpaid, (ii) to reimburse the Authority for payments made by it pursuant to paragraph (e) of this section and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (iii) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Series 2012A Bonds or the financing or construction of the Project, including, but not limited to, costs and expenses of insurance and auditing, (iv) for the costs and expenses incurred by the Authority to compel full and punctual performance by the College of all the provisions of the Loan Agreement, in accordance with the terms of the Loan Agreement and thereof, and (v) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution and the Series Resolution;

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

(ix) Promptly upon demand by the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund or otherwise available therefor for the payment of any rebate required by the Code to be made and the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Series 2012A Bonds.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series Resolution, the College shall receive a credit against the amount required to be paid by the College during a Bond Year pursuant to paragraph (iv) of this subsection (a) on account of a Sinking Fund Installment if, prior to the date notice of redemption is given for the redemption of the Series 2012A Bonds to be redeemed through such Sinking Fund Installment prior to the succeeding July 1, the College delivers to the Trustee for cancellation one or more Series 2012A Bonds to be so redeemed on such July 1. The amount of the credit shall be equal to the principal amount of the Series 2012A Bonds so delivered.

The Authority by the Loan Agreement directs the College, and the College by the Loan Agreement agrees to make: (1) the payments required by subparagraphs (iii) and (viii) of this paragraph (a), directly to the Trustee for deposit in the Debt Service Fund and application in accordance with the Resolution or the Series Resolution; (2) the payments required by subparagraph (v) of this paragraph (a), directly to the Trustee for payment of the Redemption Price or purchase price of Series 2012A Bonds called for optional redemption or purchase in lieu of optional redemption; (3) the payments required by subparagraph (ii) of this paragraph (a), directly to the Trustee for deposit in the Construction Fund or other fund or account established under the Resolution or the Series Resolution, as directed by the Authority; (4) the payments required by subparagraph (vii) of this paragraph (a), directly to the Trustee for application in accordance with the Resolution; (5) the payments required by subparagraph (xi) of this paragraph (a), directly to the Trustee for deposit in the Arbitrage Rebate Fund, and (6) the payments required by subparagraphs (i) and (vi) of this paragraph (a), directly to the Authority.

(b) Notwithstanding any provision in the Loan Agreement or in the Resolution or the Series Resolution to the contrary (except as otherwise specifically provided for in this paragraph), (1) all money paid by the College to the Trustee pursuant to subparagraphs (iii), (iv) and (viii) of paragraph (a) of this subsection (other than money received by the Trustee pursuant to the Resolution which shall be retained and applied by the Trustee for its own account) shall be received by the Trustee as agent for the Authority in satisfaction of the College's indebtedness to the Authority with respect to the interest on and principal or Redemption Price of the Series 2012A Bonds to the extent of such payment are applied to the payment of the principal or Redemption Price of or interest on the Series 2012A Bonds, and (2) the transfer by the Trustee of any money (other than money described in clause (1) of this paragraph (b)) held by it in the Construction Fund to the Debt Service Fund in accordance with the applicable provisions of the Loan

Agreement or of the Resolution shall be deemed, upon such transfer, receipt by the Authority from the College of a payment in satisfaction of the College's indebtedness to the Authority with respect to the Redemption Price of the Series 2012A Bonds to the extent of the amount of money transferred. Immediately after receipt or transfer of such money, as the case may be, by the Trustee, the Trustee shall hold such money in trust in accordance with the applicable provisions of the Resolution and the Series Resolution for the sole and exclusive benefit of the Bondholders, regardless of the actual due date or applicable payment date of any payment to the Holders of the Series 2012A Bonds, except in respect to the payment to the College by the Trustee as provided for in the Resolution.

(c) The obligations of the College to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the College may otherwise have against the Authority, the Trustee or any Holders of the Series 2012A Bonds for any cause whatsoever including, without limiting the generality of the foregoing, failure of the College to complete the Project or the completion thereof with defects, failure of the College to occupy or use the Project, any declaration or finding that the Series 2012A Bonds are or the Resolution or the Series Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; provided, however, that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part in the Loan Agreement contained or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the College may take such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the College for, or to pay, the Costs of the Project beyond the extent of money in any fund or account established in connection with the issuance of bonds by the Authority for payment of the Costs of the Project.

