

**\$7,835,000**

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
COMMACK PUBLIC LIBRARY DISTRICT REVENUE BONDS,
SERIES 2016**

Dated: Date of Delivery**Due: July 1, as shown on inside cover**

Payment and Security: The Commack Public Library District Revenue Bonds, Series 2016 (the "Series 2016 Bonds") are special obligations of the Dormitory Authority of the State of New York ("DASNY"), payable solely from and secured by a pledge of certain payments to be made under the Loan Agreement (the "Loan Agreement") dated as of July 20, 2016 between Commack Public Library District (the "Library" or the "Institution") and DASNY, and all the funds and accounts (except the Arbitrage Rebate Fund) authorized under DASNY's Commack Public Library District Revenue Bond Resolution, adopted July 20, 2016 (the "Resolution") and established under DASNY's Series Resolution Authorizing Up To \$7,845,000 Commack Public Library District Revenue Bonds, Series 2016, adopted July 20, 2016 (the "Series 2016 Resolution").

The Loan Agreement is a general obligation of the Library and requires the Library to pay, in addition to the fees and expenses of DASNY and the Trustee, amounts sufficient to pay the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2016 Bonds, as such payments become due. The obligations of the Library under the Loan Agreement are secured by a pledge of all revenues of the Library, including real property tax assessments on all non-exempt real property located in the Library District (as defined herein), levied for Library purposes.

The Series 2016 Bonds will not be a debt of the State of New York (the "State") nor will the State be liable thereon. DASNY has no taxing power.

Description: The Series 2016 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due January 1, 2017 and each July 1 and January 1 thereafter) on the Series 2016 Bonds will be payable by check or draft mailed to the registered owners thereof. Principal and Redemption Price of the Series 2016 Bonds will be payable at the designated corporate trust office of U.S. Bank National Association, the Trustee and Paying Agent.

The Series 2016 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 2016 Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2016 Bonds, payments of the principal and Redemption Price of and interest on such Series 2016 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 2016 BONDS – Book-Entry Only System."

Redemption: *The Series 2016 Bonds are subject to redemption, and purchase in lieu of optional redemption prior to maturity as more fully described in this Official Statement.*

Tax Exemption: In the opinions of each of Hodgson Russ LLP and Golden Holley James LLP, Co-Bond Counsel to DASNY, under existing law and assuming compliance by DASNY and the Library with certain covenants and the accuracy and completeness of certain representations by DASNY and the Library, interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Code. Such interest is, however, taken into account in determining adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Co-Bond Counsel are further of the opinion that interest on the Series 2016 Bonds is exempt under existing laws from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York and the City of Yonkers). Co-Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2016 Bonds. See "PART 10 – TAX MATTERS" herein regarding certain other tax considerations.

The Series 2016 Bonds are offered when, as and if issued and received by the Underwriter. The offer of the Series 2016 Bonds may be subject to prior sale or withdrawn or modified at any time without notice. The offer is subject to the approval of legality of the Series 2016 Bonds by Hodgson Russ LLP, Albany, New York, and Golden Holley James LLP, New York, New York, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Library by its special counsel, Lamb & Barnosky, LLP, Melville, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Law Offices of Joseph C. Reid, P.A., New York, New York. DASNY expects to deliver the Series 2016 Bonds in definitive form in New York, New York, on or about August 17, 2016.

Raymond James

\$7,835,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
COMMACK PUBLIC LIBRARY DISTRICT REVENUE BONDS,
SERIES 2016

\$5,330,000 Serial Bonds

| <u>Due July 1</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP Number[†]</u> |
|-----------------------|-----------------------------|--------------------------|--------------|-------------------------------------|
| 2017 | \$190,000 | 3.000% | 0.58% | 64990CEU1 |
| 2018 | 195,000 | 3.000 | 0.67 | 64990CEV9 |
| 2019 | 205,000 | 3.000 | 0.77 | 64990CEW7 |
| 2020 | 210,000 | 3.000 | 0.92 | 64990CEX5 |
| 2021 | 215,000 | 3.000 | 1.07 | 64990CEY3 |
| 2022 | 225,000 | 4.000 | 1.26 | 64990CEZ0 |
| 2023 | 230,000 | 4.000 | 1.42 | 64990CFA4 |
| 2024 | 240,000 | 4.000 | 1.54 | 64990CFB2 |
| 2025 | 250,000 | 5.000 | 1.67 | 64990CFC0 |
| 2026 | 265,000 | 5.000 | 1.80 | 64990CFD8 |
| 2027 | 275,000 | 2.000 | 2.00 | 64990CFE6 |
| 2028 | 280,000 | 2.000 | 2.18 | 64990CFF3 |
| 2029 | 285,000 | 2.125 | 2.34 | 64990CFG1 |
| 2030 | 290,000 | 2.250 | 2.44 | 64990CFH9 |
| 2031 | 300,000 | 2.375 | 2.54 | 64990CFJ5 |
| 2032 | 310,000 | 4.000 | 2.56* | 64990CFK2 |
| 2033 | 320,000 | 4.000 | 2.61* | 64990CFL0 |
| 2034 | 335,000 | 4.000 | 2.66* | 64990CFM8 |
| 2035 | 350,000 | 4.000 | 2.71* | 64990CFN6 |
| 2036 | 360,000 | 4.000 | 2.73* | 64990CFP1 |

\$2,505,000 Term Bonds

\$2,505,000 4.00% Term Bonds due July 1, 2042 Yield 2.79%* CUSIP Number[†] 64990CFQ9

[†] Copyright, American Bankers Association (ABA). CUSIP data herein are provided by CUSIP Global Services, operated on behalf of the ABA by S&P Capital IQ, a division of McGraw-Hill Financial, Inc. CUSIP numbers have been assigned by an independent company not affiliated with DASNY and are included solely for the convenience of the holders of the Series 2016 Bonds. Neither DASNY nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2016 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2016 Bonds.

* Priced at the stated yield to the July 1, 2026 optional redemption date at a redemption price of 100% of the principal amount of such Series 2016 Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

No dealer, broker, salesperson or other person has been authorized by DASNY, the Library or the Underwriter to give any information or to make any representations with respect to the Series 2016 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by DASNY, the Library or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2016 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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

The Library has reviewed the parts of this Official Statement describing the Library, the Project, the Tax Referendum (as defined herein), the Estimated Sources and Uses of Funds and Appendix B. The Library will certify as of the dates of sale and delivery by DASNY of the Series 2016 Bonds that such parts of this Official Statement do not contain any untrue statements of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The Library makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

References in this Official Statement to the Act, the Resolution, the Series 2016 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2016 Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2016 Resolution and the Loan Agreement are on file with DASNY and the Trustee.

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

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

IN CONNECTION WITH THE OFFERING OF THE SERIES 2016 BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2016 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
GERRARD P. BUSHELL – PRESIDENT

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

OFFICIAL STATEMENT RELATING TO:

\$7,835,000

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
COMMACK PUBLIC LIBRARY DISTRICT REVENUE BONDS,
SERIES 2016

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 Dormitory Authority of the State of New York (“DASNY”) and the Commack Public Library District (the “Library”) in connection with the offering by DASNY of \$7,835,000 principal amount of its Commack Public Library District Revenue Bonds, Series 2016 (the “Series 2016 Bonds”).

The following is a brief description of certain information concerning the Series 2016 Bonds, DASNY and the Library. A more complete description of such information and additional information that may affect decisions to invest in the Series 2016 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain capitalized terms used in this Official Statement are defined in Appendix A hereto.

Purpose of the Issue

The Series 2016 Bonds are being issued to finance (i) the cost of the Project, and (ii) the Costs of Issuance of the Series 2016 Bonds. See “PART 5 – THE PROJECT” and “PART 6 – ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

The Series 2016 Bonds will be issued pursuant to DASNY’s Commack Public Library District Revenue Bond Resolution, adopted July 20, 2016 (the “Resolution”), DASNY’s Series Resolution Authorizing Up To \$7,845,000 Commack Public Library District Revenue Bonds, Series 2016, adopted July 20, 2016 (the “Series 2016 Resolution”), and the Dormitory Authority Act, being Chapter 524 of the Laws of 1944 of the State of New York, as amended to the date hereof (the “Act”). The Resolution authorizes the issuance of multiple Series of Bonds.

DASNY

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

The Library

The Library was created by a special act of the New York State Legislature Chapter 834 of the Laws of 1971. The Library is a special district library chartered by the Board of Regents of the State of New York, a municipal corporation and a town improvement district. The Library is located in the Town of Huntington (the “Town”) in Suffolk County (the “County”). The Library is maintained for the benefit and free use of the residents of the portion of the Commack Union Free School District (the “School District”) located within the Town (the “Library District”). The Library has no independent taxing power. See “PART 4 – THE LIBRARY – GENERAL

INFORMATION” and “Appendix B – Financial Statements of Commack Public Library District and Independent Auditors’ Report.”

The Series 2016 Bonds

The Series 2016 Bonds will be dated their date of delivery and will bear interest from such date (payable January 1, 2017 and on each July 1 and January 1 thereafter) at the rates and will mature at the times set forth on the inside cover page of this Official Statement. See “PART 3 – THE SERIES 2016 BONDS – Description of the Series 2016 Bonds.”

Payment of the Series 2016 Bonds

The Series 2016 Bonds will be special obligations of DASNY payable solely from the Revenues, which consist of certain payments to be made to DASNY by the Library under the Loan Agreement. The Loan Agreement is a general obligation of the Library. Pursuant to the Resolution and the Series 2016 Resolution, the Revenues and DASNY’s right to receive the Revenues have been pledged and assigned to U.S. Bank National Association, as trustee (the “Trustee”). See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2016 BONDS – Payment of the Series 2016 Bonds.”

Security for the Series 2016 Bonds

The Series 2016 Bonds will be secured by the pledge and assignment to the Trustee of the Revenues and the security interest in the Pledged Revenues granted by the Library to DASNY under the Loan Agreement. DASNY’s security interest in the Pledged Revenues will be a first lien thereon. The Pledged Revenues consist primarily of moneys derived from real property tax levies made on behalf of the Library by the Town. The Real Property Tax Law governs methods and procedures to levy, collect and enforce this tax.

The Series 2016 Bonds will also be secured by all funds and accounts authorized by the Resolution and established by the Series 2016 Resolution (with the exception of the Arbitrage Rebate Fund). In the event of nonpayment by the Library under the Loan Agreement, DASNY is authorized by law to direct State and local officers including, without limitation, officers of the Town and the School District to pay over to DASNY any and all funds owed to the Library by the State or any political subdivision thereof in an amount sufficient to make all payments required to be made under the Loan Agreement. Such funds represent a portion of the Pledged Revenues. The Library may incur debt secured by a parity lien on certain of the Pledged Revenues (excluding the portion of the Pledged Revenues derived from the tax levy authorized by the Tax Referendum (as herein defined)) with the prior written consent of DASNY. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2016 BONDS – Security for the Series 2016 Bonds.”

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

The Series 2016 Bonds will not be a debt of Suffolk County, New York (the “County”), the Town or the School District nor will the County, the Town or the School District be liable thereon or under the Loan Agreement.

The Series 2016 Bonds will not be a debt of the State nor will the State be liable thereon. DASNY has no taxing power.

PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2016 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2016 Bonds and certain related covenants. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Resolution, the Series 2016 Resolution, the Collection Agreement, and the Loan Agreement. Copies of the Resolution, the Series 2016 Resolution, the Collection Agreement, and the Loan Agreement are on file with DASNY and the Trustee. See also “Appendix C – Summary of Certain Provisions of the Loan Agreement” and “Appendix D – Summary of Certain Provisions of the Resolution” for a more complete statement of the rights, duties and obligations of the parties thereto. All references to the Debt Service Fund refer to such fund established pursuant to the Resolution and the Series 2016 Resolution.

Payment of the Series 2016 Bonds

The Series 2016 Bonds will be special obligations of DASNY. The principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2016 Bonds are payable solely from the Revenues. The Revenues consist of the required payments to be made by the Library under the Loan Agreement to satisfy the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2016 Bonds. The Revenues and the right to receive them have been pledged and assigned to the Trustee for the benefit of the Series 2016 Bondholders.

The Loan Agreement is a general obligation of the Library and obligates the Library to make payments on account of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on Outstanding Series 2016 Bonds. Such payments are to be made annually on or before November 1, in an amount equal to the interest coming due on the immediately succeeding interest payment dates (January 1 and July 1) and the principal and Sinking Fund Installments, if any, coming due on the next succeeding July 1. The Loan Agreement also obligates the Library to pay, at least 15 days (or such lesser number of days as is acceptable to DASNY) prior to a redemption date of Series 2016 Bonds called for redemption, the amount, if any, required to pay the Redemption Price of such Series 2016 Bonds. See “PART 3 – THE SERIES 2016 BONDS – Redemption and Purchase in Lieu of Optional Redemption Provisions.”

DASNY has directed, and the Library has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2016 Bonds.

Authorization of Project, Payment and Tax Levy

On October 20, 2015, a special meeting was held by the electorate of the Library District wherein, by majority vote, the Library was authorized to undertake the Project and finance the Project through DASNY. The proposition authorized the Town to levy a tax on behalf of the Library in annual installments not to exceed \$510,000 per year over a maximum period of 30 years in connection with the Project (the “Tax Referendum”). The proposition also authorized the Library to assign and pledge to DASNY funds in an amount sufficient to make all payments required to satisfy the Library’s obligations in connection with the financing of the Project, and authorized such funds to be raised by a real property tax assessment on real property located within the Library District to be levied annually by the Town for Library purposes.

Security for the Series 2016 Bonds

The Series 2016 Bonds will be secured by the pledge and assignment to the Trustee of the Revenues, the proceeds from the sale of the Series 2016 Bonds (until disbursed as provided in the Resolution), all funds and accounts authorized under the Resolution and established under the Series 2016 Resolution (with the exception of the Arbitrage Rebate Fund) and DASNY’s security interest in the Pledged Revenues. There will not be a Debt Service Reserve Fund established in connection with the issuance of the Series 2016 Bonds and the Series 2016 Bonds will not be secured by a mortgage or any interest in real property of the Library.

Pledged Revenues

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

In addition, in the event of nonpayment by the Library under the Loan Agreement, DASNY is authorized under the Act to direct State and local officers including without limitation, officers of the Town and the Library District, to pay over to DASNY any and all Public Funds in an amount sufficient to make all payments required to be made under the Loan Agreement.

The Collection Agreement

In connection with the issuance of the Series 2016 Bonds, the Library, DASNY, the School District, the Town and the Trustee will execute the Tax Pledge and Collection Agreement (the "Collection Agreement"). Pursuant to the Collection Agreement, the Library directs the Town to collect and pay over to the School District the real property tax levies made by the Town on behalf of the Library and the Library directs the School District to pay over those real property taxes collected directly to the Trustee (the "Receipts").

The Receipts will be deposited into a separate account held by the Trustee under the Collection Agreement. The Trustee will promptly transfer \$125,000 of such Receipts to the Debt Service Fund and the remaining balance to the Library for the first three (3) months commencing in July of each year. In the fourth (4th) month of the fiscal year the Trustee will transfer to the Debt Service Fund sufficient funds such that the sum of all Receipts transferred to the Debt Service Fund during any twelve-month period beginning on July 1 and ending on the following June 30 (a "Fiscal Year") is equal to the "Total Debt Service Obligation" set forth in "PART 3 – THE SERIES 2016 BONDS – Principal, Sinking Fund Installment and Interest Requirements for the Series 2016 Bonds" (the "Debt Service Obligation") for such Fiscal Year, provided, however, that if, as of October 31 of any Fiscal Year, the sum of all Receipts transferred to the Debt Service Fund during such Fiscal Year is less than the Debt Service Obligation for such Fiscal Year, the Trustee shall thereafter transfer one hundred (100%) percent of Receipts thereafter received to the Debt Service Fund until such time as the sum of all Receipts transferred to the Debt Service Fund during such Fiscal Year is equal to the Debt Service Obligation for such Fiscal Year. After the Trustee has transferred Receipts during such year in an amount equal to the Debt Service Obligation for such year, the Trustee will transfer the balance of Receipts thereafter received to the Library. To the extent that the Library makes any payment directly to the Trustee pursuant to the Loan Agreement, such payment shall be taken into account in determining whether the sum of all Receipts transferred to the Debt Service Fund during such Fiscal Year is equal to the Debt Service Obligation for such Fiscal Year.

Events of Default and Acceleration

The Resolution provides that events of default thereunder and under the Series 2016 Resolution constitute events of default only with respect to the Series 2016 Bonds. The following are events of default under the Resolution: (i) the payment of the principal, Sinking Fund Installments or Redemption Price of or interest on such Series 2016 Bonds shall not be made when due and payable; (ii) DASNY takes any action, or fails to take any action, which would cause such Series 2016 Bonds to be "arbitrage bonds" within the meaning of the Code, or fails to comply with the provisions of the Code and as a result thereof, interest on the Series 2016 Bonds shall no longer be excludable from gross income for federal income tax purposes; (iii) a default by DASNY in the due and punctual performance of any other covenant, condition, agreement or provision contained in the Series 2016 Bonds or in the Resolution or in the Series 2016 Resolution which continues for 30 days after written notice thereof is given to DASNY by the Trustee (such notice to be given at the Trustee's discretion or at the written request of Holders of not less than 25% in principal amount of outstanding Series 2016 Bonds); or (iv) an "Event of Default," as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the Library under the Loan Agreement have been declared immediately due and payable (unless such declaration has been annulled). Unless all sums payable by the Library under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that if an event of default (other than as described in clause (ii) of the preceding paragraph) occurs and continues, the Trustee must, upon the written request of the Holders of not less than 25% in principal amount of the outstanding Series 2016 Bonds, declare the principal of and interest on all the Outstanding Series 2016 Bonds to be due and payable. At the expiration of 30 days from the giving of such notice, such principal and interest shall become immediately due and payable.

The Trustee may, with the written consent of the Holders of not less than 25% in principal amount of the Series 2016 Bonds then outstanding, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Holders of not less than a majority in principal amount of the outstanding Series 2016 Bonds have the right to direct the method and place of conducting all remedial proceedings to be taken by the Trustee.

The Resolution provides that the Trustee shall give notice in accordance with the Resolution of each event of default known to the Trustee to the Holders of the Series 2016 Bonds within 30 days after knowledge of the occurrence thereof unless such default has been remedied or cured before the giving of such notice; provided,

however, that, except in the case of default in the payment of principal, Sinking Fund Installments or Redemption Price of, or interest on, any of the Series 2016 Bonds, the Trustee shall be protected in withholding such notice thereof to the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Series 2016 Bonds.

General

The Series 2016 Bonds will not be a debt of the State, the County, the Town or the School District nor will the State, the County, the Town or the School District be liable thereon or under the Loan Agreement. DASNY has no taxing power. See “PART 7 – DASNY.”

PART 3 – THE SERIES 2016 BONDS

Description of the Series 2016 Bonds

The Series 2016 Bonds will be issued pursuant to the Resolution and the Series 2016 Resolution, will be dated the date of delivery of the Series 2016 Bonds and will bear interest from such date (payable January 1, 2017 and on each July 1 and January 1 thereafter) at the rates and will mature at the times set forth on the inside cover page of this Official Statement.

The Series 2016 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2016 Bonds may be exchanged for Series 2016 Bonds of the same maturity of any other authorized denomination. The Trustee may impose a charge sufficient to reimburse DASNY or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Series 2016 Bond.

The principal or Redemption Price of the Series 2016 Bonds will be payable at the designated corporate trust office of U.S. Bank National Association, the Trustee. The Redemption Price of a Series 2016 Bond will be paid to any Bondholder of \$1,000,000 or more in aggregate principal amount of Series 2016 Bonds by wire transfer to the wire transfer address, within the continental United States specified by such Bondholder in the written request of such Bondholder made to the Trustee at the time the Series 2016 Bonds to be redeemed are presented and surrendered to the Trustee.

Interest on the Series 2016 Bonds will be payable by check or draft mailed to the registered owners thereof at their addresses as shown on the registration books held by the Trustee. Interest is payable to the registered owners who are such registered owners at the close of business on the fifteenth day of the calendar month next preceding an interest payment date. In the event the Series 2016 Bonds shall no longer be issued in book-entry only form, interest will be paid to any Bondholder of \$1,000,000 or more aggregate principal amount of Series 2016 Bonds by wire transfer to the wire transfer address, within the continental United States specified by such Bondholder, upon the written request of such Holder received not less than 5 days prior to the Record Date, which written request may apply to multiple interest payment dates.

Such Bondholders may receive the Redemption Price to be paid on their Series 2016 Bonds by wire transfer at the address in the continental United States specified by such Bondholders in a written request given to the Trustee at the time presentation and surrender of the Series 2016 Bonds to be redeemed is made.

For a more complete description of the Series 2016 Bonds, see “Appendix D – Summary of Certain Provisions of the Resolution.”

Redemption and Purchase in Lieu of Optional Redemption Provisions

Optional Redemption

The Series 2016 Bonds maturing on or before July 1, 2026 are not subject to optional redemption prior to maturity. The Series 2016 Bonds maturing after July 1, 2026 are subject to redemption prior to maturity, on or after July 1, 2026, in any order at the option of DASNY, as a whole or in part at any time, at a Redemption Price of 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

DASNY’s obligation to redeem Series 2016 Bonds other than through mandatory Sinking Fund Installments may be conditioned upon the deposit of sufficient money with the Trustee to pay the Redemption Price of the Series 2016 Bonds to be redeemed on the redemption date.

Special Redemption

The Series 2016 Bonds are also subject to redemption as a whole or in part at any time at a Redemption Price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project and (ii) from unexpended proceeds of the Series 2016 Bonds upon the abandonment of all or a portion of the Project due to a legal or regulatory impediment.

Mandatory Redemption

In addition, the Series 2016 Bonds maturing on July 1, 2042 are also subject to mandatory sinking fund redemption, in part, on July 1 of each of the years and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amount of Series 2016 Bonds specified for each of the years shown below:

Term Bond Maturing on July 1, 2042

| <u>Year</u> | <u>Sinking Fund Installments</u> |
|-------------------|----------------------------------|
| 2037 | \$375,000 |
| 2038 | \$390,000 |
| 2039 | \$410,000 |
| 2040 | \$425,000 |
| 2041 | \$445,000 |
| 2042 [†] | \$460,000 |

[†]Final maturity.

DASNY may from time to time direct the Trustee to purchase Series 2016 Bonds with moneys set aside for redemption in the Debt Service Fund, at or below par plus accrued interest to the date of such purchase, and apply any Series 2016 Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2016 Bonds of the same maturity. The Library also may purchase Series 2016 Bonds at or below par and apply any Series 2016 Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of a required Sinking Fund Installment on the Series 2016 Bonds of the same maturity. Series 2016 Bonds purchased with money in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2016 Bonds so purchased payable on the next succeeding May 1. Series 2016 Bonds redeemed at the option of DASNY, purchased by DASNY or the Library (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 DASNY may direct in its discretion. To the extent DASNY'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 2016 Bonds of the maturity entitled to such Sinking Fund Installment will be reduced for such year.

Purchase in Lieu of Optional Redemption

The Series 2016 Bonds maturing on or before July 1, 2026 are not subject to purchase in lieu of optional redemption prior to maturity. The Series 2016 Bonds maturing after July 1, 2026 are subject to purchase in lieu of optional redemption prior to maturity on or after July 1, 2026, at the option of the Library with the prior written consent of DASNY, as a whole or in part at any time, at a purchase price of 100% of the principal amount to be purchased (the "Purchase Price") plus accrued interest to the date set for purchase (the "Purchase Date").

Selection of Bonds to be Redeemed or Purchased

In the case of redemptions or purchases in lieu of optional redemption of the Series 2016 Bonds described above under the subheadings "*Optional Redemption*" or "*Purchase in Lieu of Optional Redemption*," DASNY will select the maturities of the Series 2016 Bonds to be redeemed or purchased. In the case of redemption of Series 2016 Bonds described above under the subheading "*Special Redemption*," Series 2016 Bonds will be redeemed to the extent practicable pro rata among the Outstanding Series 2016 Bonds of each maturity, but only in integral multiples of \$5,000 within each maturity. If less than all of the Series 2016 Bonds of a maturity are to be redeemed

(pursuant to an optional, special or mandatory redemption), the Series 2016 Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

Notice of Redemption

The Trustee is to give notice of the redemption of the Series 2016 Bonds in the name of DASNY given by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to the registered owners of any Series 2016 Bonds which are to be redeemed, at their last known addresses appearing on the registration books. The failure of any owner of a Series 2016 Bond to be redeemed to receive notice of redemption thereof will not affect the validity of the proceedings for the redemption of such Series 2016 Bond. Any such notice may contain conditions to DASNY's obligation to redeem the Series 2016 Bonds. See "Appendix D – Summary of Certain Provisions of the Resolution."

DASNY's obligation to optionally redeem a Series 2016 Bond may be conditioned upon the deposit of sufficient money with the Trustee to pay the Redemption Price for all of the Series 2016 Bonds to be redeemed on the redemption date. If sufficient money is available on the redemption date to pay the Redemption Price and if notice has been mailed and the conditions, if any, to such condition have been satisfied or waived by DASNY, then interest on the Series 2016 Bonds of such maturity will cease to accrue from and after redemption date and such Series 2016 Bonds will no longer be considered to be Outstanding under the Resolution.

Notice of Purchase in Lieu of Optional Redemption and Its Effect

Notice of purchase of the Series 2016 Bonds in lieu of optional redemption will be given in the name of the Library to the registered owners of the Series 2016 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 2016 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2016 Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. In the event the Series 2016 Bonds are called for purchase in lieu of optional redemption, such purchase shall not operate to extinguish the indebtedness of DASNY evidenced thereby or modify the terms of the Series 2016 Bonds and such Series 2016 Bonds need not be cancelled, but shall remain Outstanding under the Resolution and in such case shall continue to bear interest.

The Library's obligation to purchase a Series 2016 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 2016 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 2016 Bonds to be purchased, the former registered owners of such Series 2016 Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Purchase Price. If sufficient money is not available on the Purchase Date for payment of the Purchase Price, the Series 2016 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 2016 Bonds in accordance with their respective terms.

In the event that not all of the outstanding Series 2016 Bonds of a maturity are to be purchased, the Series 2016 Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2016 Bonds of a maturity to be redeemed in part are to be selected.

For a more complete description of the redemption, purchase in lieu of optional redemption and other provisions relating to the Series 2016 Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution."

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016 Bond certificate will be issued for each maturity of the Series 2016 Bonds, totaling in the aggregate the principal amount of the Series 2016 Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of

1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity 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.

Purchases of the Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 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 2016 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 2016 Bonds, except in the event that use of the book-entry system for such Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds within a maturity of the Series 2016 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to DASNY as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2016 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from DASNY or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DASNY or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to DASNY or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2016 Bond certificates are required to be printed and delivered.

DASNY may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2016 Bond certificates will be printed and delivered to DTC.

For every transfer and exchange of Series 2016 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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

DASNY, THE LIBRARY, THE TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2016 BONDS (1) PAYMENTS OF PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2016 BONDS, (2) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2016 BONDS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2016 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, OR THE DIRECT OR INDIRECT PARTICIPANTS, WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

So long as Cede & Co. is the registered owner of the Series 2016 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2016 Bonds (other than under "PART 10 – TAX MATTERS" herein) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2016 Bonds.

Principal, Sinking Fund Installment and Interest Requirements for the Series 2016 Bonds

The following table sets forth the amounts required to be paid by the Library during each twelve-month period ending June 30 of the years shown for the payment of interest on the Series 2016 Bonds payable on January 1 of such period and Principal and Sinking Fund Installments, if any, of and interest on the Series 2016 Bonds payable on the succeeding July 1, and the aggregate payments to be made by the Library during each such period with respect to the Series 2016 Bonds.

| <u>12 Month Period Ending June 30</u> | <u>Principal and Sinking Fund Installments</u> | <u>Interest Payments</u> | <u>Total Debt Service Obligation</u> |
|---|--|--------------------------|--|
| 2017 | \$190,000.00 | \$245,972.12 | \$435,972.12 |
| 2018 | 195,000.00 | 276,306.26 | 471,306.26 |
| 2019 | 205,000.00 | 270,456.26 | 475,456.26 |
| 2020 | 210,000.00 | 264,306.26 | 474,306.26 |
| 2021 | 215,000.00 | 258,006.26 | 473,006.26 |
| 2022 | 225,000.00 | 251,556.26 | 476,556.26 |
| 2023 | 230,000.00 | 242,556.26 | 472,556.26 |
| 2024 | 240,000.00 | 233,356.26 | 473,356.26 |
| 2025 | 250,000.00 | 223,756.26 | 473,756.26 |
| 2026 | 265,000.00 | 211,256.26 | 476,256.26 |
| 2027 | 275,000.00 | 198,006.26 | 473,006.26 |
| 2028 | 280,000.00 | 192,506.26 | 472,506.26 |
| 2029 | 285,000.00 | 186,906.26 | 471,906.26 |
| 2030 | 290,000.00 | 180,850.00 | 470,850.00 |
| 2031 | 300,000.00 | 174,325.00 | 474,325.00 |
| 2032 | 310,000.00 | 167,200.00 | 477,200.00 |
| 2033 | 320,000.00 | 154,800.00 | 474,800.00 |
| 2034 | 335,000.00 | 142,000.00 | 477,000.00 |
| 2035 | 350,000.00 | 128,600.00 | 478,600.00 |
| 2036 | 360,000.00 | 114,600.00 | 474,600.00 |
| 2037 | 375,000.00 | 100,200.00 | 475,200.00 |
| 2038 | 390,000.00 | 85,200.00 | 475,200.00 |
| 2039 | 410,000.00 | 69,600.00 | 479,600.00 |
| 2040 | 425,000.00 | 53,200.00 | 478,200.00 |
| 2041 | 445,000.00 | 36,200.00 | 481,200.00 |
| 2042 | 460,000.00 | 18,400.00 | 478,400.00 |

PART 4 – THE LIBRARY GENERAL INFORMATION

Introduction

The Commack Public Library District (“Library”) was created by a special act of the New York State Legislature, Chapter 834 of the Laws of 1971. It is a special district library chartered by the Board of Regents of the State of New York, a municipal corporation and a town improvement district in the Town. The Library serves approximately 15,500 residents of the Library District, which includes portions of the unincorporated hamlets of Commack, Dix Hills and East Northport. The Library has one main library building located at 18 Hauppauge Road, Commack, New York.

The Library’s collection includes over 113,000 volumes including reference, adult non-fiction, popular fiction, periodicals, children’s materials and large print items as well as over 21,000 audio visual materials such as books on CD, Playaways, CDs, DVDs, video games and preloaded tablet computers such as IPADs, Nooks, Google Nexus and Launchpads. In addition, the Library has over 200,000 electronic materials and products available for use through its website including Tumblebooks, Flipster, Overdrive and Ancestry databases.

The Library offers many public programs including children's and family story hours and crafts, young adult programs and volunteer opportunities as well as programs of community interest such as concerts, movies, exercise and wellness programs, computer instruction and programs of specific interest to its senior population. The Library offers reading clubs for patrons from birth through adult. The Library also provides outreach and delivery to the local nursing home and assisted living facility as well as to the temporarily or permanently home bound.

The Library also provides internet access, word processing computers, photocopy machines, faxing and notary services to its community. The meeting room is available for community use by not-for-profit local organizations.

The Library is one of 56 libraries in the Suffolk Cooperative Library System. The Suffolk Cooperative Library System provides centralized administrative, planning and support services county-wide, including an advanced circulation system as well as telecommunication network connections.

Governance and Administration

The Library is governed by an elected Board of Trustees (the "Board") consisting of five (5) members all of whom are elected by residents of the Library District. Any resident who is 18 years or older is eligible to run for election to the Board. Board members are elected for staggered five-year terms and can be re-elected to an unlimited number of terms. The Board meets twelve (12) times a year or more frequently as required.

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The present members of the Board are:

| Name | Principal Occupation | Term Expiration |
|---------------------------------------|--------------------------------------|------------------------|
| Steven Hartman President | Engineer Medical Device Firm | June 2020 |
| Mark Fitzgerald Vice President | Business Owner Aerial Photography | June 2017 |
| S. Vincent Gonzalez Fiscal Officer | Business Owner Limousine Service | June 2018 |
| Arthur Emsig Trustee | Retired | June 2016 |
| Dominick Elvezio Trustee | Law Student | June 2019 |

Laurie Rosenthal was appointed as the Library's Director in January 2000. Ms. Rosenthal is the chief administrative officer, overseeing the Library's daily and financial operations, acting as liaison to the Board and serving as Secretary to the Board. Ms. Rosenthal has been employed at the Library in many capacities throughout her thirty-two year library career including page, librarian trainee, Head of Children's Services, Head of Adult Services and Assistant Director. Ms. Rosenthal is a graduate of Stony Brook University (B.S. in Social Work, 1987) and holds a Masters in Library Science from Long Island University at CW Post (MLS, 1989). She also holds a Public Librarian's Certificate from the New York State Education Department.

Theresa McFall was appointed Manager of Business Operations in February 2014 and has been employed at the Library since 2005. Ms. McFall is responsible for preparing monthly financial reports and government filings as well as managing the day-to-day financial matters involving payroll, accounts payable, employee benefits, banking and insurance. Ms. McFall is a graduate of St. Joseph's College (B.S. in Business Administration, 1992).

The Service Area

The Library District is located approximately 40 miles east of Manhattan and has an area of approximately 13 square miles. It is largely residential in character, but there are shopping and commercial centers located within the Library District and in the outlying area. The Library District includes portions of the unincorporated communities of East Northport, Dix Hills and Commack. Recent growth in the tax base of the Library District has been in shopping centers, office buildings and townhouse-style condominiums and apartment complexes. The Library District is located approximately six miles from the nearest Long Island Rail Road Train Station. Major highways serving the area are the Long Island Expressway (I-495), Jericho Turnpike (NY25), Northern State Parkway and Sagtikos State Parkway.

School, hospital, banking, recreation, water, gas and electric facilities are available to the residents of the Library District. Police protection is furnished by the Suffolk County Police Department and fire protection by a number of volunteer Fire Districts. Water is furnished by the Suffolk County Water Authority, Dix Hills Water District and Greenlawn Water District; gas by National Grid and electricity by Public Service Enterprise Group's (PSEG) Long Island subsidiary.

Real Property Taxes

The Town derives its power to levy an ad valorem real property tax on behalf of the Library from the State Constitution and from State Education Law. Methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law and the Suffolk County Tax Act. Assessment valuations are determined by the Town assessor and the State Board of Equalization and Assessment which is responsible for certain utility and railroad property. In addition, the State Board of Equalization and Assessment annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market

sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aid and are used by many localities in the calculation of debt contracting and real property taxing limitations.

Property Tax Cap Law

Chapter 414 of the Laws of 1995 governs the methodology by which a special district library can cause the levy of a tax, or an increase thereof, on its behalf by a municipality or school district. However, on June 24, 2011, the Property Tax Cap Law, as written in Chapter 97 of the State Laws of 2011, was signed into law. The Property Tax Cap Law establishes a limit on the annual growth of property taxes levied by local governments. It does not specifically mention libraries; however, guidance issued by the office of the State Comptroller and jointly by the State Department of Taxation and Finance and the State Department of State indicates that it is intended to cover libraries. It applies for any fiscal year commencing after January 1, 2012. The power of local governments to levy real property taxes on all taxable real property within their boundaries without limitation as to rate or amount is subject to statutory limitations pursuant to formulae set forth in the Property Tax Cap Law. The Property Tax Cap Law restricts the increase in the amount of the succeeding year's tax levy to no more than the lesser of 2% of the prior year's tax levy or an inflation rate as computed under the Property Tax Cap Law, with limited exceptions.

The Property Tax Cap Law does not explicitly address how special district libraries affiliated with a municipality or school district which levies property tax on their behalf (such as the Library) will be treated, i.e., as a part of a school district or local government or as its own local government. However, the guidance noted above indicates that the tax levy of a special district that has a separate independent elected board and has the authority to levy a tax or can require a municipality or school district to levy a tax on its behalf is subject to the tax levy limit. Further, to the extent that the budget of a special district, such as a library district, is comprised of revenues generated by its own taxing authority or a tax levy of another government that the local government or school district is required to impose on behalf of the special district, those tax revenues are believed to fall within the tax levy limit of the special district.

This interpretation means that special district libraries, like the Library, have their own, separate tax cap, and that the mechanism to exceed the tax cap is the same as for local governments. To exceed the tax cap, the Property Tax Cap Law requires a library board to pass a vote by a 60% margin of trustees, then bring the proposal to a public vote. If the public approves the proposal by a simple majority (more than 50%), only then may the tax cap be exceeded. The Library satisfied these requirements with respect to the tax levy authorized by the Tax Referendum to pay debt service on the Series 2016 Bonds.

The Library's budgets for the fiscal year beginning July 1, 2015 and July 1, 2016 (exclusive of the appropriation for debt service on the Series 2016 Bonds) did not exceed the 2% tax cap limit. The qualified voters in the Library District approved said budgets by an approval rate of 81.8 % and 75.8%, respectively.

Tax Collection Procedure

Property taxes for the Library, together with School District, Town, and County taxes, are collected by the Town tax receiver and paid directly by the Town to the School District, which then remits payments to the Library on a monthly basis. Property taxes are due and payable in equal installments by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and 10% after May 31.

The Library receives its full levy before the end of its fiscal year. Uncollected amounts are not segregated by the Town tax receiver, and any deficiency in tax collection is the County's liability and is not passed on to the Library.

Library Budget

The Library's fiscal year begins on July 1st and ends June 30th. During the first quarter of the calendar year, the budget is developed by the Director with input from Library staff. The Library Board then reviews, discusses changes, if any, before approving the budget for submission to the public. The proposed budget is submitted to the voters of the Library District in April of each year.