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

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

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

(f) The College, if there is not then an Event of Default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in accordance with the directions of the Authority in the Debt Service Fund or held by the Trustee for the payment of Series 2012A Bonds in accordance with the Resolution. Upon any voluntary payment by the College or any deposit in the Debt Service Fund made pursuant to paragraph (b) of this section, the Authority agrees to direct the Trustee to purchase or redeem Series 2012A Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the Resolution; provided, however, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution or the Series Resolution, and to purchase or redemption all Series 2012A Bonds then Outstanding, or to pay or provide for the payment of all Series 2012A Bonds then Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the College, to direct the Trustee to purchase or

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redeem all Series 2012A Bonds Outstanding, or to cause all Series 2012A Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

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

(Section 9)

Security Interest in Pledged Revenues

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

The College represents and warrants that (i) no part of the Pledged Revenues or any right to receive or collect the same or the proceeds thereof is subject to any Lien, (ii) all corporate action on the part of the College to authorize the pledge thereof and the granting of a security interest therein has been duly and validly taken, and (iii) the Pledged Revenues assigned pursuant to the Loan Agreement are legally available to provide security for the College's performance under the Loan Agreement. The College covenants and agrees that (i) other than as permitted by Schedule D to the Loan Agreement, it shall not hereafter create or permit the creation of any pledge, assignment, encumbrance, restriction, security interest in or other commitment of or with respect to the Pledged Revenues which is prior or equal to the pledge of the Pledged Revenues made by this paragraph and (ii) it shall at all times, to the extent permitted by law, defend, preserve and protect such pledge and security interest and all of the rights of the Authority and the Holders of Series 2012A Bonds against all claims and demands of all persons whomsoever.

(Section 10)

Collection of Pledged Revenues

(a) Subject to the provisions of paragraph (b) of this paragraph and the terms of any intercreditor agreement relating to Parity Debt, commencing on the date on which the Series 2012A Bonds are first issued and delivered and continuing until no Series 2012A Bonds are Outstanding, the College shall deliver to the Trustee for deposit in accordance with the Resolution and the Series Resolution all Pledged Revenues (other than the Parity Debt) within ten (10) days following the College's receipt thereof unless and until there is on deposit in the Debt Service Fund an amount at least equal to the sum of (i) the interest coming due on or prior to the earlier of the next succeeding January 1 or July 1, (ii) the principal and Sinking Fund Installments of Outstanding Series 2012A Bonds payable on and prior to the next succeeding July 1, and (iii) the Redemption Price or purchase price of Outstanding Series 2012A Bonds theretofore called for redemption or contracted to be purchased and accrued interest thereon to the date of redemption or purchase. In the event that, pursuant to the Loan Agreement, the Authority notifies the College that account debtors are to make payments directly to the Authority or to the Trustee, such payments shall be made directly to the Authority or the Trustee notwithstanding anything contained in this paragraph, 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.

(b) Notwithstanding anything to the contrary in paragraph (a) above, in the event that, on or prior to the date on which a payment is to be made pursuant to the provisions of the Loan Agreement described above in paragraph (a) of the section entitled "Financial Obligations; Nature of Obligations" on account of the principal, Sinking Fund Installments or Redemption Price of or interest on Outstanding Series 2012A 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 previous paragraph to deliver Pledged Revenues to the Trustee.

(c) Any Pledged Revenues collected by the College that are not required to be paid to the Trustee pursuant to the Loan Agreement shall be free and clear of the security interest granted by the Loan Agreement and may be disposed of by the College for any of its corporate purposes provided that no Event of Default 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 11)

Consent to Pledge and Assignment

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

(a) The College warrants and represents that:

(i) it has the requisite power and authority to enter into the Loan Agreement and to incur the indebtedness contemplated thereby in the manner and to the extent provided in the Loan Agreement, therein and in the Resolution and the Series Resolution, and to pledge and grant a security interest in the Pledged Revenues to the Authority as security for performance of its obligations under the Loan Agreement;

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

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

(Section 12)

Tax-Exempt Status of College

The College represents that: (i) it is an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law, and is not a "private foundation," as such term is defined under

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Section 509(a) of the Code; (ii) it has received a letter or other notification from the Internal Revenue Service to that effect; (iii) such letter or other notification has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (v) the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (vi) it is exempt from federal income taxes under Section 501(a) of the Code, except for unrelated business income subject to the taxation under Section 511 of the Code.

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

(Section 13)

Securities Acts Status

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

(Section 14)

Maintenance of Corporate Existence

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

(Section 15)

Environmental Review and Historic Preservation

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

(Section 16)

Use and Control of the Project; Restrictions on Religious Use

Subject to the rights, duties and remedies of the Authority under the Loan Agreement, the College shall have sole and exclusive control and possession of and responsibility for (i) the Project, (ii) the supervision

of the activities conducted therein or in connection with any part thereof and (iii) the maintenance, repair and replacement of the Project.