Residents of the Library District who are qualified to vote may participate in the vote on the proposed operating budget. In the event of a defeat of the budget by the electorate in any year, the appropriation reverts back to the previous year's approved budget and tax levy.

The 2015-2016 operating budget was approved by the Library District voters on April 14, 2015. The 2016-2017 operating budget was approved by the Library District voters on April 5, 2016.

Budget Summaries

| | Fiscal Years Ending June 30, | |
|------------------------------|------------------------------|----------------|
| | <u>2016</u> | <u>2017</u> |
| <u>Revenues:</u> | | |
| Tax Revenues | \$3,565,906 | \$4,078,296* |
| Revenue, Contracts, Misc. | <u>70,000</u> | <u>67,000</u> |
| Total Revenues | \$3,635,906 | \$4,145,296 |
| <u>Expenditures:</u> | | |
| Salaries & Employee Benefits | \$2,845,064 | \$2,772,234 |
| Materials | 339,500 | 363,500 |
| Operations | 248,442 | 272,662 |
| Debt Service | 0 | 510,000 |
| Other | <u>202,900</u> | <u>226,900</u> |
| Total Expenditures | \$3,635,906 | \$4,145,296 |

* Includes \$510,000 tax revenues designated for the Series 2016 Bonds.

Insurance

The Library maintains a comprehensive package of institutional insurance coverage. The policy coverage (both limits and scope) is evaluated annually (and more frequently, should circumstances warrant) to assure appropriate coverage is maintained based on replacement values of existing physical library structures and an analysis of potential liabilities.

Employees

The Library currently employs 18 full-time and 31 part-time individuals, all under the supervision of the Library's Director, of whom 10 are professionals with Masters Degrees in Library Science. The remaining staff consists of a network administrator, administrative/clerical staff, pages and custodians. The Library has a collective bargaining contract with United Public Service Employees Union (UPSEU) for all employees with the exception of four confidential staff members. The current agreement expires on June 30, 2017. Negotiations to extend the contract are scheduled to begin in January 2017.

Employee Pension System

Certain Library employees are eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York and are members of the New York State Local Employee's Retirement System ("ERS"). The ERS is noncontributory with respect to members hired prior to July 1, 1976. All members of the respective systems who were hired on or after July 1, 1976 and before December 31, 2009, with less than 10 years' full-time service, contribute 3% of their gross annual salaries toward the cost of the retirement programs.

On December 10, 2009, then Governor Paterson signed into law a new Tier 5. The law is effective for new ERS employees hired after January 1, 2010. New ERS employees now contribute 3% of their salaries. There is no provision for these contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law the new Tier 6 pension program, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees vest in the system after ten years of employment and are required to make employee contributions throughout employment.

The Library's required contribution for a given fiscal year is based on the value of the pension fund on the prior April 1. The Library is required to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible, each year on February 1st.

To help reduce budgetary volatility due to changes in employee contributions, State law permits the Library to amortize a portion of such contributions. The Library has not elected, to date, to amortize such contributions, nor does it expect to do so in the foreseeable future.

The following chart represents the ERS contributions for each of the last five fiscal years.

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>ERS</u> <u>Contribution</u> |
|---|---|
| 2012 | \$280,804 |
| 2013 | 327,661 |
| 2014 | 384,721 |
| 2015 | 313,026 |
| 2016 | 307,610 |

The Governmental Accounting Standards Board (“GASB”) Statement No. 68, Accounting and Financial Reporting for Pensions (“GASB 68”) revised and established new financial reporting requirements for the Library beginning with its fiscal year ended June 30, 2015.

GASB 68 requires the Library to recognize its long-term obligation for pension benefits as a liability and to more comprehensively and comparably measure the annual costs of pension benefits. As of June 30, 2015, the Library’s net pension liability was \$166,517.

Other Post-Employment Benefits

The Library provides post-employment healthcare benefits to various categories of former employees. GASB Statement No. 45 (“GASB 45”) requires the Library to account for and report its costs associated with post-employment healthcare benefits and other non-pension benefits (“OPEB”). The Library’s financial statements are prepared and audited using GASB rather than Financial Accounting Standards Board guidelines of generally accepted accounting principles. GASB 45 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions.

GASB 45 requires that the Library adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers are based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) is determined for the Library. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If the Library contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liabilities actually be funded, only that the Library account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation is required every three years for the Library.

As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability (“AAL”), the portion of the actuarial present value of the total future benefits based on the employees’ service rendered to the measurement date, was approximately \$2,136,469. The actuarial value of the Plan’s assets was \$0, resulting in an unfunded actuarial accrued liability (“UAAL”) of \$2,136,469. For the fiscal year ending June 30, 2015, the Library’s annual OPEB cost was \$188,214 and the ARC was \$193,045. The Library is on a pay-as-you-go funding basis and paid \$50,944 for the fiscal year ending June 30, 2015 resulting in a projected year-end Net OPEB obligation of \$841,090.

Should the Library be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Library’s finances and could force the Library to reduce services, raise taxes or both. At the present time, however, there is no current requirement for the Library to partially fund its actuarial accrued OPEB liability. The Library continues funding the expenditure on a pay-as-you-go basis.

ANNUAL FINANCIAL STATEMENT INFORMATION

The Library's financial statements for the fiscal year ending June 30, 2015, audited by Baldessari & Coster LLP, Certified Public Accountants, are included as Appendix B. Financial information of the type that follows is expected to be provided by the Library annually via the filing of the Library's annual financial statements in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Revenues and Expenditures

The Library receives most of its revenue from a real property tax levied on behalf of the Library by the Town on all non-exempt real property situated within the Library District.

The revenues and expenses of the Library are determined by the annual operating budget proposed by the Board and voted upon by the residents of the Library District annually. The fiscal management of the Library is governed according to each annual operating budget. The Board is responsible for oversight of the Library's management control and disbursement of funds and maintenance of assets. The Library's management is responsible for day-to-day operations. The Library's budget is created on good faith estimates of revenues and expenses, which estimates may be inaccurate.

In addition to the annual operating budget vote, the residents of the Library District can authorize the Library to cause a tax to be levied annually to cover maximum annual debt service on a capital project of the Library up to a set maximum annual amount.

Below is a summary of the Library's unrestricted revenues and expenses for last five fiscal years.

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Summary of Revenues and Expenditures - All Funds

Fiscal Year Ending June 30:

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Revenues: | | | | | |
| Tax Revenues | \$ 3,275,012 | \$ 3,349,520 | \$ 3,409,626 | \$ 3,473,673 | \$ 3,522,678 |
| Fines | 17,457 | 15,320 | 13,777 | 12,567 | 9,863 |
| Photocopy Income | 7,483 | 7,295 | 7,403 | 8,242 | 9,058 |
| Interest | 5,078 | 4,181 | 3,230 | 2,343 | 1,081 |
| State Aid and Grants | 8,141 | 14,445 | 11,493 | 11,331 | 26,854 |
| Lost Books | 1,795 | 799 | 1,129 | 1,132 | 1,000 |
| Miscellaneous | <u>6,746</u> | <u>6,228</u> | <u>20,390</u> | <u>20,098</u> | <u>14,835</u> |
| Total Revenues | \$ <u>3,321,712</u> | \$ <u>3,397,788</u> | \$ <u>3,467,048</u> | \$ <u>3,529,386</u> | \$ <u>3,585,369</u> |
| Expenditures: | | | | | |
| Salaries and Wages | \$ 2,050,978 | \$ 2,068,102 | \$ 2,203,242 | \$ 2,016,442 | \$ 2,019,641 |
| Employee Benefits | 673,216 | 761,914 | 836,973 | 859,520 | 816,446 |
| Library Materials and Programs | 325,938 | 327,552 | 310,250 | 319,042 | 315,249 |
| Library Operations | 280,715 | 255,395 | 244,864 | 287,354 | 264,376 |
| Building Operations | 113,928 | 102,700 | 108,634 | 105,358 | 103,204 |
| Capital Outlay | <u>55,119</u> | <u>84,910</u> | <u>37,494</u> | <u>22,059</u> | <u>31,649</u> |
| Total Expenditures | \$ <u>3,499,894</u> | \$ <u>3,600,573</u> | \$ <u>3,741,457</u> | \$ <u>3,609,775</u> | \$ <u>3,550,565</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (178,182) | (202,785) | (274,409) | (80,389) | 34,804 |
| Adjustments* | -- | - | - | - | 85,879 |
| Fund Balance Beginning of Year | <u>1,910,606</u> | <u>1,732,424</u> | <u>1,529,639</u> | <u>1,255,230</u> | <u>1,174,841</u> |
| Fund Balance End of Year | \$ <u>1,732,424</u> | \$ <u>1,529,639</u> | \$ <u>1,255,230</u> | \$ <u>1,174,841</u> | \$ <u>1,295,524</u> |

*Adjustment to Fund Balance at Beginning of Year Reflects Adoption of GASB 68

Fund Balances

The table below presents the accumulated liquid funds held in the General Fund for each of the fiscal years ending June 30, 2011 through June 30, 2015. The table was prepared from the Library's accounting records, which are maintained on the basis of accounting practices as prescribed by the Uniform System of Accounts for Library Systems mandated by the State of New York.

In accordance with these principles, the Library maintains a General Fund, which includes the Capital Projects Fund. In addition, the Library maintains a General Fixed Asset Group of Accounts which are used to record fixed assets not recorded in the asset and liability account of other funds.

Balance Sheet - All Funds

Fiscal Year Ended June 30:

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| ASSETS: | | | | | |
| Cash and Cash Equivalents | \$ 1,880,257 | \$ 1,686,208 | \$ 1,518,377 | \$ 1,392,471 | \$ 1,434,086 |
| Prepaid Insurance | 11,662 | 12,377 | 12,199 | 13,938 | 15,094 |
| Other Prepaid Expenses | 5,924 | 5,981 | 7,418 | 5,950 | 500 |
| Grants Receivable | 474 | 1,000 | — | — | — |
| Internal Receivable | — | 9,000 | — | — | — |
| Total Assets | <u>\$ 1,898,317</u> | <u>\$ 1,714,566</u> | <u>\$ 1,537,994</u> | <u>\$ 1,412,359</u> | <u>\$ 1,449,680</u> |
| LIABILITIES: | | | | | |
| Accounts Payable | \$ 46,885 | \$ 47,719 | \$ 34,648 | \$ 41,877 | \$ 42,598 |
| Accrued Payroll | 48,706 | 58,031 | 163,324 | 109,762 | 111,558 |
| Accrued NYS Retirement | 70,302 | 70,177 | 84,792 | 85,879 | — |
| Internal Payable | — | 9,000 | — | — | — |
| Total Liabilities | <u>\$ 165,893</u> | <u>\$ 184,927</u> | <u>\$ 282,764</u> | <u>\$ 237,518</u> | <u>\$ 154,156</u> |
| FUND BALANCES: | | | | | |
| Nonspendable | \$ 830,425 | \$ 780,115 | \$ 558,452 | \$ 19,888 | \$ 15,594 |
| Assigned | 896,075 | 731,166 | 677,161 | 507,717 | 481,020 |
| Unassigned | 5,924 | 18,358 | 19,617 | 647,236 | 798,910 |
| Total Fund Balances | <u>\$ 1,732,424</u> | <u>\$ 1,529,639</u> | <u>\$ 1,255,230</u> | <u>\$ 1,174,841</u> | <u>\$ 1,295,524</u> |
| Total Liabilities and Fund Equity | <u>\$ 1,898,317</u> | <u>\$ 1,714,566</u> | <u>\$ 1,537,994</u> | <u>\$ 1,412,359</u> | <u>\$ 1,449,680</u> |

OPERATING DATA

Funding for the operations of the Library is primarily derived from real property taxes levied by the Town on behalf of the Library on all non-exempt real property located within the Library District. The following information summarizes the tax base upon which the Library is dependent for funding.

Valuations, Tax Rates, and Levies

A summary of valuations and tax rates for the past five years for the Library District is provided below:

Summary of Valuations

| Tax Year Ending Dec. 31 | Assessed Value of Taxable Real Property | State Equalization Rate | Full Valuation |
|--|--|--|---------------------------|
| 2012 | \$20,821,417 | 0.88% | \$2,366,070,114 |
| 2013 | 20,601,067 | 0.90 | 2,289,007,444 |
| 2014 | 20,455,199 | 0.90 | 2,272,799,889 |
| 2015 | 20,225,478 | 0.89 | 2,272,525,618 |
| 2016 | 20,036,504 | 0.86 | 2,329,826,047 |

**Tax Rates Per \$1,000 of
Assessed Valuation**

| <u>Year</u> | <u>Library Tax</u> |
|--------------------|---------------------------|
| 2012 | \$160.81 |
| 2013 | 165.50 |
| 2014 | 169.77 |
| 2015 | 174.08 |
| 2016 | 177.88 |

Source: Tax Rate Sheets from the Town of Huntington.

Property Tax Revenue

| <u>Fiscal Year Ended</u> | <u>Total Revenues</u> | <u>Real Property Taxes</u> | <u>Real Property Taxes as a Percentage of Total Revenues</u> |
|-------------------------------------|----------------------------------|---------------------------------------|---|
| June 30, 2011 | \$3,321,712 | \$3,275,012 | 98.59% |
| June 30, 2012 | 3,397,788 | 3,349,520 | 98.58 |
| June 30, 2013 | 3,467,048 | 3,409,626 | 98.34 |
| June 30, 2014 | 3,529,386 | 3,473,673 | 98.42 |
| June 30, 2015 | 3,585,369 | 3,522,678 | 98.25 |
| June 30, 2016 (budget) | 3,635,906 | 3,565,906 | 98.07 |
| June 30, 2017 (budget) | 4,145,296 | 4,078,296 | 98.38 |

Sources: Audited Financial Statements and the adopted budgets of Commack Public Library.

Selected Listing of Largest Taxable Properties

The following is a listing of the ten largest taxable properties in the Library District for 2015-2016:

Largest Taxable Properties

| <u>Name</u> | <u>Type</u> | <u>Assessed Value</u> |
|-------------------------------------|-------------|-----------------------|
| LG Commack Associates LLC | Commercial | \$ 200,000 |
| Long Island Power Authority | Utility | 131,610 |
| CCP-Shurgard Venture, LLC | Commercial | 90,000 |
| Keyspan Corporation | Utility | 89,417 |
| BDG Larkfield Associates LLC | Commercial | 80,000 |
| Basser-Kaufman 224, LLC | Commercial | 78,000 |
| Long Island Lighting Co. | Utility | 75,861 |
| Heatherwood Towers Realty LTD | Real Estate | 74,000 |
| Commack Shopping Center Association | Commercial | 72,000 |
| H&A Johnson LLC | Commercial | <u>70,000</u> |
| | | \$ 960,888 |

Source: Town of Huntington Department of Assessment

The total assessed value of the largest taxable properties listed above represents 4.80% of the Assessed Valuation for the Library District.

Economic and Demographic Information

The following table sets forth population statistics for the School District, Town, County and the State of New York.

Population Trends

| <u>Year*</u> | <u>School District</u> | <u>Town of Huntington</u> | <u>Suffolk County</u> | <u>New York State</u> |
|--------------|------------------------|---------------------------|-----------------------|-----------------------|
| 1980 | N/A | 201,512 | 1,284,231 | 17,558,072 |
| 1990 | N/A | 188,374 | 1,321,864 | 17,990,455 |
| 2000 | N/A | 195,289 | 1,419,369 | 18,976,457 |
| 2010 | 38,148 | 203,264 | 1,482,548 | 19,229,752 |

Source: U.S. Census Bureau

Selected Wealth and Income Indicators

Per Capita Income

| | <u>2000</u> | <u>2010</u> | <u>% Change</u> |
|--------------------|-------------|-------------|-----------------|
| Town of Huntington | \$24,810 | \$46,862 | 88.88 |
| Suffolk County | 26,577 | 35,755 | 34.53 |
| New York State | 23,389 | 30,948 | 32.31 |

Source: U.S. Department of Commerce, Bureau of the Census

* U.S. Census Bureau began collecting population estimates for school districts in 2007. At that time, the population for Commack Union Free School District was 37,077.

Family Median Income – For the Year 2010
Income Groups - % of Families

| | Median Income | Under \$25,000 | \$25,000- 49,999 | \$50,000- 74,999 | \$75,000- 99,999 | \$100,000 or more |
|--------------------|--------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| Town of Huntington | \$112,429 | 5.4% | 10.0% | 15.2% | 11.9% | 57.5% |
| Suffolk County | 84,506 | 11.7 | 15.3 | 16.8 | 15.2 | 41.0 |
| New York State | 55,603 | 23.4 | 22.0 | 17.4 | 12.2 | 25.1 |

Source: U.S. Department of Commerce, Bureau of the Census

Unemployment Rate Statistics

Unemployment statistics are not available for the Library District as such. The smallest area for which such statistics are available (which includes the Library District) is the Town.

| Year | Town of Huntington | Suffolk County | New York State |
|-------------|-------------------------------|---------------------------|---------------------------|
| 2011 | 6.3% | 7.3% | 8.0% |
| 2012 | 6.6 | 7.8 | 8.6 |
| 2013 | 5.6 | 6.5 | 7.7 |
| 2014 | 4.5 | 5.3 | 6.4 |
| 2015 | 4.2 | 4.8 | 5.4 |

Source: Department of Labor, State of New York.

Litigation

There are no suits pending or, to the knowledge of the officers of the Library and members of the Board, threatened against the Library wherein an unfavorable result would have a material adverse effect on the financial condition of the Library or impair the levy and collection of ad valorem taxes.

PART 5 - THE PROJECT

The electorate of the Library District, by vote on October 20, 2015, approved (406 Yes /164 No) a referendum to undertake a project at the Library’s main building located at 18 Hauppauge Road, Commack, New York (the “Project”). The Project consists of the renovation, alteration, upgrading, equipping and rehabilitation of the Library’s main building. The highlights of the Project include a separate children’s room with dedicated spaces for computer use, play space and programs, and developmentally appropriate play areas; a separate children’s and young teens’ program room; creation of a young adult room; dedicated areas for senior citizens; a large, dividable community room and meeting room space for Library programs and community groups. Energy efficient and cost effective building systems include handicapped accessibility and an ADA compliant elevator; installation of white roof to reduce solar heat gain and heat island effect to the environment at night; new HVAC distribution to create the efficient heating and cooling of the Library; and installation of LED lighting, furniture and furnishings that employ green practices. In connection with the construction and renovation, the main building will be closed for approximately one year commencing in October, 2016. The Library will move to temporary quarters during the building renovation.

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PART 6 – ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

Sources of Funds

| | |
|---|-------------------|
| Principal Amount of Series 2016 Bonds | \$7,835,000.00 |
| Net Original Issue Premium | 752,929.25 |
| Equity Contribution for Debt Service Fund | <u>250,000.00</u> |

Total Sources \$8,837,929.25

Uses of Funds

| | |
|--------------------------------|-------------------|
| Deposit to Construction Fund | \$8,296,202.00 |
| Costs of Issuance ¹ | 219,582.20 |
| Underwriter's Discount | 72,145.05 |
| Debt Service Fund Deposit | <u>250,000.00</u> |

Total Uses \$8,837,929.25

¹ Includes legal fees, DASNY fee, and other costs related to the issuance of the Series 2016 Bonds.