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

(Sections 17 and 18)

Maintenance, Repair and Replacement

The College agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain the Project in a careful, prudent and economical manner, and keep the same, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, reasonable wear and tear expected and will from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Project may be properly and advantageously conducted.

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

(Section 19)

Covenant as to Insurance

The College agrees to maintain or cause to be maintained insurance with insurance companies or by means of 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 workers' compensation coverage and disability benefits insurance coverage as required by the laws of the State.

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

(Section 20)

Damage or Condemnation

In the event of a taking of the Project or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of the Project, then and in such event proceeds of any insurance, condemnation or eminent domain award shall, if in excess of \$250,000, be paid upon receipt thereof by the College or the Authority to the Trustee for the Series 2012A Bonds for deposit in the Construction Fund, and (i) if within one hundred twenty (120) days by the Authority of actual notice or knowledge of the occurrence, the College and the Authority agree in writing that the Project or the affected portion thereof shall be repaired, replaced or restored, the College shall proceed to repair, replace or restore the Project, or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as commercially possible with such changes and additions as shall be appropriate to the needs of the College and approved in writing by the Authority, such approval not to be unreasonably withheld or delayed. The funds required for such repair, replacement or restoration shall be paid from time to time as

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the work progresses, subject to such conditions and limitations as the Authority may impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the College; (ii) if no agreement for the repair, restoration or replacement the Project or the affected portion thereof shall be reached by the Authority and the College within such one hundred twenty (120) day period, the proceeds then held by the College shall be paid to the Trustee for deposit to the Debt Service Fund and the proceeds then held in the Construction Fund shall be transferred to the Debt Service Fund, whereupon such proceeds shall be applied to the purchase or redemption of Outstanding Series 2012A Bonds.

(Section 21)

Taxes and Assessments

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

(Section 22)

Defaults and Remedies

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

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

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

(c) as a result of any default in payment or performance required of the College pursuant to the Loan Agreement or any other Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Authority shall be in default in the payment or performance of any of its obligations under the

Resolution or an “event of default” (as defined in the Resolution) shall have been declared under the Resolution so long as such default or event of default shall remain uncured or the Trustee or Holders of the Series 2012A Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(d) the College (i) is not generally paying its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition under the United States Bankruptcy Code or under any other bankruptcy or insolvency law of any jurisdiction, (iii) makes a general assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any substantial part of its property, (v) is adjudicated insolvent or liquidated or (vi) takes corporate action for the purpose of any of the foregoing;

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

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

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

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

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

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

(k) a final judgment for the payment of money, at least one million dollars (\$1,000,000) of which is not covered by insurance or reserves set aside by the College, which in the judgment of the Authority will adversely affect the rights of the Holders of the Series 2012A Bonds shall be rendered against the College and at any time after forty-five (45) days from the entry thereof, (i) such judgment has not been discharged, or (ii) the College shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within forty-five (45) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal; or

(l) the College shall be in default on any Parity Debt.

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

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

(b) direct the Trustee to withhold any and all payments, advances and reimbursements from the proceeds of the Series 2012A Bonds or the Construction Fund or otherwise to which the College may otherwise be entitled under the Loan Agreement and in the Authority’s sole discretion apply any such proceeds or money for such purposes as are authorized by the Resolution and the Series Resolution;

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- (c) withhold any or all further performance under the Loan Agreement;
- (d) maintain an action against the College under the Loan Agreement to recover any sums payable by the College or to require its compliance with the terms of the Loan Agreement;
- (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 sections of the Loan Agreement described above under the headings “Security Interest in Pledged Revenues” and “Collection of Pledged Revenues”, 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 money 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 Series 2012A 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 Series 2012A 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 money, checks or other orders for the payment of money which represent Pledged Revenues in an amount equal to the Pledged Revenues assigned hereunder 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 money 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; and
- (f) to the extent permitted by law, (i) enter upon the Project and complete the construction of the Project in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the College, consent to such entry being given by the College under the Loan Agreement, (ii) at any time discontinue any work commenced in respect of the construction of a Project or change any course of action undertaken by the College and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (iii) assume any construction contract made by the College in any way relating to the construction of the Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the College, whether or not previously incorporated into the construction of such Project, and (iv) in connection with the construction of the Project undertaken by the Authority pursuant to the provisions of the Loan Agreement (x) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of such Project, (y) pay, settle or compromise all bills or claims which may become liens

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

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

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

(Section 26)

Investment of Moneys

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

(Section 29)

Limitation on Agreements

The College shall not enter into any contract or agreement or perform any act which may materially adversely affect any of the rights of the Authority under the Loan Agreement or of the Holders of any Series 2012A Bonds.