PART 7 – DASNY

Background, Purposes and Powers

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

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

To carry out its programs, DASNY is authorized to issue and sell negotiable bonds and notes to finance the construction of facilities for such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions. At June 30, 2016, DASNY had approximately \$48 billion aggregate principal amount of bonds and notes outstanding. DASNY also is authorized to make tax-exempt leases, with its Tax-Exempt Leasing Program (TELP). As part of its operating activities, DASNY also administers a wide variety of grants authorized by the State for economic development, education and community improvement and payable to both public and private grantees from proceeds of State Personal Income Tax Revenue Bonds issued by DASNY.

DASNY is a conduit debt issuer. Under existing law, and assuming continuing compliance with tax law, interest on most bonds and notes issued by DASNY has been determined to be excludable from gross income for federal tax

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

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

In connection with the powers described above, DASNY has the general power to acquire real and personal property, give mortgages, make contracts, operate certain facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, borrow money and adopt a program of self-insurance.

DASNY has a staff of approximately 490 employees located in three main offices (Albany, New York City and Buffalo) and at approximately 45 field sites across the State.

Governance

DASNY is governed by an eleven-member board. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at DASNY meetings. The members of DASNY serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties. The appointment by the Speaker of the State Assembly and one of the appointments to the Board by the Governor are currently vacant.

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

The current members of DASNY are as follows:

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

Alfonso L. Carney, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical consulting services in New York City. He has served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he managed the staff of the Foundation, provided strategic oversight of the administration, communications and legal affairs teams, and developed selected Foundation program initiatives. Mr. Carney has held senior level legal positions with Altria Group Inc., Philip Morris Companies Inc., Philip Morris Management Corporation, Kraft Foods, Inc. and General Foods Corporation. Mr. Carney holds a Bachelor's degree in philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

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

John B. Johnson, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Johnson is Chairman of the Board of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science

degree from Clarkson University. Mr. Johnson's term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

SANDRA M. SHAPARD, *Secretary*, Delmar.

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

JONATHAN H. GARDNER, ESQ., Buffalo.

Jonathan H. Gardner was appointed as a Member of DASNY by the Governor on June 17, 2014. Mr. Gardner is a partner of the law firm Kavinoky Cook, LLP in Buffalo, New York. His practice areas include corporate and securities law, commercial transactions, private placements, venture capital financing and business combinations representing private and public companies. Mr. Gardner is also an adjunct professor at the University of Buffalo Law School. He holds a Bachelor of Arts degree from Brown University and a Juris Doctor degree from the University of Chicago Law School. Mr. Gardner's term expired on March 31, 2015 and by law he continues to serve until a successor shall be chosen and qualified.

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

Beryl L. Snyder was reappointed as a member of DASNY by the Governor on June 19, 2013. Ms. Snyder is a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expires on August 31, 2016.

GERARD ROMSKI, ESQ., Mount Kisco.

Gerard Romski was reappointed as a Member of DASNY by the Temporary President of the State Senate on May 9, 2016. 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, New York. Mr. Romski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

MARYELLEN ELIA, *Commissioner of Education of the State of New York*, Loudonville; *ex-officio*.

MaryEllen Elia was appointed by the Board of Regents to serve as Commissioner of Education and President of the University of the State of New York effective July 6, 2015. As Commissioner of Education, Ms. Elia 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. Prior to her appointment in New York, Ms. Elia served as Superintendent of Schools in Hillsborough County, Florida for 10 years. She began her career in education in 1970 as a social studies teacher in Buffalo's Sweet Home Central School District and taught for 19 years before becoming an administrator. She holds a Bachelor of Arts degree in History from Daemen College in Buffalo, a Master of Education from the University at Buffalo and a Master of Professional Studies from SUNY Buffalo.

HOWARD A. ZUCKER, M.D., J.D., *Commissioner of Health of the State of New York*, Albany; *ex-officio*.

Howard A. Zucker, M.D., J.D., was appointed Commissioner of Health on May 5, 2015 after serving as Acting Commissioner of Health since May 5, 2014. Prior to that, he served as First Deputy Commissioner leading the State Department of Health's preparedness and response initiatives in natural disasters and emergencies. Before joining the State Department of Health, Dr. Zucker was professor of Clinical Anesthesiology at Albert Einstein College of Medicine of Yeshiva University and a pediatric cardiac anesthesiologist at Montefiore Medical Center. He was also

an adjunct professor at Georgetown University Law School where he taught biosecurity law. Dr. Zucker earned his medical degree from George Washington University School of Medicine. He also holds a Juris Doctor degree from Fordham University School of Law and a Master of Laws degree from Columbia Law School.

ROBERT F. MUJICA, JR., *Budget Director of the State of New York, Albany; ex-officio.*

Robert F. Mujica Jr. was appointed Director of the Budget by the Governor and began serving on January 14, 2016. 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. Prior to his appointment, Mr. Mujica was Chief of Staff to the Temporary President and Majority Leader of the Senate and concurrently served as the Secretary to the Senate Finance Committee. For two decades, he advised various elected and other government officials in New York on State budget, fiscal and policy issues. Mr. Mujica received his Bachelor of Arts degree in Sociology from Brooklyn College at the City University of New York. He received his Master's degree in Government Administration from the University of Pennsylvania and holds a Juris Doctor degree from Albany Law School.

The principal staff of DASNY is as follows:

GERRARD P. BUSHHELL is the President and chief executive officer of DASNY. Mr. Bushell is responsible for the overall management of DASNY's administration and operations. Prior to joining DASNY, Mr. Bushell was Director, Senior Institutional Advisor of BNY Mellon's alternative and traditional investment management businesses. Prior thereto, he held a number of senior advisory roles, including Director, Client Partner Group at Kohlberg Kravis Roberts & Co. (KKR), Managing Director, Institutional Sales at Arden Asset Management LLC and Head of Institutional Sales at ClearBridge: a Legg Mason Company (formerly Citi Asset Management). Mr. Bushell previously served as Director of Intergovernmental Affairs for New York State Comptroller H. Carl McCall. Mr. Bushell holds a Bachelor of Arts degree, Master of Arts degree and Ph.D. in Political Science from Columbia University.

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

KIMBERLY J. NADEAU is the Chief Financial Officer and Treasurer of DASNY. As Chief Financial Officer and Treasurer, Ms. Nadeau is responsible for supervising DASNY's investment program, general accounting, accounts payable, accounts receivable, financial reporting functions, budget, payroll, and insurance, as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. She previously was Vice President-Accounting and Controller for US Light Energy. Prior to that she was Vice President-Accounting and Controller for CH Energy Group, Inc. and held various positions culminating in a director level position at Northeast Utilities. Ms. Nadeau also held various positions with increasing responsibility at Coopers & Lybrand LLP. She holds a Bachelor of Science degree in Accounting, a Master of Business Administration with a concentration in Management and a Juris Doctor degree from the University of Connecticut. She is licensed to practice law in New York and Connecticut.

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

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing DASNY bond issuance in the capital markets, implementing and overseeing financing

programs, overseeing DASNY's compliance with continuing disclosure requirements and monitoring the financial condition of existing DASNY clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. She holds a Bachelor of Arts degree from the State University of New York at Albany.

STEPHEN D. CURRO is the Managing Director of Construction. Mr. Curro is responsible for DASNY's construction groups, including design, project management, resource acquisition, contract administration, interior design, and engineering, as well as other technical services. Mr. Curro joined DASNY in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and has worked in the construction industry for more than 30 years. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

CAROLINE V. GRIFFIN is the Chief of Staff of DASNY. She is responsible for overseeing intergovernmental relations and managing the Communications & Marketing Department, as well as coordinating policy and operations across DASNY's multiple business lines. Ms. Griffin most recently served as the Director of Intergovernmental Affairs for Governor Andrew M. Cuomo where she worked as the Governor's liaison with federal, state and local elected officials and managed staff serving in various capacities in the Governor's Office. Prior to that she served as the Assistant Executive Deputy Secretary for Governor Andrew M. Cuomo overseeing the operations staff and Assistant Secretary for Intergovernmental Affairs for both Governor David A. Paterson and Governor Eliot Spitzer. She holds a Bachelor of Arts degree in Communications from Boston College.

CAPRICE G. SPANN is the Managing Director of Specialized Services and Client Solutions. Ms. Spann is responsible for overseeing information services, environmental services, real property management and the integration of sustainability programs with respect to DASNY's projects and in its business processes. She holds a Bachelor of Arts degree from the University of Wisconsin and a Master of Business Administration from Fordham University.

Claims and Litigation

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

Other Matters

New York State Public Authorities Control Board

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

Legislation

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

Environmental Quality Review

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

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of DASNY for the fiscal year ended March 31, 2016. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

PART 8 – LEGALITY OF THE SERIES 2016 BONDS FOR INVESTMENT AND DEPOSIT

Under State law, the Series 2016 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control. However, enabling legislation or bond resolutions of individual authorities of the State may limit the investment of funds of such authorities in the Series 2016 Bonds.

The Series 2016 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 9 – NEGOTIABLE INSTRUMENTS

The Series 2016 Bonds shall be negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2016 Resolution.

PART 10 – TAX MATTERS

Opinion of Co-Bond Counsel

In the opinion of each of Hodgson Russ LLP and Golden Holley James LLP, Co-Bond Counsel to DASNY, under existing law and assuming compliance by DASNY and the Library with certain covenants and the accuracy and completeness of certain representations of DASNY and the Library, interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”) and is not an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations under the Code. Such interest is, however, taken into account in determining adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

Co-Bond Counsel are also of the opinion that interest on the Series 2016 Bonds is exempt from personal income taxes of the State of New York and any political subdivision thereof, including The City of New York and the City of Yonkers. Co-Bond Counsel express no opinion regarding any other State of New York or local tax consequences arising with respect to the Series 2016 Bonds nor as to the taxability of the Series 2016 Bonds or the income therefrom under the laws of any state other than the State of New York.

Certain Ongoing Federal Tax Requirements and Covenants

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2016 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2016 Bonds, use of the facilities financed or refinanced with the proceeds of the Series 2016 Bonds, yield and other restrictions on investments of gross proceeds and other amounts, and the arbitrage rebate requirement that certain earnings on gross proceeds be rebated to the United States. Failure to comply with the requirements of the Code may cause interest on the Series 2016 Bonds to be includable in gross income for purposes of federal income tax retroactive to the date of original execution and delivery of the Series 2016 Bonds, regardless of the date on which the event causing such inclusion occurs. DASNY and the Library have covenanted in the Resolutions, Loan Agreement and the Tax Compliance Agreement to comply with the requirements of the Code and

have made representations in such documents addressing various matters relating to the requirements of the Code. Co-Bond Counsel will not independently verify the accuracy of those representations, certifications, and covenants. The opinions of Co-Bond Counsel assume continuing compliance with such covenants as well as the accuracy of such representations made by DASNY and the Library.

Certain requirements and procedures contained or referred to in the Resolutions, Loan Agreement, the Tax Compliance Agreement and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of Co-Bond Counsel. The opinions of Hodgson Russ LLP and Golden Holley James LLP, state that such firms, as Co-Bond Counsel, express no opinion as to any Series 2016 Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of Bond Counsel other than Hodgson Russ LLP or Golden Holley James LLP, respectively.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2016 Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity (in general, the “issue price” of a maturity means the first price at which a substantial amount of those Series 2016 Bonds of that maturity was sold, excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents or wholesalers). In general, the issue price for each maturity of the Series 2016 Bonds is expected to be the initial public offering price set forth on the cover page of this Official Statement. Co-Bond Counsel further are of the opinion that, for any Series 2016 Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the Owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2016 Bonds.

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

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

Original Issue Premium

The Series 2016 Bonds maturing July 1, 2017 through and including July 1, 2026, July 1, 2032 through and including July 1, 2036, and July 1, 2042 (the “Premium Bonds”) are being sold to the initial purchasers at prices greater than the stated principal amount thereof. In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the authorization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to the period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a tax-exempt Premium Bond may realize a taxable gain upon disposition of the tax-exempt Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, or sale,

exchange, or other disposition of Premium Bonds. Owners of Premium Bonds are advised to consult with their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

Information Reporting and Backup Withholding

Interest paid on tax-exempt obligations is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. Interest on the Series 2016 Bonds may be subject to backup withholding if such interest is paid to a registered owner who or which (1) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (2) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Series 2016 Bonds and will be allowed as a refund or credit against such owner’s federal income tax liability (or the federal income tax liability of the beneficial owner of the Series 2016 Bonds, if other than the registered owner).

If an owner purchasing a Series 2016 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2016 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain Federal income tax matters with respect to the Series 2016 Bonds under existing statutes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2016 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2016 Bonds.

As noted above, interest on the Series 2016 Bonds may be taken into account in computing the tax liability of corporations subject to the federal alternative minimum tax imposed by Section 55 of the Code. Interest on the Series 2016 Bonds may also be taken into account in computing the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code. Prospective purchasers of the Series 2016 Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of the Series 2016 Bonds may have collateral federal income tax consequences for certain taxpayers, including, without limitation, financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers (including banks, thrift institutions, and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Series 2016 Bonds.

Co-Bond Counsel express no opinion regarding any such collateral federal income tax consequences.

Changes in Law and Post Issuance Events

The opinion of each Co-Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents Co-Bond Counsel’s respective judgment as to the proper treatment of the Series 2016 Bonds for federal income tax purposes. It is not binding on the IRS or the courts.

Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Series 2016 Bonds to be subject, directly or indirectly, to federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2016 Bonds for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Series 2016 Bonds. For example, proposals have been made that could limit the exclusion from gross income of interest on obligations like the Series 2016 Bonds for taxpayers who are individuals and whose income is subject to higher marginal tax rates or that could otherwise significantly reduce the benefit of the exclusion from gross income of interest on obligations like the Series 2016 Bonds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the Federal or state income tax treatment of holders of the Series 2016 Bonds

may occur. Prospective purchasers of the Series 2016 Bonds should consult their own advisers regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Co-Bond Counsel's engagements with respect to the Series 2016 Bonds end with the issuance of the Series 2016 Bonds. The IRS has established an active audit program of certain tax-exempt entities and tax-exempt bonds issued by state and local government units. Unless separately engaged, neither Co-Bond Counsel is obligated to defend DASNY or the Bondholders regarding the tax-exempt status of the Series 2016 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than DASNY and its appointed counsel, including the Bondholders, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which DASNY legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2016 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2016 Bonds, and may cause DASNY, the Library or the Bondholders to incur significant expense.

Co-Bond Counsel have not undertaken to advise in the future whether any events occurring after the date of issuance and delivery of the Series 2016 Bonds may affect the tax status of interest on the Series 2016 Bonds. Co-Bond Counsel express no opinion as to any Federal, state or local tax law consequences with respect to the Series 2016 Bonds, or the interest thereon, if any action is taken with respect to the Series 2016 Bonds or the proceeds thereof upon the advice or approval of other counsel.

Form of Opinions of Co-Bond Counsel

The form of the approving opinions of Co-Bond Counsel is attached hereto as Appendix E. See "Form of Approving Opinions of Co-Bond Counsel" in Appendix E.

PART 11 – STATE NOT LIABLE ON THE SERIES 2016 BONDS

The Act provides that notes and bonds of DASNY shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of DASNY. The Resolution specifically provides that the Series 2016 Bonds shall not be a debt of the State nor shall the State be liable thereon.

PART 12 – COVENANT BY THE STATE

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

PART 13 – LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2016 Bonds by DASNY are subject to the approval of Hodgson Russ LLP, Albany, New York, and Golden Holley James LLP, New York, New York, Co-Bond Counsel, whose approving opinions will be delivered with the Series 2016 Bonds. The proposed form of each such opinion is set forth in Appendix E hereto. Certain legal matters will be passed upon for the Underwriter by its Counsel, Law Offices of Joseph C. Reid, P.A., New York, New York. Certain legal matters will be passed upon for the Library by its special counsel, Lamb & Barnosky, LLP, Melville, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2016 Bonds or questioning or affecting the validity of the Series 2016 Bonds or the proceedings and authority under which they are to be issued. There is no litigation pending which in any manner questions the right of DASNY to

finance the Project in accordance with the provisions of the Act, the Resolution, the Series 2016 Resolution and the Loan Agreement.

PART 14 – UNDERWRITING

Raymond James & Associates, Inc. (the “Underwriter”) has agreed, subject to certain conditions, to purchase the Series 2016 Bonds from DASNY at an aggregate purchase price of \$8,515,784.20 (which represents the par amount of the Series 2016 Bonds, less the Underwriter’s discount of \$72,145.05, plus net premium of \$752,929.25) and to make a public offering of Series 2016 Bonds at prices that are not in excess of the public offering prices stated on the inside cover page of this Official Statement. The Underwriter will be obligated to purchase all such Series 2016 Bonds if any are purchased.

The Series 2016 Bonds may be offered and sold to certain dealers (including the Underwriter) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

PART 15 – CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the Library will enter into a written agreement (the “Continuing Disclosure Agreement”) with Digital Assurance Certification LLC (“DAC”), as disclosure dissemination agent, the Trustee, and DASNY. The proposed form of the Continuing Disclosure Agreement is attached hereto as Appendix F.

PART 16 – RATING

Moody’s Investors Service (“Moody’s”) has assigned a rating of “Aa2” to the Series 2016 Bonds. Such rating reflects only the views of such rating agency and any desired explanation of the significance of such rating or any outlooks or other statements with respect thereto should be obtained from the rating agency at the following addresses: Moody’s, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that such rating will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2016 Bonds.

PART 17 – MISCELLANEOUS

Reference in this Official Statement to the Act, the Resolution, the Series 2016 Resolution, the Collection Agreement, and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2016 Resolution, the Collection Agreement, and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2016 Resolution, the Collection Agreement, and the Loan Agreement are on file with DASNY and the Trustee.

The agreements of DASNY with Holders of the Series 2016 Bonds are fully set forth in the Resolution and the Series 2016 Resolution. Neither any advertisement of the Series 2016 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2016 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 DTC and DTC’s book-entry only system has been furnished by DTC. DASNY believes that this information is reliable, but makes no representations or warranties whatsoever to the accuracy or completeness of this information.

“Appendix A – Definitions,” “Appendix C – Summary of Certain Provisions of the Loan Agreement,” “Appendix D – Summary of Certain Provisions of the Resolution,” and “Appendix E – Form of Approving Opinions of Co-Bond Counsel” have been prepared by Hodgson Russ LLP, Albany, New York, and Golden Holley James LLP, Albany, New York, Co-Bond Counsel.

“Appendix B –Financial Statements of the Commack Public Library District and Independent Auditors’ Report” contains certain audited financial statements of the Library for the year ended June 30, 2015 and the reports of the Library’s independent auditors, Baldessari & Coster, LLP, on such financial statements.