(Section 31)

Arbitrage; Tax Exemption

Each of the College and the Authority covenants that it shall take no action, nor shall it approve the Trustee's taking any action or making any investment or use of the proceeds of Series 2012A Bonds, which would cause the Series 2012A Bonds or any Series of Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and any proposed or final regulations thereunder as are applicable to the Series 2012A Bonds at the time of such action, investment or use or otherwise cause interest on the Series 2012A Bonds to be included in the gross income of the owners thereof for purposes of federal income taxation. Neither the College nor any "related person" (as such term is defined in Section 147(a)(2) of the Code) shall purchase any Series 2012A Bonds other than for delivery to and cancellation by the Trustee, unless the Trustee shall receive an opinion of Bond Counsel to the effect that the purchase by the College or by a related person of Series 2012A Bonds will not cause interest on the Series 2012A Bonds to be included in the gross income of the owners of the Series 2012A Bonds for purposes of federal income taxation.

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

In the event that the Authority is notified in writing that the Series 2012A Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the College. In the event that the College is notified in writing that the Series 2012A Bonds or any transaction pertaining thereto is the subject of any Internal Revenue Service or Securities and Exchange Commission investigation, suit or order, it shall promptly give notice thereof to the Authority. Upon the occurrence of such an event, the College and the Authority shall fully cooperate with one another and participate in all aspects of the conduct of the response thereto.

The Authority shall retain in its possession, so long as required by the Code, copies of all documents, reports and computations made by it in connection with the calculation of earnings and the rebate of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable times to the inspection of the College and its agents and representatives, any of whom may make copies thereof. Upon written request therefor from the College the Authority shall as soon as practicable provide the College with a copy of any such document, report or computation. The Authority shall also provide the College with a copy of all documents or reports filed with the Department of Treasury of the United States of America relating to the rebate of earnings.

(Section 32)

Certificate as to Representations and Warranties

The obligations of the Authority under the Loan Agreement and the delivery of the Series of 2009 Bonds are conditioned upon the receipt by the Authority at or prior to delivery of the Series of 2009 Bonds of a certificate of an Authorized Officer of the College acceptable to and Authorized Officer of the Authority to the effect that the representations and warranties contained in the Loan Agreement are true and correct and in full force and effect on and as of the date of delivery of the Series of 2009 Bonds as if made on the date of delivery of the Series of 2009 Bonds.

(Section 33)

Amendments to Loan Agreement

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

(Section 37)

Termination

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

(Section 38)

Additional Covenants

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

Maintenance of Covenants

Debt Service Coverage Ratio Covenant

- (i) *The Debt Service Coverage Ratio Requirement.* During each Fiscal Year, the College covenants to charge and maintain student tuition, fees and other charges and to budget operating expenses sufficient to provide a Debt Service Coverage Ratio of 1.25 : 1.
- (ii) *Reporting Requirement.* On or prior to each Reporting Date, the College shall file with the Authority a certificate of an Authorized Officer of the College stating whether at the immediately preceding Testing Date the Debt Service Coverage Ratio requirement is satisfied and setting forth the calculation upon which such statement is based.
- (iii) *Remedies.* (a) If on two consecutive Testing Dates the College does not satisfy the Debt Service Coverage Ratio requirement, or (b) if on any Testing Date the Debt Service Coverage Ratio falls below 1:1, the Authority may require the College to retain a Management Consultant. Failure to maintain the required Debt Service Coverage Ratio, however, shall not be an Event of Default under the Loan Agreement.

Expendable Resources to Debt Ratio Requirement

- (i) *Expendable Resources to Debt Ratio Requirement.* Commencing with the College's Fiscal Year ending in 2012, the College covenants to have available on each Testing Date for Fiscal Years ending in 2012 through 2014, Expendable Resources at least equal to 50% of the College's Long-Term Indebtedness. Thereafter, the College covenants to have available on each Testing Date, Expendable Resources at least equal to 75% of the College's Long-Term Indebtedness.
- (ii) *Reporting Requirement.* On or prior to each Reporting Date, the College shall file with the Authority a certificate of an Authorized Officer of the College stating whether at the immediately preceding Testing Date the Expendable Resources to Debt Ratio requirement is satisfied and setting forth the calculation upon which such statement is based.
- (iii) *Remedies.* If on any Testing Date the College does not satisfy the Expendable Resources to Debt Ratio requirement, the Authority may require the College to retain a Management Consultant. Failure to maintain the required Expendable Resources to Debt Ratio, however, shall not be an Event of Default under the Loan Agreement.