The information regarding the Library, the Project, the Tax Referendum, and the Purpose of the Issue was supplied by the Library. DASNY believes that this information is reliable, but DASNY makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

The Library has reviewed the parts of this Official Statement under the headings “PART 1 – INTRODUCTION – Purpose of the Issue” and “– The Library,” “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2016 BONDS – Authorization of Project, Payment and Tax Levy,” “PART 3 –THE SERIES 2016 BONDS – Principal, Sinking Fund Installment and Interest Requirements for the Series 2016 Bonds”, “PART 4 – THE LIBRARY,” “PART 5 – THE PROJECT,” “PART 6 – ESTIMATED SOURCES AND USES OF FUNDS,” and “Appendix B – Financial Statements of Commack Public Library District and Independent Auditors’ Report.” The Library shall certify as of the dates of sale and delivery of the Series 2016 Bonds that such parts do not contain any untrue statement of a material fact and do not omit any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

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

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

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

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

By: /s/Gerrard P. Bushell
Authorized Officer

DEFINITIONS

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DEFINITIONS

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

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

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

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

Authority means DASNY.

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

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

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

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

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

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

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

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

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

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

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

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

Collection Agreement means the Tax Pledge and Collection Agreement dated as of the date of issuance of the Series 2016 Bonds, or any other agreement, by and among the Institution, the Town of Huntington, the Commack Union Free School District, the Trustee and DASNY executed in connection with the issuance of a Series of Bonds, as the same shall have been amended, supplemented or otherwise modified.

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

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

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

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

Cost or Costs of the Project means costs and expenses determined by DASNY to be necessary in connection with a Project, including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of a Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of a Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of a Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the Institution shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of a Project, (vii) any sums required to reimburse the Institution or DASNY for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with a Project (including interest on moneys borrowed from parties other than the Institution), (viii) interest on the Bonds of a Series prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of a Project, and (ix) fees, expenses and liabilities of DASNY incurred in connection with such Project or pursuant the Resolution or to the applicable Loan Agreement or Mortgage. In connection with the issuance of Bonds to refund obligations of DASNY issued to make loans to the Institution for Costs of a Project, "Cost of a Project" amounts required to effect, and costs and expenses of, such refunding.

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

- (i) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business

under the laws of any state or territory of the United States of America, a savings bank or a saving and loan association;

- (ii) an insurance company or association chartered or organized under the laws of any state of the United States of America;
- (iii) the Government National Mortgage Association or any successor thereto;
- (iv) the Federal National Mortgage Association or any successor thereto; or
- (v) any other federal agency or instrumentality approved by the Authority.

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

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

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

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

Defeasance Security means:

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

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

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

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

Event of Default (i) when used with respect to the Resolution, shall have the meaning given such term in Section 11.02 of the Resolution, and (ii) when used with respect to the Loan Agreement, shall have the meaning given to such term in Section 31(a) of the Loan Agreement.

Exempt Obligation means:

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

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

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

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

Federal Agency Obligation means:

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

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

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

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

Government Obligation means:

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

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

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

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

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

Governmental Requirements means any present and future laws, rules, orders, ordinances, regulations, statutes, requirements and executive orders applicable to the Project, of the United States, the State and any political

subdivision thereof, and any agency, department, commission, board, bureau or instrumentality of any of them, now existing or hereafter created, and having or asserting jurisdiction over the Project or any portion of the Project.

Institution or Library means Commack Public Library District, a special district library created by a special act of the New York State Legislature Chapter 834 of the Laws of 1971, chartered by the Board of Regents of the State of New York, a municipal corporation and a town improvement district. The Library is located in the Commack Union Free School District, part of the Town of Huntington, New York.

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

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

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

Library District means the portion of the School District located within the Town of Huntington, New York.

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

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

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

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

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

- (i) any Bond canceled by the Trustee at or before such date;
- (ii) any Bond deemed to have been paid in accordance with the Resolution; and
- (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution.

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

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

Permitted Collateral means:

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

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

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

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

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

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

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

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

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

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

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

Permitted Investments means:

(i) Government Obligations;

(ii) Federal Agency Obligations;

(iii) Exempt Obligations;

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

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

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

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

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

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

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

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

Project means each "dormitory" as defined in the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of a Series of Bonds, as more particularly described in a Loan Agreement or a Series Resolution.

Project Levy means the Public Funds authorized to be paid by the Institution by referendum of the qualified voters of the Library District approved on such date or dates and in an aggregate annual amount not less than the aggregate Maximum Annual Debt Service on all Series of Bonds issued pursuant to the Resolution and then Outstanding, which in the case of the Series 2016 Bonds, shall mean the referendum of the qualified voters of the Library District approved on October 20, 2015 authorizing an annual levy in an annual amount not to exceed \$510,000.

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

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

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

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

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

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

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

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

Rating Service means Fitch Ratings, Moody's Investors Service, Inc. and Standard & Poor's Rating Services, as the case may be, that have assigned a rating to Outstanding Bonds at the request of DASNY, or their respective successors and assigns.

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

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

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

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

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

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

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

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

School District means Commack Union Free School District, Suffolk County, New York.

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

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

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

Series 2016 Bonds means DASNY's Commack Public Library District Revenue Bonds, Series 2016 authorized by the Series 2016 Resolution.

Series 2016 Project means the Project more particularly described in the Loan Agreement.

Series 2016 Resolution means DASNY's Series Resolution Authorizing Up To \$7,845,000 Commack Public Library District Revenue Bonds, Series 2016.

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

State means the State of New York.

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

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

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

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

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**FINANCIAL STATEMENTS OF
COMMACK PUBLIC LIBRARY DISTRICT AND INDEPENDENT AUDITORS' REPORT**

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COMMACK PUBLIC LIBRARY

**FINANCIAL REPORT
WITH ADDITIONAL INFORMATION**

JUNE 30, 2015

COMMACK PUBLIC LIBRARY

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| Schedule of Funding Progress for the Retiree Health Plan | 34 |

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Commack Public Library
18 Commack Road
Commack, New York 11725

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Commack Public Library as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Library's financial basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

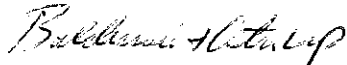
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Commack Public Library, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BALDESSARI & COSTER LLP

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Matter

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of the net pension liability, the schedule of library pension contributions and the schedule of funding progress for the retiree health plan on pages 5 through 9 and 29 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountants
Stewart Manor, New York
September 2, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using This Annual Report

This annual report consists of three parts- *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include information that presents two different views of the Library:

- The first three columns of the financial statements include information on the Library's funds under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.

The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.

- The *government-wide financial statement* columns provide both long-term and short-term information about the Library's overall financial status. The statement of net position and the statement of activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Condensed Financial Information:

The table below compares key financial information in a condensed format between the current year and the prior year, in thousands of dollars:

| | June 30, 2015 | June 30, 2014 | Increase (Decrease) |
|----------------------------------|------------------|------------------|------------------------|
| Current assets | \$ 1,449 | \$ 1,412 | \$ 37 |
| Capital assets | 482 | 562 | (80) |
| Total Assets | <u>1,931</u> | <u>1,974</u> | <u>(43)</u> |
| Deferred outflow of resources | <u>92</u> | <u>0</u> | <u>92</u> |
| Long-term debt | 1,285 | 1,194 | 91 |
| Other liabilities | <u>154</u> | <u>151</u> | <u>3</u> |
| Total Liabilities | <u>1,439</u> | <u>1,345</u> | <u>94</u> |
| Deferred inflow of resources | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Position: | | | |
| Net investment in capital assets | 482 | 562 | (80) |
| Unrestricted | <u>102</u> | <u>67</u> | <u>35</u> |
| Total Net Position | <u>\$ 584</u> | <u>\$ 629</u> | <u>\$ (45)</u> |
| Revenue: | | | |
| District taxes | \$ 3,523 | \$ 3,474 | \$ 49 |
| Interest income | 1 | 2 | (1) |
| Other revenue | <u>62</u> | <u>53</u> | <u>9</u> |
| Total Revenue | 3,586 | 3,529 | 57 |
| Expenses - Library Services | <u>3,631</u> | <u>3,967</u> | <u>(336)</u> |
| Change in net position | (45) | (438) | 393 |
| Net position - beginning of year | <u>629</u> | <u>1,067</u> | <u>(438)</u> |
| Net Position - End of Year | <u>\$ 584</u> | <u>\$ 629</u> | <u>\$ (45)</u> |

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Library As A Whole

- The Library's net position decreased by \$45,528 this year. The most significant reason for this decrease was the recognition of depreciation expense which is required to be recognized by GASB 34.
- The Library's primary source of revenue is from property tax related items, which represents 98 percent of total revenue. This is the same percentage as compared to the prior year.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 78 percent of the Library's total expenses (as per the Statement of Activities). In the prior year, salaries and benefits represented 82 percent of total expenses.

The Library Funds:

Our analyses of the Library's major funds are included in the first three columns of pages 10 and 11 on the respective statements. The fund columns provide detailed information about the most significant funds – not the Library as a whole. The Library Board has the ability to create separate funds to help manage money for specific purposes and to maintain accountability for certain activities. Currently the Library has two major funds, the General Fund and the Capital Fund.

The fund balance of the General Fund increased during the year from \$753,003 to \$814,504. The fund balance of the Capital Fund decreased from \$507,717 to \$481,020. Statements detailing the revenues and expenditures for both of these funds are included in this report.

Budgetary Highlights:

The following are explanations for the significant variations between the Library's final budget and the actual results of the General Fund:

- The Library did not receive as many fines as originally anticipated. This is attributed to the fact that the online circulation system now allows for multiple renewals.
- The Library received less in photocopy income than originally anticipated. The Library attributes this to a variety of reasons including patrons utilizing their own personal scanners, printers and copiers. The Library continues to charge the non-patrons for copies printed from the internet as well as patrons printing more than twenty pages from the internet.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- Interest income was lower than anticipated due to the decrease in interest rates.
- State aid and grants was higher than anticipated due to the receipt of a NYS grant which was given to the Library to help offset the Metro Commuter Transportation Mobility taxes as well as additional State aid of \$15,000 from two of the Library's local legislators.
- Miscellaneous income was lower than expected because the Library received fewer donations and other income than anticipated.
- Although there were favorable and unfavorable variances within specific salaries and wages budget lines, overall they offset one another and the budget section was only overspent by \$41,340 or 2.08%. It is difficult to budget on an individual salary line basis because of staff transitioning in and out of employment with the Library, the changing of staff titles during the year and the use of part-time and per diem employees. The library anticipated some of these variables when it allocated resources to the staff contingency budget line.
- The budget line for retirement was underspent by \$30,974. This was the result of projecting an amount based on anticipated salaries and information provided by the New York State Retirement System approximately a year in advance of the billing. The actual amount billed was lower than the original projection.
- The budget line for Social Security and MTA taxes was underspent because at the time of budget preparation negotiations regarding salary rates had not been settled with the Union. To compensate, the Library allocated additional resources to this budget line.
- The apparent over expenditure in the workers' compensation and disability insurance budget lines, and the apparent under expenditure of the general insurance budget line are directly related. These differences are the result of a reclassification of certain insurance costs that were originally budgeted for within the general insurance budget line, but were reflected as separate lines on the financial statement.
- The budget line for books was underspent by \$18,015. The Library continues to interlibrary loan a large number of items from other libraries in Suffolk County. In addition, the Library has weeded out and discontinued certain standing order reference materials.
- The budget line for programs was underspent by \$11,592. The Library anticipated having more programs than it could actually schedule. Unfortunately many of the departments that offer programs all had to compete for the same community room space.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Budgetary Highlights: (Continued)

- The budget line for print periodicals and subscriptions was overspent because the Library added more periodicals to keep up with patron requests. In addition, certain law reference materials were more expensive than had been anticipated.
- The budget line for security was underspent by \$10,941. This favorable variance was due to not having to make any payments during the portion of the year between when one security guard resigned and a suitable replacement was found.
- The building operations budget section was underspent by \$44,796. This was partially due to the reclassification of workers compensation and disability insurance to the employee benefit budget section (see explanation above) and partially because electric rate increases were not as high as anticipated. The budget line for building repairs was overspent by \$8,472. Due to the aging of the building, more was spent for both interior and exterior repairs than anticipated.

Capital Assets:

During the fiscal year ending June 30, 2015, the Library purchased \$31,649 of fixed assets (capital outlay). The majority of the purchases (\$24,774) were for professional fees related to anticipated building renovations. The remaining purchases were primarily for computer equipment and a defibrillator.

Debt Administration:

The only long term debt that the Library has is to its employees for compensated absences, its net pension liability and its obligation for other post-employment benefits. The liability at June 30, 2015 for compensated absences was \$277,552. This represents an increase of \$10,685 from the previous year. The net pension liability at June 30, 2015 was \$166,517. This represents a decrease of \$56,222 from the previous year. The obligation for other post-employment benefits at June 30, 2015 was \$841,090. This represents an increase of \$137,270 from the previous year.

Currently Known Conditions:

The Library budget vote for the 2015-2016 fiscal year was approved by the taxpayers. The anticipated tax revenues will be \$3,565,906. This represents a 1.23% increase over the 2014-2015 fiscal year budget.

COMMACK PUBLIC LIBRARY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2015

| | General Fund | Capital Fund | Total | Adjustments (Note 11) | Statement of Net Position |
|--|-------------------------|-------------------------|---------------------|----------------------------------|--|
| Assets: | | | | | |
| Cash and cash equivalents | \$ 952,416 | \$ 481,670 | \$ 1,434,086 | \$ | \$ 1,434,086 |
| Prepaid insurance | 15,094 | | 15,094 | | 15,094 |
| Other prepaid expenses | 500 | | 500 | | 500 |
| Capital assets, net of depreciation | | | | 481,816 | 481,816 |
| Total Assets | 968,010 | 481,670 | 1,449,680 | 481,816 | 1,931,496 |
| Deferred Outflows of resources: | | | | | |
| Deferred outflow on pension | 0 | 0 | 0 | 91,734 | 91,734 |
| Total Assets and Deferred Outflows of Resources | \$ 968,010 | \$ 481,670 | \$ 1,449,680 | \$ 573,550 | \$ 2,023,230 |
| Liabilities: | | | | | |
| Accounts payable | \$ 41,948 | \$ 650 | \$ 42,598 | \$ | \$ 42,598 |
| Accrued payroll | 111,558 | | 111,558 | | 111,558 |
| Non-current liabilities: | | | | | |
| Net pension liability | | | | 166,517 | 166,517 |
| Compensated absences payable | | | | 277,552 | 277,552 |
| Obligation for other post- employment benefits | | | | 841,090 | 841,090 |
| Total Liabilities | 153,506 | 650 | 154,156 | 1,285,159 | 1,439,315 |
| Fund Balances/Net Position: | | | | | |
| Nonspendable (prepaid amounts) | 15,594 | | 15,594 | (15,594) | |
| Assigned for capital projects | | 481,020 | 481,020 | (481,020) | |
| Unassigned | 798,910 | | 798,910 | (798,910) | |
| Total Fund Balance | 814,504 | 481,020 | 1,295,524 | (1,295,524) | |
| Total Liabilities And Fund Balances | \$ 968,010 | \$ 481,670 | \$ 1,449,680 | | |
| Net Position: | | | | | |
| Net investment in capital assets | | | | 481,816 | 481,816 |
| Unrestricted | | | | 102,099 | 102,099 |
| Total Net Position | | | | \$ 583,915 | \$ 583,915 |

The accompanying notes are an integral part of the financial statements.

BALDESSARI & COSTER LLP

COMMACK PUBLIC LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>General Fund</u> | <u>Capital Fund</u> | <u>Total</u> | <u>Adjustments (Note 11)</u> | <u>Statement of Activities</u> |
|--|-------------------------|-------------------------|---------------------|----------------------------------|--|
| Revenues: | | | | | |
| Tax revenues | \$ 3,522,678 | \$ | \$ 3,522,678 | \$ | \$ 3,522,678 |
| Fines | 9,863 | | 9,863 | | 9,863 |
| Photocopy income | 9,058 | | 9,058 | | 9,058 |
| Interest | 504 | 577 | 1,081 | | 1,081 |
| State aid and grants | 26,854 | | 26,854 | | 26,854 |
| Lost books | 1,000 | | 1,000 | | 1,000 |
| Miscellaneous | 14,835 | | 14,835 | | 14,835 |
| Total Revenues | <u>3,584,792</u> | <u>577</u> | <u>3,585,369</u> | <u>0</u> | <u>3,585,369</u> |
| Expenditures/Expenses For | | | | | |
| Library Services: | | | | | |
| Salaries and wages | 2,019,641 | | 2,019,641 | 9,926 | 2,029,567 |
| Employee benefits | 816,446 | | 816,446 | (9,927) | 806,519 |
| Library materials and programs | 315,249 | | 315,249 | | 315,249 |
| Library operations | 264,376 | | 264,376 | | 264,376 |
| Building operations | 100,704 | 2,500 | 103,204 | | 103,204 |
| Capital outlay | 6,875 | 24,774 | 31,649 | (31,649) | |
| Depreciation | | | | 111,982 | 111,982 |
| Total Expenditures/Expenses | <u>3,523,291</u> | <u>27,274</u> | <u>3,550,565</u> | <u>80,332</u> | <u>3,630,897</u> |
| Excess (Deficiency) Of Revenues Over Expenditures | 61,501 | (26,697) | 34,804 | (80,332) | |
| Other Financing Sources/Uses: | | | | | |
| Transfers- internal activities | <u>0</u> | <u>0</u> | <u>0</u> | | |
| Excess (Deficiency) Of Revenues And Transfers Over Expenditures | 61,501 | (26,697) | 34,804 | <u>(34,804)</u> | |
| Change In Net Position | | | | (45,528) | (45,528) |
| Fund balance/net position- beginning of the year | <u>753,003</u> | <u>507,717</u> | <u>1,260,720</u> | <u>(631,277)</u> | <u>629,443</u> |
| Fund Balance/Net Position- End Of The Year | <u>\$ 814,504</u> | <u>\$ 481,020</u> | <u>\$ 1,295,524</u> | <u>\$ (711,609)</u> | <u>\$ 583,915</u> |

The accompanying notes are an integral part of the financial statements.

BALDESSARI & COSTER LLP

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of Commack Public Library conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Accordingly, in June 1999, the Governmental Accounting Standards Board issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and analysis – for State and Local Governments*. Some of the significant changes in the statement include the following:

- A management’s Discussion and Analysis section providing an analysis of the Library’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Library’s activities.
- A change in the fund financial statements to focus on the major funds.

The following is a summary of the significant accounting policies:

- A. **Reporting Entity:** The Commack Public Library coordinates the raising of its real estate tax revenues with the Commack Union Free School District. The Board of Trustees is responsible for the approval of the annual budget and oversight of the Library management’s control and disbursement of funds and maintenance of assets. The Library’s management is solely responsible for day-to-day operations.
- B. **Management Focus, Basis of Accounting and Financial Statement Presentation:** The Library’s basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library’s major funds).

Government-Wide Financial Statements: The Government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Net Position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library’s net position is reported in three parts- net investments in capital assets; restricted net position; and unrestricted net position.