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

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

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

Additional Indebtedness

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

Long-Term Indebtedness. The College may issue, incur, assume or guaranty Long-Term Indebtedness without the consent of the Authority provided that (i) it maintains a debt rating in the "A" category without regard for "+" or "-" or numerical notation from at least one Rating Service **and** (ii) (a) such Long-Term Indebtedness issued, incurred, assumed or guaranteed in any Fiscal Year is in an amount less than or equal to ten percent (10%) of the amount of its unrestricted and temporarily restricted 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 in Section 2 of this Schedule D would be met for the most recently concluded Fiscal Year for which audited financial statements are available taking into account the additional Long-Term Indebtedness proposed to be issued.

For purposes of calculating the Debt Service Coverage Ratio for such *pro forma* calculations, Annual Debt Service will be equal to projected Maximum Annual Debt Service. Indebtedness which does not bear interest at a fixed rate will be deemed to bear interest at a rate which is equal to 120% of the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent 24-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 24-month period, provided that if such information is available for less than a 12-month period, such Indebtedness will be deemed to bear interest at 120% of the weighted average of the SIFMA Municipal Swap Index rates for the 24-month period ending on the date of calculation). The principal of Balloon Indebtedness will be deemed to mature in equal annual installments over the remaining term of such Indebtedness (or such other assumed term acceptable to the Authority). In the event the project to be financed with such additional Long-Term Indebtedness is expected to generate additional revenues, such revenues, net of anticipated expenses, may be included in the *pro forma* calculations of the Debt Service Coverage Ratio provided that such estimations of additional net revenues are deemed reasonable in the sole discretion of the Authority.

Refunding Debt. The College may issue, incur, assume or guaranty Refunding Debt without the consent of the Authority or compliance with the requirements of described above under the heading "Long-Term Indebtedness" provided that, after giving effect to such Refunding Debt, the Annual Debt

Service on the College's Long-Term Indebtedness to be outstanding thereafter will not be increased in any Fiscal Year as established by a certificate or report to that effect by an Authorized Officer of the College delivered to the Authority on or prior to the date such Refunding Debt is issued, incurred, assumed or guaranteed; *provided, however*, that the Authority's consent will be required if the security interest in the collateral securing such Refunding Debt is proposed to be prior to the security interest in the collateral securing any Authority Indebtedness.

Non-Recourse Indebtedness. Notwithstanding the foregoing, the College may issue, incur, assume or guaranty Non-Recourse Indebtedness without the Authority's consent provided that any assets pledged as collateral or for the repayment of such indebtedness must have been acquired by the College after the issuance of the Series 2012A Bonds.

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

Parity Debt. Notwithstanding the foregoing provisions of this Section 3, the College may not issue or incur Parity Debt without the prior written consent of the Authority and unless an intercreditor agreement in form and substance satisfactory to the Authority has been entered into by the Authority, the Trustee and each other creditor in connection with any Parity Debt.

Exceptions

Notwithstanding the foregoing, the College will not be considered to have failed to meet the Debt Service Coverage Ratio requirement in accordance with the provisions described under the heading "Debt Service Coverage Ration Covenant" or the Expendable Resources to Debt Ratio requirement in accordance with the provisions described under the heading "Expendable Resources to Debt Service Covenant" if the College can demonstrate that such failure was solely due to a change in generally accepted accounting principles applicable to the College or to the application to the College of generally accepted accounting principles not previously applicable to the College.

Amendments

The Authority and the College may, without obtaining the consent of the Trustee or the Bondholders, amend the provisions of Schedule D to the Loan Agreement and the related definitions upon which the calculations included in Schedule D are based to provide for other alternative measures of the College's performance and ability to issue, incur, assume or guaranty additional Indebtedness.

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APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a brief summary of certain provisions of the Resolution pertaining to the Series 2012A Bonds. Such summary does not purport to be complete and reference is made to the Resolution for full and complete statements of such and all provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

Resolution and Bonds Constitute a Contract

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

(Section 1.03)

Additional Bonds and Other Obligations

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

(Section 2.02)

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

(Section 2.05)

Pledge of Resolution

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

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

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thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds of each Series shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of the Bonds of such Series, the Revenues, all the funds and accounts established by or pursuant to the Series Resolution authorizing the issuance of the Bonds of such Series which are pledged by the Resolution as provided in the Resolution and the Authority's security interest in the Collateral Security.

(Section 5.01)

Establishment of Funds and Accounts

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

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

Debt Service Fund; and

Arbitrage Rebate Fund.

(Section 5.02)

Application of Money in the Construction Fund

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

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

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

Second: To the Debt Service Fund, any balance remaining.