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Management Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

Fund Financial Statements: Governmental fund financial statements are reported using the modified accrual basis of accounting prescribed by the Governmental Accounting Standards Board and the State of New York's Department of Audit and Control, Division of Municipal Affairs. Under this method, revenues are recognized in the period in which they become both measurable and available. The Library considers all revenues reported in the governmental funds to be available if the revenues are collected within a reasonable period of time after fiscal year end, except for real property taxes, which are considered to be available if they are collected within sixty days after the end of the fiscal year. Fees and other income items other than interest income are recorded when received in cash. Expenditures are recognized in the period in which the liability is incurred. However, debt service expenditures, if applicable, are recorded only when a payment is due.

The Library reports on the following funds:

General Fund: This fund is established to account for resources devoted to the general services that the Library performs for its taxpayers. General tax revenues and other sources of revenues used to finance the fundamental operation of the Library are included in this fund.

Capital Fund: This fund is established to account for resources devoted to construction and renovation of the Library.

C. Interfund Transactions: The operations of the Library include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Library typically loans resources between funds for cash flow purposes. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted General Fund revenues to finance various programs that the Library must account for in other funds in accordance with budgetary authorizations.

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: **Summary of Significant Accounting Policies (Continued)**

D. **Fund Balance Classifications:** The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* that defines the different types of fund balances that a governmental entity must use for financial reporting purposes. They are as follows:

Nonspendable: This includes amounts that cannot be spent because they are either not in spendable form (i.e. inventories, prepaid expenses, etc.) or they are legally or contractually required to be maintained intact.

Restricted: This includes amounts with constraints placed on the use of resources. These constraints can be externally imposed by creditors, grantors, contributors, or imposed by laws and regulations.

Committed: This includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Library's Board. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned: This includes amounts that are constrained by the Library's intent to be used for specific purposes, but are neither restricted nor committed. The Library Board is not required to impose or remove the constraint. Assignments of fund balance cannot be made if it would result in a negative unassigned fund balance.

Unassigned: This includes the residual classification for the Library's general fund. This classification represents fund balance that has not been assigned to other funds, assigned for specific purposes, restricted, or committed.

E. **Use of Restricted/Unrestricted Net Position:** When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Library's policy is to apply restricted net position first.

F. **Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Capital Assets: Capital assets are defined by the Library as assets with an initial cost of \$500 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Land is not depreciated and library books and materials are not capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|---------------------------|----------|
| Equipment | 5 years |
| Furniture | 7 years |
| Building and improvements | 40 years |

NOTE 2: Cash and Cash Equivalents

The Library has defined cash and cash equivalents to include demand deposits, and short-term investments with a maturity of three months or less.

NOTE 3: Concentration of Credit Risk

The Library maintains all of its cash balances at two banks. At year end, the Library's carrying amount of deposits was \$1,433,486 (excludes petty cash of \$600) and the bank balance was \$1,436,866. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining balance of \$936,866 was covered by collateral held by the Library's agent.

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4: Capital Assets

For the year ending June 30, 2007, the Library received an appraisal of its fixed assets in order to establish a more accurate record. Accordingly, the amounts reported in the financial statements reflect the estimated original costs as calculated by the independent appraisal. A summary of changes in general fixed assets for the year ending June 30, 2015 is as follows:

| | <u>Balance as of 7/1/2014</u> | <u>Additions and Adjustments</u> | <u>Deletions</u> | <u>Balance as of 6/30/2015</u> |
|-------------------------------------|---------------------------------------|--|------------------|--|
| Asset not being depreciated: | | | | |
| Land | \$ 126,500 | \$ 0 | \$ 0 | \$ 126,500 |
| Other capital assets: | | | | |
| Building and improvements | 4,159,934 | 24,774 | 0 | 4,184,708 |
| Equipment | 269,653 | 6,875 | 0 | 276,528 |
| Furniture and fixtures | 341,628 | 0 | 0 | 341,628 |
| Total | 4,897,715 | 31,649 | 0 | 4,929,364 |
| Accumulated depreciation | <u>(4,335,566)</u> | <u>(111,982)</u> | <u>0</u> | <u>(4,447,548)</u> |
| Net Book Value | <u>\$ 562,149</u> | <u>\$ (80,333)</u> | <u>\$ 0</u> | <u>\$ 481,816</u> |

NOTE 5: Accounts Payable

Accounts payable consisted of unpaid invoices at June 30, 2015.

NOTE 6: Compensated Absences Payable

The Library has an accumulated liability as of June 30, 2015 for unused sick and vacation pay amounting to \$277,552. This is an increase of \$10,685 from the June 30, 2014 balance of \$266,867. The Library estimates \$29,317 of this liability will be paid out during the next fiscal year.

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7: **Retirement Plan**

- A. **Plan Description and Benefits Provided:** The Commack Public Library participates in the New York State and Local Employees' Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Commack Public Library also participates in the Public Employees' Group Term Life Insurance plan (GTLI), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.
- B. **Contributions:** The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required. The required contribution for the current fiscal year was \$313,026, for the 2014 fiscal year it was \$384,721 and for the 2013 fiscal year it was \$327,661.

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: Retirement Plan (Continued)

C. Pension Liabilities, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions: At June 30, 2015, the Commack Public Library reported a liability of \$166,517 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commack Public Library's proportion of the net pension liability was based on a projection of the Commack Public Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2015, the Commack Public Library's proportion was 0.0049291 percent.

For the year ended June 30, 2015, the Commack Public Library recognized pension expense of \$165,070. At June 30, 2015, the Commack Public Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 5,330 | \$ 0 |
| Changes in assumptions | 0 | 0 |
| Net difference between projected and actual investment earnings on pension plan investments | 28,922 | 0 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 57,482 | 0 |
| Library's contributions subsequent to the measurement date | <u>0</u> | <u>0</u> |
| Total | <u>\$ 91,734</u> | <u>\$ 0</u> |

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: Retirement Plan (Continued)

- C. **Pension Liabilities, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions: (Continued)** \$0 reported as deferred outflows of resources related to pensions resulting from Commack Public Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Amount Recognized</u> |
|---------------------------------|------------------------------|
| 2016 | \$ 22,933 |
| 2017 | 22,933 |
| 2018 | 22,934 |
| 2019 | 22,934 |
| 2020 | 0 |
| Thereafter | <u>0</u> |
| Total | <u>\$ 91,734</u> |

- D. **Actuarial Assumptions:** The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

| | |
|------------------|--|
| Interest Rate | 7.50% |
| Salary Scale | 4.90% |
| Inflation Rate | 2.70% |
| Decrement Tables | Developed from the Plan's 2010 experience study of the period April 1, 2005 through March 31, 2010 |

Annuitant mortality rates are based on April 1, 2005 – March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2011 are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: Retirement Plan (Continued)

D. Actuarial Assumptions: (Continued) The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2014 are summarized below.

Long Term Expected Rate of Return 2014

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------|---|
| Domestic equity | 7.30% |
| International equity | 8.55% |
| Private equity | 11.00% |
| Real estate | 8.25% |
| Absolute return strategies | 6.75% |
| Opportunistic portfolio | 8.60% |
| Real assets | 8.65% |
| Bonds and mortgages | 4.00% |
| Cash | 2.25% |
| Inflation-Indexed bonds | 4.00% |

Discount Rate – The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7: Retirement Plan (Continued)

D. Actuarial Assumptions: (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – The following presents the Commack Public Library’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Commack Public Library’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

| | 1% Decrease (6.5%) | Current Assumption (7.5%) | 1% Increase (8.5%) |
|---|-----------------------------------|--|-----------------------------------|
| Library's proportionate share of the net pension liability | \$ 1,109,907 | \$ 166,517 | \$ (629,939) |

Pension plan fiduciary net position – The components of the current year net pension liability of the New York State and Local Retirement System as of March 31, 2015, in thousands of dollars was as follows:

| | Total |
|---|----------------|
| Employers' total pension liability | \$ 164,591,504 |
| Plan net position | (161,213,259) |
| Employers' net pension liability | \$ 3,378,245 |
| Ratio of plan net position to the Employers' total pension liability | 97.9% |

E. Restatement of Prior Year Fund Balance and Net Position: The Library restated its opening fund balance to reflect the cumulative effect of applying GASB 68. As a result, the fund balance within the General Fund increased by \$85,879 which was the amount of the prior year retirement accrual. However, the Library’s net position not only increased for the adjustment above, but decreased by \$222,739 which was the opening balance of the net pension liability as calculated by the NYS Retirement System.

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: Post-employment Benefits Other Than Pensions

- A. Plan Description:** The New York State Department of Civil Service (DCS) administers the New York Health Insurance Program (NYSHIP) which provides health insurance to current and retired employees of New York State, and participating public authorities and local governmental units, such as the Commack Public Library. NYSHIP offers comprehensive hospital, medical and prescription drug benefits. As administrator of NYSHIP, the DCS performs all administrative tasks and has the authority to establish and amend the benefit provisions offered. Annual benefit premiums charged to and paid by participating local governmental entities are generally the same, regardless of each individual employer's risk profile. The annual benefit premiums collected by DCS are then remitted to the health insurance carriers that comprise NYSHIP. NYSHIP is considered an agent multiple-employer defined benefit plan, it is not a separate entity or trust, and does not issue stand-alone financial statements. The Library, as a participant in the plan, recognizes these post-employment benefits on an accrual basis.
- B. Funding Policy:** Contribution requirements are determined by the Library Board. Currently, for retirees under the age of 65, the Library pays 100% of the premium for the retiree and 50% of the premium for the spouse. For retirees age 65 and over, the Library pays 50% of the premium for the retiree and 35% of the premium for the spouse.

For the year ending June 30, 2015, the Library recognized the cost of providing health insurance by recording its share of insurance premiums of \$31,701 as an expenditure in the General Fund.

The calculation of the liability was based upon the 2015 annual medical premiums of:

| | <u>Individual</u> | <u>Family</u> | <u>With Two Medicare Participants</u> | <u>With One Medicare Participant</u> |
|-----------------|-------------------|---------------|---|--|
| Empire | \$ 9,660 | \$ 21,706 | | |
| Empire Medicare | \$ 4,822 | | \$ 12,030 | \$ 16,868 |

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: Post-employment Benefits Other Than Pensions (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: The Library's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the "annual required contribution of the employer (ARC). The Library has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Library's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Library's net OPEB obligation to the Retiree Health Plan:

| | |
|--|--------------------------|
| Annual required contribution & OPEB cost | \$ 193,045 |
| Interest on net OPEB obligation | 28,153 |
| Adjustment to annual required contribution | <u>(32,984)</u> |
| Annual OPEB cost (expense) | 188,214 |
| Contributions made | <u>(50,944)</u> |
| Increase in net OPEB obligation | 137,270 |
| Net OPEB obligation - beginning of year | <u>703,820</u> |
| Net OPEB obligation - end of year | <u><u>\$ 841,090</u></u> |

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30, 2013 through June 30, 2015 are as follows:

| <u>Year Ended</u> | <u>Annual OPEB Cost</u> | <u>% of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> | <u>Covered Payroll</u> | <u>OPEB Cost % Of Pay</u> |
|-------------------|-------------------------|--|----------------------------|------------------------|---------------------------|
| 6/30/2013 | \$ 169,708 | 19.50% | \$ 567,440 | \$ 1,303,094 | 13.00% |
| 6/30/2014 | \$ 178,296 | 23.50% | \$ 703,820 | \$ 1,335,671 | 13.30% |
| 6/30/2015 | \$ 188,214 | 27.10% | \$ 841,090 | \$ 1,369,063 | 13.70% |

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: **Post-employment Benefits Other Than Pensions (Continued)**

- D. Funded Status and Funded Progress:** As of June 30, 2015, the actuarial accrued liability for benefits based upon the valuation date of July 1, 2012 was \$1,562,512, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,303,094 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 119.9 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information as time passes about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

- E. Methods and Assumptions:** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

Funding interest rate – An interest rate of 4% was used.

Mortality – Life expectancies were based on the RP2000 Mortality Table with sex distinct rates and with generational mortality improvements projected using the AA table projection rates.

Participation rate – It was assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8: Post-employment Benefits Other Than Pensions (Continued)

E. Methods and Assumptions: (Continued)

Retirement rates:

| <u>Age</u> | <u>Rate</u> |
|------------|-------------|
| 55-59 | 3.0% |
| 60-64 | 9.0% |
| 65-69 | 12.0% |
| 70-79 | 20.0% |
| 80+ | 100.0% |

Termination rates – The following rates from Table 1, paragraph 35 of Government Accounting Standard no. 45 were used.

| <u>Age</u> | <u>Rate</u> |
|------------|-------------|
| 20 | 7.79% |
| 25 | 6.78% |
| 30 | 4.66% |
| 35 | 3.19% |
| 40 | 2.21% |
| 45 | 1.59% |
| 50+ | 0.00% |

Healthcare cost trend rates – It was assumed that health care costs would increase in accordance with the trend rates in the following table:

| <u>Year</u> | <u>Pre-65 Rates</u> | <u>Post-65 Rates</u> |
|-------------|-------------------------|--------------------------|
| 2012 | 9.0% | 5.5% |
| 2013 | 8.0% | 5.0% |
| 2014 | 7.0% | 5.0% |
| 2015 | 6.0% | 5.0% |
| 2016+ | 5.0% | 5.0% |

Participant salary increases – 3.50% annually.

Payroll growth rate – 2.50% annually.

COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: Post-employment Benefits Other Than Pensions (Continued)

E. Methods and Assumptions: (Continued)

Percent married – It was assumed that 65% of the male and 25% of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

Actuarial value of assets – N/A

Per capita claims cost – Are based on the premium levels of the plan provisions in section B. The premiums paid by the Library are independent of the Library's experience and demographic profile, and are expected to change consistent with a community rated plan. Thus, we have applied the premiums with no additional adjustments other than future trend increases.

Administrative expenses – Included in premiums used.

Actuarial Cost Method – An actuarial cost method develops an orderly allocation of the actuarial present value of benefit payments over the working lifetime of the participants in the plan. The actuarial present value of benefits allocated to a particular fiscal year is called the Normal Cost. The actuarial present value of benefits allocated to all periods prior to a valuation date is called the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is amortized over future years in accordance with the employer's established accounting policy.

The Entry Age Normal Cost Method is used in this valuation. Under this method, the Actuarial Present value of Projected Benefits of each individual is allocated on a level basis over the earnings of the individual between hire age and assumed exit age(s). The portion of the Actuarial Present Value allocated to the valuation year is called the Normal Cost. The portion of the Actuarial Present Value not provided for as of the valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

The amortization of the unfunded actuarial accrued liability has been determined as a level percentage of the projected payroll of active plan members. At each valuation, a new amortization base is created equal to the excess of the unfunded actuarial accrued liability over the remaining balances of prior amortization bases. The new base is amortized over 30 years. The equivalent single amortization period for all components combined may not exceed the maximum acceptable period of 30 years.

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9: Long Term Debt

The following is a summary of changes in long-term debt for the period ended June 30, 2015:

| | Balance | | | Non-current liabilities | | |
|--|---------------------|-------------------|-------------------|--------------------------------|----------------------------|---------------------------|
| | 7/1/2014 | Increases | Reductions | 6/30/2015 | Due within one year | Due after one year |
| Compensated absences | \$ 266,867 | \$ 10,685 | \$ 0 | \$ 277,552 | \$ 29,317 | \$ 248,235 |
| Net pension liability | 222,739 | 0 | 56,222 | 166,517 | 0 | 166,517 |
| Other post-employment benefits payable | 703,820 | 137,270 | 0 | 841,090 | 0 | 841,090 |
| | <u>\$ 1,193,426</u> | <u>\$ 147,955</u> | <u>\$ 56,222</u> | <u>\$ 1,285,159</u> | <u>\$ 29,317</u> | <u>\$ 1,255,842</u> |

NOTE 10: Commitments and Contingencies

On April 1, 2014 the library signed a sixty month lease for three copiers. For the fiscal year ending June 30, 2015 the Library made lease payments of \$17,988.

The future minimum lease commitment is detailed as follows:

| <u>Year Ending</u> | <u>Total</u> |
|--------------------|------------------|
| <u>June 30,</u> | |
| 2016 | \$ 17,988 |
| 2017 | 17,988 |
| 2018 | 17,988 |
| 2019 | 13,491 |
| 2020 | 0 |
| Total | <u>\$ 67,455</u> |

**COMMACK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 11: Reconciliation of Fund Financial Statements to Government-wide Financial Statements

Total fund balance and the net change in fund balance of the Library's governmental fund differs from net position and changes in net position of the governmental activities reported in the statement of net position and statement of activities. This difference primarily results from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net position and the net change in fund balance to the net change in net position:

| | |
|---|---------------------------|
| Total Fund Balance - Modified Accrual Basis | \$ 1,295,524 |
| Amounts reported in the statement of net position are different because: | |
| • Capital assets are not financial resources, and are not reported in the funds | 481,816 |
| • Deferred outflow on pension is not reported in the funds | 91,734 |
| • Compensated absences are included as a liability | (277,552) |
| • Net pension liability is not included in the funds | (166,517) |
| • Obligation for post-employment health insurance, to be paid in future periods is not reported in the funds | <u>(841,090)</u> |
| Total Net Position - Full Accrual Basis | <u>\$ 583,915</u> |
| | |
| Net Change in Fund Balance - Modified Accrual Basis | \$ 34,804 |
| Amounts reported in the statement of activities are different because: | |
| • Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation: | |
| Capital outlay | 31,649 |
| Depreciation expense | (111,982) |
| • (Increase)/decrease in the accruals for items reported as expenditures in the statements of activities, not in the fund statements: | |
| Compensated absences | (10,685) |
| Net pension expenses | 147,956 |
| Post-employment health costs | <u>(137,270)</u> |
| Change In Net Position - Full Accrual Basis | <u>\$ (45,528)</u> |

**COMMACK PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Balances</u> | <u>Variance Favorable (Unfavorable)</u> |
|------------------------------------|----------------------------|-------------------------|----------------------------|---|
| Revenues: | | | | |
| Tax revenue | | | | |
| Commack Union Free School District | \$ 3,522,678 | \$ 3,522,678 | \$ 3,522,678 | \$ 0 |
| Other operating revenue: | | | | |
| Fines | 20,000 | 20,000 | 9,863 | (10,137) |
| Photocopy income | 17,000 | 17,000 | 9,058 | (7,942) |
| Interest | 5,000 | 5,000 | 504 | (4,496) |
| State aid and grants | 5,000 | 5,000 | 26,854 | 21,854 |
| Lost books | 3,000 | 3,000 | 1,000 | (2,000) |
| Miscellaneous | 21,000 | 21,000 | 14,835 | (6,165) |
| Total Operating Revenue | <u>71,000</u> | <u>71,000</u> | <u>62,114</u> | <u>(8,886)</u> |
| Transfer from prior year surplus | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Revenues | <u>\$ 3,593,678</u> | <u>\$ 3,593,678</u> | <u>\$ 3,584,792</u> | <u>\$ (8,886)</u> |
| Expenditures: | | | | |
| Salaries and Wages: | | | | |
| Professional | \$ 917,070 | \$ 917,070 | \$ 948,315 | \$ (31,245) |
| Clerical | 543,347 | 543,347 | 597,328 | (53,981) |
| Pages | 150,846 | 150,846 | 152,214 | (1,368) |
| Custodial | 123,501 | 123,501 | 129,528 | (6,027) |
| Sunday | 120,000 | 120,000 | 127,737 | (7,737) |
| Contracted benefits | 83,537 | 83,537 | 64,519 | 19,018 |
| Staff contingency | 40,000 | 40,000 | 0 | 40,000 |
| Total Salaries and wages | <u>1,978,301</u> | <u>1,978,301</u> | <u>2,019,641</u> | <u>(41,340)</u> |
| Employee Benefits: | | | | |
| Health insurance | 334,155 | 334,155 | 328,206 | 5,949 |
| Retirement | 344,000 | 344,000 | 313,026 | 30,974 |
| Social security and MTA taxes | 180,000 | 180,000 | 154,289 | 25,711 |
| Unemployment insurance | 3,000 | 3,000 | 0 | 3,000 |
| Disability insurance | 0 | 0 | 4,054 | (4,054) |
| Workers compensation | 0 | 0 | 16,871 | (16,871) |
| Total Employee Benefits | <u>\$ 861,155</u> | <u>\$ 861,155</u> | <u>\$ 816,446</u> | <u>\$ 44,709</u> |

The accompanying notes are an integral part of the financial statements.