(Section 5.04)

Deposit and Allocation of Revenues

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

First: To the Debt Service Fund (i) in the case of Revenues received during the first six months of each Bond Year, the amount, if any, necessary to make the amount on deposit in the Debt Service Fund equal to (a) the interest on the Outstanding Bonds of the Series for which such Debt Service Fund was established payable subsequent to the first day of such Bond Year and on and prior to the first day of the second half of the Bond Year, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one

percent (1%) per annum, (b) one half of the Sinking Fund Installments of Outstanding Option Bonds and Variable Interest Rate Bonds of such Series payable during the next succeeding Bond Year; and (c) the purchase price or Redemption Price of the Outstanding Bonds of such Series theretofore contracted to be purchased or called for redemption pursuant to the provisions of the Resolution summarized herein under the heading "Debt Service Fund" on or prior to the first day of the second half of the Bond Year, plus accrued interest thereon to the date of purchase or redemption; and (ii) in the case of Revenues received thereafter and until the end of such Bond Year, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on and the principal and Sinking Fund Installments of the Outstanding Bonds of such Series payable subsequent to the first day of the second half of the Bond Year and on and prior to the first day of the next succeeding Bond Year, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum; (b) one-half of the Sinking Fund Installments of Outstanding Option Bonds and Variable Interest Rate Bonds of such Series payable during the next succeeding Bond year; and (c) the purchase price or Redemption Price of the Outstanding Bonds of such Series theretofore contracted to be purchased or called for redemption pursuant to the provisions of the Resolution summarized herein under the heading "Debt Service Fund" on or prior to the first day of the next succeeding Bond Year, plus accrued interest thereon to the date of purchase or redemption;

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

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

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

(Section 5.05)

Debt Service Fund

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

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

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

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

(Section 5.06)

Arbitrage Rebate Fund

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

Money on deposit an the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Money which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated shall be deposited to any fund or account established under the Resolution in accordance with the written direction of such Authorized Officer.

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

(Section 5.07)

Application of Moneys in Certain Funds for Retirement of Bonds

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

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

(Section 5.08)

Transfer of Investments

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

(Section 5.09)

Security for Deposits

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

(Section 6.01)

Investment of Funds and Accounts

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

(b) In lieu of the investments of money in obligations authorized in paragraph (a) of this Section, the Trustee shall, to the extent permitted by law, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority, invest money in a Construction Fund or Debt Service Reserve Fund in any Permitted Investment; *provided, however*, that each such investment shall permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes of the Resolution, *provided, further*, that (x) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount

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deposited or invested including interest accrued thereon, (y) the Permitted Collateral shall be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the Permitted Collateral shall be free and clear of claims of any other person.

(c) Permitted Investments purchased as an investment of money in any fund or account held by the Trustee under the provisions of the Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

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

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

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

(Section 6.02)

Payment of Principal and Interest

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

(Section 7.01)

Accounts and Audits

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, including but not limited to the objects and purposes for which proceeds of the Bonds were expended and the respective amounts expended for such objects and purposes. Such books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the College, the Trustee or of any Holder of a Bond or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, each Liquidity Facility Provider and the College. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Resolution and of each Series Resolution; a statement of the Revenues collected in connection with the Resolution and with each Series Resolution; and complete and correct entries of the Authority’s transactions relating to each Series of Bonds. A copy of such report

shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same.

(Section 7.05)

Creation of Liens

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

(Section 7.06)

Enforcement of Duties and Obligations of the College

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

(Section 7.07)

Deposit of Certain Money in the Construction Fund

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

(Section 7.08)

Offices for Payment and Registration of Bonds

The Authority shall at all times maintain an office or agency in the State where Bonds may be presented for payment, registration, transfer or exchange and the Trustee is by the Resolution appointed the Trustee as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds. The provisions of this Section shall be subject to the provisions of the Resolution.

(Section 7.09)

Amendment of Loan Agreement

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

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

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

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

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

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

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

In addition, the Holder of an Outstanding Auction Rate Bond shall be deemed to have consented to an amendment, change, modification, alteration or termination permitted by this Section if (i) the Trustee has mailed notice of such proposed amendment to the Holder of such Bonds in the same manner required by Article X of the Resolution for an amendment to the Resolution, (ii) on the first Auction Date for such Bond occurring at least twenty (20) days after the date on which the aforementioned notice is given by the Trustee the interest rate determined on such date is the Winning Bid Rate and (iii) there is delivered to the Authority and the Trustee an opinion of Bond Counsel to the effect that such amendment shall not adversely affect the validity of such Auction Rate Bond or any exemption from federal income tax to which the interest on such Auction Rate Bond would otherwise be entitled. As used in this paragraph the following terms shall have the respective meanings: “**Auction Rate Bond**” means a Variable Interest Rate Bond that is not an Option Bond, and that bears interest at rates determined by periodic auctions in accordance with procedures therefore established by the Series Resolution authorizing such Bond or the Bond Series Certificate related thereto; “**Auction Date**” means, with respect to any particular Auction Rate Bond, the date on which an auction is held or required to be held for such Bond in accordance with the procedures established therefore; and “**Winning Bid Rate**” when used with respect to an auction held for any particular Auction Rate Bond, shall have the meaning given to such term in the Series Resolution authorizing such Auction Rate Bond or the Bond Series Certificate related thereto, or, if not otherwise defined, means the lowest rate specified in any purchase bid submitted in such auction, which, if selected, would cause the aggregate principal amount of Auction Bonds offered to be sold in such auction to be subject to purchase bids at rates no greater than the rate specified in such purchase bid.

For the purposes of this Section, a Series shall be deemed to be adversely affected by an amendment, change, modification, alteration or termination of the Loan Agreement or the waiver of any provision thereof if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect, which determination shall be made without regard to the existence of any financial guaranty insurance policy issued in connection with such Bonds or a Letter of Credit for such Bonds. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of any particular Series would be adversely affected in any material respect by any amendment, change, modification, alteration, termination or waiver and any such determination shall be binding and conclusive on the College, the Authority and all Holders of Bonds.

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

(Section 7.11)

Notice as to Event of Default under Loan Agreement

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

(Section 7.12)

Modification and Amendment without Consent

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

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Authority by the terms of the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution; (e) to confirm, as further assurance, any pledge under the Resolution and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, of the Revenues or any pledge of any other moneys, Securities or funds; (f) to modify any of the provisions of the Resolution or any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds issued under such Resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions; (g) to modify or amend a Project; or (h) with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable; provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders in any material respect.

(Section 9.01)

Supplemental Resolutions Effective With Consent of Bondholders

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

(Section 9.02)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

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

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

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

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

(Section 9.03)

Powers of Amendment

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

(Section 10.01)

Consent of Bondholders

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

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statement of the Trustee hereinafter in this Section provided for is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section, shall be given to the Bondholders by the Authority by mailing such notice to the Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section provided). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof.

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

(Section 10.02)

Modifications by Unanimous Consent

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

(Section 10.03)

Events of Default

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

under Section 103 of the Code (a “Taxability Default”); or an “Event of Default” as defined in a Loan Agreement shall have occurred and be continuing and all sums payable by the College under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 11.02)

Acceleration of Maturity

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

(Section 11.03)

Enforcement of Remedies

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

(Section 11.04)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution unless such Holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of each Series or, in the case of a Taxability Default, the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and

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

(Section 11.08)

Defeasance

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

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

accordance with this Section in the manner provided in the Resolution. Neither Defeasance Securities nor money deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; **provided, however**, that any money received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be; **provided, further**, that money and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be paid by the Trustee as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the College. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(c) For the purpose of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, in accordance with paragraph (b) of this Section, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; **provided, however**, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of money and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy clause (ii) of the second sentence of paragraph (b) of this Section, the Trustee shall pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the College. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

(d) Option Bonds will be deemed to have been paid in accordance with clause (ii) of the second sentence of paragraph (b) above only if there shall be deposited with the Trustee Available Money in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; **provided, however**, that if, at the time a deposit is made with the Trustee pursuant to paragraph (b) of this Section, the options originally exercisable

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by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph (d). If any portion of the money deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to a Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the College. Such securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by any Series Resolution or Loan Agreement.

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

(Section 12.01)

Certain Provisions Relating to Capital Appreciation Bonds and Deferred Income Bonds

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

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

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

(Section 14.07)

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**APPENDIX E - FORM OF APPROVING OPINION
OF BOND COUNSEL**

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437 Madison Avenue
New York, New York 10022-7001
(212) 940-3000
Fax: (212) 940-3111

[Date of Delivery]

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$30,115,000 aggregate principal amount of Teachers College Revenue Bonds, Series 2012A (the “Series 2012A Bonds”) by the Dormitory Authority of the State of New York (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof, including, without limitation, by the Healthcare Financing Consolidation Act, being Title 4-B of the Public Authorities Law of the State of New York, as amended to the date hereof (the “Act”). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions hereinafter set forth.