BALDESSARI & COSTER LLP

**COMMACK PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Balances</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|----------------------------|---|
| Expenditures: (continued) | | | | |
| Library Materials and Programs: | | | | |
| Books | \$ 141,000 | \$ 141,000 | \$ 122,985 | \$ 18,015 |
| Programs | 84,000 | 84,000 | 72,408 | 11,592 |
| Online patron services | 41,000 | 41,000 | 40,678 | 322 |
| Books on CD | 18,000 | 18,000 | 19,260 | (1,260) |
| DVD's | 20,000 | 20,000 | 24,948 | (4,948) |
| Compact discs | 1,300 | 1,300 | 1,682 | (382) |
| Print periodicals and subscriptions | 15,000 | 15,000 | 33,288 | (18,288) |
| Total Library Materials and Programs | <u>320,300</u> | <u>320,300</u> | <u>315,249</u> | <u>5,051</u> |
| Library Operations: | | | | |
| General supplies | 33,000 | 33,000 | 32,182 | 818 |
| Library supplies | 8,000 | 8,000 | 8,970 | (970) |
| Conference and training | 3,500 | 3,500 | 3,759 | (259) |
| Software | 2,000 | 2,000 | 1,268 | 732 |
| Telephone | 8,500 | 8,500 | 8,886 | (386) |
| Equipment repair | 1,200 | 1,200 | 514 | 686 |
| Postage | 10,000 | 10,000 | 9,068 | 932 |
| Publicity and printing | 26,000 | 26,000 | 27,000 | (1,000) |
| Travel | 4,000 | 4,000 | 1,489 | 2,511 |
| Legal | 10,000 | 10,000 | 11,214 | (1,214) |
| Accounting | 9,500 | 9,500 | 9,048 | 452 |
| Data processing | 10,000 | 10,000 | 8,937 | 1,063 |
| Professional fees - other | 0 | 0 | 150 | (150) |
| Exterminator | 700 | 700 | 576 | 124 |
| Snow removal | 8,000 | 8,000 | 9,675 | (1,675) |
| Protective service | 3,000 | 3,000 | 1,114 | 1,886 |
| Security | 24,319 | 24,319 | 13,378 | 10,941 |
| Photocopy expense | 17,000 | 17,000 | 18,924 | (1,924) |
| 3M | 2,000 | 2,000 | 2,007 | (7) |
| Automated circulation and catalog | 40,000 | 40,000 | 38,628 | 1,372 |
| Postage meter | 500 | 500 | 229 | 271 |
| Contract services | 21,000 | 21,000 | 16,196 | 4,804 |
| Vote | 5,000 | 5,000 | 4,340 | 660 |
| SCLS fees | 35,603 | 35,603 | 35,153 | 450 |
| Miscellaneous | 1,600 | 1,600 | 1,671 | (71) |
| Total Library Operations | <u>\$ 284,422</u> | <u>\$ 284,422</u> | <u>\$ 264,376</u> | <u>\$ 20,046</u> |

The accompanying notes are an integral part of the financial statements.

BALDESSARI & COSTER LLP

**COMMACK PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Balances</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|----------------------------|---|
| Expenditures: (continued) | | | | |
| Building Operations: | | | | |
| Electric | \$ 79,000 | \$ 79,000 | \$ 56,517 | \$ 22,483 |
| Gas | 5,500 | 5,500 | 5,247 | 253 |
| Water | 2,000 | 2,000 | 1,330 | 670 |
| Building repairs | 2,000 | 2,000 | 10,472 | (8,472) |
| Air conditioning | 5,000 | 5,000 | 1,185 | 3,815 |
| Insurance | 52,000 | 52,000 | 25,953 | 26,047 |
| Total Building Operations | <u>145,500</u> | <u>145,500</u> | <u>100,704</u> | <u>44,796</u> |
| Capital Outlay: | | | | |
| Equipment | <u>4,000</u> | <u>4,000</u> | <u>6,875</u> | <u>(2,875)</u> |
| Total Expenditures | <u>3,593,678</u> | <u>3,593,678</u> | <u>3,523,291</u> | <u>70,387</u> |
| Excess Of Revenues Over Expenditures | 0 | 0 | 61,501 | 61,501 |
| Other Financing Sources (Uses): | | | | |
| Transfer to Capital Fund | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess Of Revenues And Other Financing Sources Over Expenditures | 0 | 0 | 61,501 | 61,501 |
| Budgetary fund balance- beginning of year | <u>753,003</u> | <u>753,003</u> | <u>753,003</u> | <u>753,003</u> |
| Budgetary Fund Balance- End Of Year | <u>\$ 753,003</u> | <u>\$ 753,003</u> | <u>\$ 814,504</u> | <u>\$ 814,504</u> |

The accompanying notes are an integral part of the financial statements.

BALDESSARI & COSTER LLP

**COMMACK PUBLIC LIBRARY
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 NYSLRS PENSION PLAN
 FOR THE 2015 FISCAL YEAR****

| | <u>2015</u> |
|--|-------------|
| Library's proportion of the net pension liability (asset) | 0.00493% |
| Library's proportionate share of the net pension liability (asset) | \$166,517 |
| Library's covered-employee payroll | \$1,652,346 |
| Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 10.07761% |
| Plan fiduciary net position as a percentage of the total pension liability | 97.94750% |

** The amounts presented for the fiscal year were determined as of the March 31st that occurred within the fiscal year

The accompanying notes are an integral part of the financial statements.

BALDESSARI & COSTER LLP

**COMMACK PUBLIC LIBRARY
SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS
NYSLRS PENSION PLAN
FOR THE 2015 FISCAL YEAR**

| | 2015 |
|---|------------------|
| Contractually required contribution | \$ 313,026 |
| Contributions in relation to the contractually required contribution | 313,026 |
| Contribution deficiency (excess) | \$ 0 |
| Library's covered-employee payroll | \$ 1,652,346 |
| Contributions as a percentage of covered-employee payroll | 18.94% |

The accompanying notes are an integral part of the financial statements.

BALDESSARI & COSTER LLP

**COMMACK PUBLIC LIBRARY
SCHEDULE OF FUNDING PROGRESS
FOR THE RETIREE HEALTH PLAN**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (d) | UAAL as a percentage of Covered Payroll ((b - a) / d) |
|---|--|--|--|-------------------------------------|------------------------------------|--|
| 7/1/2009 | \$ 0 | \$ 1,764,492 | \$ 1,764,492 | 0.0% | \$ 1,188,920 | 148.4% |
| 7/1/2012 | \$ 0 | \$ 1,562,512 | \$ 1,562,512 | 0.0% | \$ 1,303,094 | 119.9% |

The accompanying notes are an integral part of the financial statements.

BALDESSARI & COSTER LLP

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

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

The following is a summary of certain provisions of the Loan Agreement pertaining to the Series 2016 Bonds and the Project. This summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of its provisions. Defined terms used in this Appendix have the meanings ascribed to them in Appendix A.

Construction of the Project

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

(Section 5)

Amendment of the Project; Additional Bonds

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

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

(Section 6)

Financial Obligations

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

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

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

- (iii) [Reserved];
- (iv) On or before each November 1 commencing on November 1, 2016, an amount equal to the interest coming due on the Bonds on the immediately succeeding January 1 and July 1;
- (v) On or before each November 1 commencing on November 1, 2016, an amount equal to the principal and Sinking Fund Installment on the Bonds coming due on the immediately succeeding July 1;
- (vi) Except as otherwise agreed to in writing by the Authority, at least fifteen (15) days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased, other than Bonds being redeemed pursuant to Sinking Fund Installments in accordance with clause (v) above, is to be paid, the amount required to pay the Redemption Price or purchase price of such Bonds;
- (vii) The Annual Administrative Fees as set forth in Schedule A to the Loan Agreement;
- (viii) Promptly after notice from the Authority, but in any event not later than fifteen (15) days after such notice is given, the amount set forth in such notice as payable to the Authority (A) for the Authority Fee then unpaid, (B) to reimburse the Authority for payments made by it pursuant to the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (C) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of the Project, (D) for the costs and expenses incurred by the Authority to compel full and punctual performance by the Institution of all the provisions of the Loan Agreement or of the Mortgage or the Resolution in accordance with the terms thereof and (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution;
- (ix) Promptly upon demand by the Authority (a copy of which shall be furnished to the Trustee), all amounts required to be paid by the Institution as a result of an acceleration pursuant to the Loan Agreement;
- (x) Promptly upon demand by the Authority, the difference between the amount on deposit in the Arbitrage Rebate Fund available to be rebated in connection with the Bonds or otherwise available therefor under the Resolution and the amount required to be rebated to the Department of the Treasury of the United States of America in accordance with the Code in connection with the Bonds, and any fees or expenses incurred by the Authority in connection therewith including those of any rebate analyst or consultant engaged by the Authority;
- (xi) [Reserved]; and
- (xii) To the extent not otherwise set forth in this paragraph (a), including without limitation, in the event of any insufficiency, any amounts necessary to pay the principal, Sinking Fund Installment, or Redemption Price, if any, of, and interest on, the Bonds, on the dates, in the amounts, at the times and in the manner provided in or pursuant to the Resolution and the Series Resolution, whether at maturity, upon acceleration, redemption or otherwise.

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

Institution during a Bond Year as described paragraphs (a)(iv) and (v) above on account of payments made to the Trustee pursuant to the Collection Agreement.

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

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

(c) The obligations of the Institution to make payments or cause the same to be made under the Loan Agreement shall be absolute and unconditional and the amount, manner and time of making such payments shall not be decreased, abated, postponed or delayed for any cause or by reason of the happening or non-happening of any event, irrespective of any defense or any right of set-off, recoupment or counterclaim which the Institution may otherwise have against the Authority, the Trustee or any Holder of Bonds for any cause whatsoever including, without limiting the generality of the foregoing, if applicable, failure of the Institution to complete the Project or, if applicable, the completion thereof with defects, failure of the Institution to occupy or use the Project, any declaration or finding that the Bonds are or the Resolution is invalid or unenforceable or any other failure or default by 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 Institution may institute such action as it may deem necessary to compel performance or recover damages for non-performance.

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

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

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

(f) The Institution, if it is not then in default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be

deposited in the Debt Service Fund and applied in accordance with the terms of the Resolution or held by the Trustee for the payment of Bonds in accordance with the terms of the Resolution. Upon any voluntary payment by the Institution or any payment made pursuant to certain provisions of the Loan Agreement, the Authority agrees to direct the Trustee to purchase or redeem Bonds in accordance with the Resolution or to give the Trustee irrevocable instructions in accordance with the terms of the Resolution with respect to such Bonds; provided, however, that in the event such voluntary payment is in the sole judgment of the Authority sufficient to pay all amounts then due under the Loan Agreement and under the Resolution, including the purchase or redemption of all Bonds Outstanding, or to pay or provide for the payment of all Bonds Outstanding in accordance with the Resolution, the Authority agrees, in accordance with the instructions of the Institution, to direct the Trustee to purchase or redeem all Bonds Outstanding, or to cause all Bonds Outstanding to be paid or to be deemed paid in accordance with the Resolution.

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

(Section 9)

Security Interest in Pledged Revenues.

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

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

(Section 11)

Collection of Pledged Revenues

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

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

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

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

(Section 12)

Warranty of Title; Title Insurance; Utilities and Access

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

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

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

(Section 14)

Consent to Pledge and Assignment by the Authority

The Institution consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of the Authority's rights to receive any or all of the payments required to be made pursuant to the Loan Agreement, any or all security interests granted by the Institution under the Loan Agreement, including without limitation the security interest in the Pledged Revenues given by the Institution pursuant to the Loan Agreement, and all funds and accounts established by the Resolution and pledged under the Resolution, in each case to secure any payment or the performance of any obligation of the Institution under the Loan Agreement or arising out of the transactions contemplated by the Loan Agreement whether or not the right to enforce such payment or performance shall be specifically assigned by the Authority to the Trustee. The Institution further agrees that the Authority may pledge and assign to the Trustee any and all of the Authority's rights and remedies under the Loan Agreement. Upon any pledge and assignment by the Authority to the Trustee described in this paragraph, the Trustee shall be fully vested

with all of the rights of the Authority so assigned and pledged and may thereafter exercise or enforce, by any remedy provided therefor by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the Institution's obligation to make all payments required by the Loan Agreement and to performing all other obligations required to be performed by the Institution under the Loan Agreement. Any realization upon any pledge made or security interest granted by Loan Agreement shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the Institution under the Loan Agreement.

(Section 15)

Additional Representation and Covenants

The Institution warrants and represents that (i) it has the requisite power and authority (A) to authorize, execute and deliver, and to perform its obligations under, the Loan Agreement, the Collection Agreement and the Related Agreements, (B) to incur the indebtedness contemplated thereby and (C) to make the pledge of and grant the security interest in the Pledged Revenues given in the Loan Agreement, (ii) the Loan Agreement, the Collection Agreement and the Related Agreements constitute the valid and binding obligations of the Institution enforceable in accordance with their terms, and (iii) the execution and delivery of, consummation of the transactions contemplated by and performance of the Institution's obligations under the Loan Agreement, the Collection Agreement and each of the Related Agreements, including, but not limited to, the pledge of and security interest in the Pledged Revenues made or granted pursuant to the Loan Agreement, do not violate, conflict with or constitute a default under the charter or bylaws of the Institution or any indenture, mortgage, trust, or other commitment or agreement to which the Institution is a party or by which it or any of its properties are bound, or any existing law, rule, regulation, judgment, order, writ, injunction or decree of any governmental authority, body, agency or other instrumentality or court having jurisdiction over the Institution or any of its properties.

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

(Section 16)

Tax-Exempt Status of the Institution

(a) The Institution represents that (i) it is a special district library as described in Section 253 of article 5, title 1, of Chapter 16 of the Consolidated Laws of the State of New York (Education Law), (ii) it was validly created and established by a special act of the New York State Legislature pursuant to Chapter 834 of the Laws of 1971 and received its charter from the Board of Regents, (iii) its board of trustees is elected by residents of the Library District and, (iv) no part of its earnings inure to the benefit of any private non-governmental entity or individual, (v) it is not subject to federal, state or local taxation, (vi) upon dissolution, its assets must be returned to the Board of Regents to the extent of any state aid or gifts for public use received by it, with remaining assets, if any, to be used as directed in the vote abolishing the library, (vii) its employees are subject to the Suffolk County Department of Civil Service laws and regulations, and (viii) substantially all of the employees are members of the New York State and Local Employees Retirement System.

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

(Section 17)

Use and Possession of the Project

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

(Section 21)

Restrictions on Religious Use

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

(Section 22)

Covenant as to Insurance

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

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

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

(d) The Institution represents that as of the date of the issuance of the Bonds, the Institution is not required by the laws of the State to provide disability benefits insurance coverage.

(Section 25)

Indemnity by Institution

(a) To the extent permitted by law, the Institution releases and agrees to hold harmless and indemnify the Authority and its members, officers, officials, counsel, consultants, agents and employees from and against all, and agrees that the Authority and its members, officers, officials, counsel, consultants, agents and employees shall not be liable for any, (i) liabilities, suits, actions, claims, demands, damages, losses, expenses and costs of every kind and nature resulting from any action taken in accordance with, or permitted by, the Loan Agreement, the Collection Agreement, any Related Agreement or the Resolution, or arising therefrom or incurred by reason thereof or arising from or incurred by reason of the financing of the Project, or (ii) loss or damage to property or any injury to or death of any or all persons that may be occasioned by any cause whatsoever pertaining to the Project or arising by reason of or in connection with the presence on, in or about the premises of such Project of any person; including in each case, without limiting the generality of the foregoing, causes of action and attorneys' fees and other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing and including any loss, damage or liability which may arise as a result of the negligence (but excluding any loss, damage or liability which may arise as a result of the gross negligence, willful misconduct or intentional misrepresentation) of any party so indemnified by the Institution, and to deliver at the request of the Authority any further instrument or instruments in form satisfactory to the Authority as in the reasonable judgment of the Authority may be necessary to effectuate more fully the provisions of this paragraph (a); provided, however, that (i) the indemnity provided in this sentence shall be effective only to the extent of any loss or liability that may be sustained by the Authority in excess of net proceeds received from any insurance carried with respect to such loss or liability and (ii) the Authority and the Institution shall each provide waiver of rights of subrogation against the other in any insurance coverage obtained relating to the Project. The indemnity provided for such parties by this paragraph (a) shall be in addition to and not limited by any of the provisions of paragraph (b) below or any provisions of the Loan Agreement relating to the Institution's maintenance of insurance, taxes and assessments; provided, however, that, to the extent the Authority receives indemnification pursuant to such provisions, the Authority shall not be entitled to additional indemnification pursuant to this paragraph (a).

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

(c) In case any action shall be brought in respect of which indemnity may be sought against the Institution pursuant the provisions of the Loan Agreement summarized under this caption, any person seeking indemnity under the provisions of the Loan Agreement summarized under this caption shall promptly notify the Institution in writing, and the Institution shall promptly assume the defense thereof, including the employment of

counsel and the payment of all expenses; provided, however, that the Institution shall have the right to negotiate and consent to settlement and that it shall be the duty of such person to cooperate with the Institution in asserting such defense and in reaching such settlement. Any such person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such person unless the employment of such counsel has been specifically authorized by the Institution. The Institution shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Institution or if there be a final judgment for the plaintiff in any such action with or without the Institution's consent, the Institution agrees to indemnify and hold harmless such person from and against any loss or liability by reason of such settlement or judgment in accordance with the provisions of the Loan Agreement summarized under this caption.

(Section 30)

Defaults and Remedies.