The Series 2012A Bonds are issued under and pursuant to the Act, the Teachers College Revenue Bond Resolution of the Authority, adopted on December 3, 2008 (the “Resolution”), the Series Resolution Authorizing Up To \$36,000,000 Teachers College Revenue Bonds, adopted on March 28, 2012 (the “Series 2012A Resolution”) and the Bond Series Certificate, dated as of April 11, 2012, relating to the Series 2012A Bonds (the “2012 Bond Series Certificate”). Said resolutions and the 2012 Bond Series Certificate are herein collectively referred to as the “Resolutions.” Unless otherwise defined herein, capitalized terms used herein have the respective meanings given to them in the Resolutions.

The Series 2012A Bonds are part of an issue of bonds of the Authority (the “Bonds”), which the Authority has established and created under the terms of the Resolution and is authorized to issue from time to time for the purposes authorized by the Act and the Resolution, as then in effect, and without limitation as to amount, except as provided in the Resolutions or as may be limited by law. The Series 2012A Bonds are being issued for the purposes set forth in the Resolutions.

The Authority is authorized to issue Bonds, in addition to the Series 2012A Bonds, only upon the terms and conditions set forth in the Resolution and such Bonds, when issued, will with all other Bonds which have been or may be issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

The Series 2012A Bonds are dated and bear interest from their date of delivery and mature on July 1 in each of the years in the respective principal amounts, and bear interest, payable January 1, 2013 and semiannually thereafter on each July 1 and January 1, at the respective rates per annum set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2013	\$1,125,000	3.00%	2021	\$1,415,000	5.00%
2014	1,380,000	3.00	2022	1,485,000	5.00
2015	1,425,000	3.00	2023	1,555,000	5.00
2016	1,120,000	4.00	2024	1,635,000	5.00
2017	1,160,000	5.00	2025	1,715,000	5.00
2018	1,220,000	5.00	2026	1,800,000	5.00
2019	1,280,000	5.00	2027	1,895,000	5.00
2020	1,345,000	5.00	2031	8,560,000	5.00

The Series 2012A Bonds are issuable in the form of fully registered Bonds in denominations of \$5,000 or integral multiples thereof. The Series 2012A Bonds are numbered consecutively from one upward in order of issuance.

The Series 2012A Bonds are subject to redemption and purchase-in-lieu-of optional redemption prior to maturity as provided in the Resolutions.

The Series 2012A Bonds are being issued to finance a loan by the Authority to Teachers College (the “College”). The Authority and the College have entered into a Loan Agreement, dated as of March 28, 2012 (the “Loan Agreement”), by which the College is required to make payments sufficient to pay the principal and Redemption Price of and interest on Outstanding Bonds, including the Series 2012A Bonds, as well as the Authority’s annual administrative expenditures and costs. All amounts payable under the Loan Agreement which are required to be paid to the Trustee under the Resolution for payment of the principal or Redemption Price of or interest on the Series 2012A Bonds have been pledged by the Authority for the benefit of the Holders of Outstanding Series 2012A Bonds.

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 2012A Bonds thereunder.

2. The Series 2012A Resolution has been duly adopted by the Authority in accordance with the provisions of the Resolution and is authorized and permitted by the Resolution. The Series 2012A Resolution and the Resolution have been duly and lawfully adopted by the Authority, are in full force and effect and are legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

3. The Series 2012A 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 2012A Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolutions, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolutions and the Act.

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

5. The Internal Revenue Code of 1986, as amended (the “Code”) sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2012A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2012A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2012A Bonds. The Authority has covenanted in the Series 2012A Resolution and the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141–150 of the Internal Revenue Code of 1986 (the “Tax Certificate”) and the College has covenanted in the Loan Agreement and

the Tax Certificate to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2012A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the College have made certain representations and certifications in the Tax Certificate and the Loan Agreement. We are also relying on the opinion of counsel to the College as to all matters concerning the status of the College as an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code. We have not independently verified the accuracy of those certifications and representations or that opinion.

Under existing law, assuming compliance with the tax covenants described above, and the accuracy of certain representations and certifications made by the Authority and the College described above, interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2012A Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

6. Interest on the Series 2012A Bonds is exempt, by virtue of the Act, from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

We have examined an executed Series 2012A Bond and, in our opinion, the form of said Bond and its execution are regular and proper.

The opinions contained in paragraphs 2, 3 and 4 above are qualified to the extent that the enforceability of the Resolutions, the Loan Agreement and the Series 2012A Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy. Except as stated in paragraphs 5 and 6 above, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Series 2012A Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2012A Bonds, or the interest thereon, if any action is taken with respect to the Series 2012A Bonds or the proceeds thereof upon the advice or approval of other counsel.

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

Very truly yours,

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