(a) As used in the Loan Agreement, the term "Event of Default" shall mean:

(i) the Institution shall (A) default in the timely payment of any amount payable as described under the heading "Financial Obligations" (other than as described in paragraphs (a)(i), (a)(ii) or (a)(xii) thereof) or the payment of any other amounts required to be delivered or paid by or on behalf of the Institution in accordance with the Loan Agreement, the Series Resolution or with the Resolution, and such default continues for a period in excess of seven (7) days or (B) default in the timely payment of any amount payable as described under the heading "Financial Obligations" in paragraphs (a)(i), (a)(ii), or (a)(xii) thereof; or

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

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

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

(v) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Institution, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation

of the Institution, or any petition for any such relief shall be filed against the Institution and such petition shall not be dismissed or stayed within ninety (90) days; or

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

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

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

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

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

(xi) a final judgment for the payment of money, which is not covered by insurance or reserves set aside by the Institution, which in the judgment of the Authority will adversely affect the rights of the Holders of the Bonds shall be rendered against the Institution and at any time after thirty (30) days from the entry thereof, (A) such judgment shall not have been discharged or paid, or (B) the Institution shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within thirty (30) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal; or

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

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

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

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

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

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

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

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

acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the Institution for the purpose of exercising the rights granted to the Authority by this subparagraph (vi) during the term of the Loan Agreement;

(vii) Reserved;

(viii) Reserved; and

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

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

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

(Section 31)

Arbitrage; Tax Exemption

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

Neither the Institution nor any "related person" (as such term is defined for purposes of Section 148 of the Code) shall purchase any Series 2016 Bonds other than for delivery to and cancellation by the Trustee, unless the Trustee shall receive an opinion of Bond Counsel to the effect that the purchase by the Institution or by a related person of Series 2016 Bonds will not cause interest on the Series 2016 Bonds to be included in the gross income of the owners of the Series 2016 Bonds for purposes of federal income taxation.

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

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

Authority shall as soon as practicable provide the Institution with a copy of such documents, reports and computations.

(Section 36)

Consultation with the Institution

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

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

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

(Section 38)

Termination

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

(Section 45)

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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**SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTION**

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

Resolution and Bonds Constitute a Contract

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

(Section 1.03)

Refunding Bonds and Additional Obligations

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

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

DASNY reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of DASNY, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as provided in the Resolution, entitled to a charge, lien or right prior or equal to the charge or lien created by the Resolution and pursuant to a Series Resolution, or prior or equal to the rights of DASNY and Holders of Bonds of a Series; provided, however, that this paragraph shall not prohibit the Institution from incurring Parity Indebtedness.

(Sections 2.04 and 2.05)

Pledge of Revenues

The proceeds from the sale of a Series of Bonds, the applicable Revenues, DASNY's security interest in the applicable Pledged Revenues and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution, other than the Arbitrage Rebate Fund, are subject to the adoption of a Series Resolution, pledged and assigned to the Trustee as security for the payment of the principal and Redemption Price of and interest on such

Series of Bonds, all in accordance with the provisions thereof. The pledge of the applicable Revenues and the assignment of DASNY's security interest in the applicable Pledged Revenues shall also be for the benefit of the applicable Facility Provider as security for the payment of any amounts payable to such Facility Provider under the Resolution; provided, however, that, except as otherwise provided in the applicable Series Resolution or Bond Series Certificate, such pledge and assignment shall, in all respects, be subject and subordinate to the rights and interest therein of the Bondholders of such Series of Bonds. The pledge made shall relate only to the Bonds of a Series authorized by such Series Resolution and no other Series of Bonds and such pledge shall not secure any such other Series of Bonds. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of a Series of Bonds, the applicable Revenues, DASNY's security interest in the applicable Pledged Revenues and all funds and accounts established by the Resolution and by a Series Resolution which are pledged by the Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against DASNY irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds of each Series shall be special obligations of DASNY payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the applicable Revenues, DASNY's security interest in the applicable Pledged Revenues and the funds and accounts established by the Resolution and pursuant to a Series Resolution and which are pledged by the Resolution, which pledge shall constitute a first lien thereon, subject only to the applicable Prior Pledges and any parity lien on Pledged Revenues (excluding the Project Levy) securing Parity Indebtedness.

(Section 5.01)

Establishment of Funds and Accounts

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

Construction Fund;

Debt Service Fund; and

Arbitrage Rebate Fund.

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

(Section 5.02)

Application of Bond Proceeds and Allocation Thereof

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

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

(Section 5.03)

Application of Moneys in the Construction Fund

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

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

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

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

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

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

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

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

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

(Section 5.04)

Deposit of Revenues and Allocation Thereof

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

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

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

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

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

The Trustee shall, promptly after making the above required payments, notify DASNY and the Institution of any balance of Revenues remaining on the immediately succeeding July 1. After making the above required payments, the balance, if any, of the Revenues then remaining shall be paid in accordance with the written direction of an Authorized Officer of DASNY, free and clear of any pledge, lien, encumbrance or security interest created by the Resolution.

(Section 5.05)

Debt Service Fund

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

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

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

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

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

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

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

(Section 5.06)

Arbitrage Rebate Fund

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

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

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

Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 5.07)

Application of Moneys in Certain Funds for Retirement of Bonds

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

(Section 5.08)

Investment of Funds and Accounts Held by the Trustee

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

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

(c) Permitted Investments purchased as an investment of money in any fund or account held by the Trustee under the provisions 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, DASNY, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee

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

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

(Section 6.02)

Creation of Liens

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

(Section 7.06)

Amendment of Loan Agreement

(a) A Loan Agreement may, without the consent of the Holders of Bonds of the applicable Series, be amended, changed, modified, or supplemented for any one or more purposes:

(i) to add an additional covenant or agreement for the purpose of further securing the payment of the Institution’s obligations under such Loan Agreement that is not contrary to or inconsistent with the covenants and agreements of the Institution contained in such Loan Agreement;

(ii) to prescribe further limitations and restrictions upon the Institution’s right to incur, issue, assume or guaranty indebtedness that are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

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

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

(v) to amend such Loan Agreement to establish, amend or modify DASNY Fee or the Annual Administrative Fee payable by the Institution in connection with the Bonds of a Series; or

(vi) with the prior written consent of the Trustee to cure any ambiguity, or to correct or supplement any provisions contained in such Loan Agreement which may be defective or inconsistent with any other provisions contained in the Resolution or in such Loan Agreement or to amend, modify or waive any other provision of such Loan Agreement provided that the same does not adversely affect the interests of the Bondholders of such Series of Bonds in any material respect.

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

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

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

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

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

(Section 7.11)

Modification and Amendment Without Consent

Notwithstanding any other provisions of the Resolution, DASNY may without the consent of the Holders of the Bonds Outstanding adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or Supplemental Resolution shall

become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of DASNY:

- (a) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid, or redeemed;
- (b) To add additional covenants and agreements of DASNY for the purpose of further securing the payment of the Bonds of a Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of DASNY contained in the Resolution;
- (c) To prescribe further limitations and restrictions upon the issuance of Bonds of a Series and the incurring of indebtedness by DASNY which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;
- (d) To surrender any right, power or privilege reserved to or conferred upon DASNY by the terms 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 DASNY contained the Resolution;
- (e) To confirm, as further assurance, any pledge under the Resolution or under a Series Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Resolution, or any Series Resolution, of the Revenues, or any pledge of any other moneys, securities or funds;
- (f) To modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of a Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds of such Series issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions; or
- (g) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect, or to modify any of the provisions the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification shall not adversely affect the interests of the Bondholders of a Series in any material respect.

(Section 9.01)

Supplemental Resolutions Effective with Consent

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

(Section 9.02)

Events of Default

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

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

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

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

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

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

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any Event of Default specified in the Resolution, other than an Event of Default specified in paragraph (c) under the heading "Event of Default," then and in every such case the Trustee upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of a Series shall, by notice in writing to DASNY, declare the principal of and interest on all of the Outstanding Bonds of such Series to be due and payable. At the expiration of thirty (30) days after notice of such declaration has been given, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in a Series Resolution or in the Bonds of a Series to the contrary notwithstanding. At any time after the principal of the Bonds of a Series shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee may, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of such Series of Bonds not then due by their terms and then Outstanding, by written notice to DASNY, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds of such Series (except the interest accrued on such Bonds since the last interest payment date); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agent; (iii) all other amounts then payable by DASNY under the Resolution and under a Series Resolution (other than principal amounts payable only because of a declaration and acceleration described under this heading) shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default actually known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Resolution or in such Series Resolution or in such Bonds (other than a default in the payment of the principal of such Bonds

then due only because of a declaration described under this heading) shall have been remedied to the reasonable satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

(Section 11.03)

Enforcement of Remedies

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

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

(Section 11.04)

Priority of Payment After Default

If at any time the moneys held by the Trustee under the Resolution and under a Series Resolution shall not be sufficient to pay the principal of and interest on the Bonds of a Series as the same become due and payable (either by their terms or by acceleration of maturity), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies described under this heading or otherwise, shall be applied (after first depositing in the Arbitrage Rebate Fund all amounts required to be deposited therein and then paying all amounts owing to the Trustee under the Resolution) as follows:

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

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

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds of such Series which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all such amounts due on any date, then to the payment thereof

ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

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

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

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

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

(Section 11.05)

Bondholders' Direction of Proceedings

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

(Section 11.07)

Limitation of Rights of Individual Bondholders

A Holder of any of the Bonds of a Series shall not have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution unless such Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of such Series shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the

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

(Section 11.08)

Defeasance

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

(b) Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) above. All Outstanding Bonds of a Series or any maturity within such Series or a portion of a maturity within such Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) above if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, DASNY shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution, notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will, as verified by the report of a firm of independent certified public accountants, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds of a Series on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, DASNY shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses, if any, appearing on the registration books, and, if directed by an Authorized Officer of DASNY, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this paragraph and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal,

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

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

(Section 12.01)

FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL

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FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL

Upon delivery of the Series 2016 Bonds, Hodgson Russ LLP, Albany, New York, and Golden Holley James LLP, New York, New York, Co-Bond Counsel, proposes to issue their approving opinions as to the Series 2016 Bonds in substantially the following form:

August __, 2016

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

Re: \$7,835,000 Dormitory Authority of the State of New York
Commack Public Library District Revenue Bonds, Series 2016

Ladies and Gentlemen:

We have acted as co-bond counsel to the Dormitory Authority of the State of New York (“DASNY”) in connection with the issuance by DASNY of \$7,835,000 aggregate principal amount of its Commack Public Library District Revenue Bonds, Series 2016 (the “Series 2016 Bonds”). DASNY is a body corporate and politic of the State of New York (the “State”) constituting a public benefit corporation organized and existing under the laws of the State, including the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, as amended, and constituting Titles 4 and 4-B of Article 8 of the New York Public Authorities Law), as amended from time to time to the date hereof (hereinafter collectively called 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 2016 Bonds are issued under and pursuant to the Act and DASNY’s Commack Public Library District Revenue Bond Resolution, adopted July 20, 2016 (the “General Resolution”), the Series Resolution Authorizing Up To \$7,845,000 Commack Public Library District Revenue Bonds, Series 2016, adopted July 20, 2016 (the “Series 2016 Resolution”) and the Bond Series Certificate authorizing the issuance of the Series 2016 Bonds (the “2016 Bond Series Certificate” and, together with the General Resolution and the Series 2016 Resolution, the “Resolutions”). The Series 2016 Bonds are being issued for the purposes set forth in the Resolutions. Capitalized terms used herein without other definition have the meanings set forth in the Resolutions.

DASNY has entered into a Loan Agreement with the Commack Public Library District (the “Library”), dated as of July 20, 2016 (the “Loan Agreement”), providing, among other things, for a loan to the Library for the purposes permitted thereby and by the Resolutions. Pursuant to the Loan Agreement, the Library is required to make payments sufficient to pay the principal, sinking fund installments, if any, and redemption price, if applicable, of and interest on the Series 2016 Bonds as the same become due, which payments have been pledged by DASNY to the Trustee for the benefit of the holders of the Series 2016 Bonds. DASNY, the Library and the Trustee have also entered into a Tax Certificate and Agreement dated as of the date hereof relating to the Series 2016 Bonds (the “Tax Certificate and Agreement”)

The Series 2016 Bonds are dated their date of delivery, mature on July 1 of the years and in the respective principal amounts, and bear interest, payable on __ 1, 20__ and semiannually thereafter on January 1 and July 1 in each year, at the respective rates per annum, all as set forth in the Resolutions.

The Series 2016 Bonds are to be issued in fully registered form in denominations of \$5,000 at maturity or any integral multiple thereof. The Series 2016 Bonds are payable, subject to redemption prior to maturity, exchangeable, transferable and secured upon such terms and conditions as are contained in the Resolutions.

In rendering the opinions expressed herein, we have reviewed the Act, the Resolutions, the Loan Agreement, the Tax Certificate and Agreement, opinions of counsel to DASNY, the Trustee and the Library,

certificates of DASNY, the Trustee, the Library and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. We have assumed the genuineness of all documents and signatures presented to us and the accuracy of the factual matters represented, warranted or certified therein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Series 2016 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than DASNY. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and certificates, and of the legal conclusions contained in the opinions, referred to above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Loan Agreement and the Tax Certificate and Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2016 Bonds to be included in gross income for federal income tax purposes.

Any opinion concerning the validity, binding effect or enforceability of any document (A) means that (1) such document constitutes an effective contract under applicable law, (2) such document is not invalid in its entirety under applicable law because of a specific statutory prohibition or public policy and is not subject in its entirety to a contractual defense under applicable law and (3) subject to the following sentence, some remedy is available under applicable law if the person concerning whom such opinion is given is in material default under such document, but (B) does not mean that (1) any particular remedy is available under applicable law upon such material default or (2) every provision of such document will be upheld or enforced in any or each circumstance by a court applying applicable law. Furthermore, the validity, binding effect or enforceability of any document may be limited to or otherwise affected by (A) any applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar statute, rule, regulation or other law affecting the enforcement of creditors' rights and remedies generally or (B) the unavailability of, or any limitation on the availability of, any particular right or remedy (whether in a proceeding in equity or law) because of the discretion of a court or because of any equitable principle or requirement as to commercial reasonableness, conscionability or good faith.

DASNY has covenanted in the Resolutions and the Library has covenanted in the Loan Agreement to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code") in order to maintain the exclusion of the interest on the Series 2016 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, DASNY and the Library have made certain representations, certifications and covenants in the Tax Certificate and Agreement relating to the Series 2016 Bonds. Bond Counsel will not independently verify the accuracy of those representations and certifications. The opinions set forth in paragraphs 6 and 7 below assume, among other matters, the accuracy of certain representations and certifications made by DASNY and the Library described above and compliance with the aforementioned covenants and the requirements of the Code that must be satisfied subsequent to the issuance of the Series 2016 Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes, including covenants and requirements regarding use, expenditure of proceeds and timely payment of certain investment earnings to the United States Treasury. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2016 Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2016 Bonds.

Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2016 Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. DASNY has been duly created and is validly existing as a body corporate and politic constituting a public benefit corporation of the State.

2. The Series 2016 Bonds have been duly and validly authorized to be issued and constitute the valid and binding special obligations of DASNY enforceable in accordance with their terms and the terms of the Resolutions, will be payable solely from the sources provided therefor in the Resolutions, and will be entitled to the benefit of the Resolutions and the Act.

3. The Resolutions are in full force and effect, have been duly adopted by, and constitute the valid and binding obligations of, DASNY. The Resolutions create a valid pledge, to secure the payment of the principal of and interest on the Series 2016 Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Series 2016 Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions (except the Arbitrage Rebate Fund), subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

4. The Loan Agreement has been duly executed and delivered by DASNY and, assuming due execution and delivery thereof by the Library, constitutes the valid and binding agreement of DASNY in accordance with its terms.

5. The Series 2016 Bonds are not a lien or charge upon the funds or property of DASNY except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of New York or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2016 Bonds. The Series 2016 Bonds are not a debt of the State of New York, and said State is not liable for the payment thereof

6. Under existing law, interest on the Series 2016 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Under existing law, interest on the Series 2016 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes; provided, however, that such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations and the branch profits tax imposed on foreign corporations doing business in the United States.

7. Interest on the Series 2016 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York and the City of Yonkers).

8. "Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of the Series 2016 Bonds (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity (in general, the "issue price" of a maturity means the first price at which a substantial amount of those Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers)). For any Series 2016 Bonds having OID (a "Discount Bond"), OID that is properly allocable to the owners of the Discount Bonds is excluded from gross income for federal income tax purposes to the same extent as other interest on the Series 2016 Bonds. In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on a periodic compounding of interest over prescribed accrual periods at least annually, using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond.

Except as stated in 6, 7, and 8 above, we express no opinion regarding any Federal, state or local tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2016 Bonds. Further, we express no opinion as to any Federal, state or local tax law consequences with respect to the Series 2016 Bonds, or the interest thereon, if any action is taken with respect to the Series 2016 Bonds or the proceeds thereof upon the advice or approval of other counsel. We render no opinion as to the exclusion from gross income of interest on the Series 2016 Bonds for purposes of federal income taxation on or after the date on which any change occurs or action is taken or omitted under the Resolutions, the Loan Agreement or under any other relevant documents without the advice or approval of, or upon the advice or approval of any bond counsel other than

our co-bond counsel, Golden Holley James LLP. In addition, we have not undertaken to determine, or to inform any person, whether any actions taken, or not taken, or events occurring, or not occurring, after the date of issuance of the Series 2016 Bonds may affect the tax status of interest on the Series 2016 Bonds. Further, although the interest is excludable from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Series 2016 Bond. The tax effect of receipt or accrual of the interest will depend upon the tax status of a holder of a Series 2016 Bond and such holder's other items of income, deduction or credit. We express no opinion with respect to any such effect.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than DASNY, and (iii) the correctness of the legal conclusions contained in the legal opinion letters of counsel to the Library delivered in connection with this matter.

In rendering those opinions with respect to treatment of the interest on the Series 2016 Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of DASNY and the Library. Failure to comply with certain of those covenants subsequent to issuance of the Series 2016 Bonds may cause interest on the Series 2016 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Series 2016 Bonds, the Resolutions or the Loan Agreement.

The opinions contained in paragraphs 2 through 4 above are qualified to the extent that the enforceability of the Resolutions, the Series 2016 Bonds and the Loan Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or as to the availability of any particular remedy.

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

We express no opinion in this letter as to the accuracy, completeness, fairness or sufficiency of the Official Statement relating to the Series 2016 Bonds, or any appendices thereto.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as co-bond counsel with respect to the Series 2016 Bonds has concluded on this date.

Very truly yours,

By: _____

FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

The Library will enter into a written agreement (the “Continuing Disclosure Agreement”) with Digital Assurance Certification LLC (“DAC”), as disclosure dissemination agent, the Trustee and DASNY. The Continuing Disclosure Agreement shall be in substantially the following form.

AGREEMENT TO PROVIDE CONTINUING DISCLOSURE

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
COMMACK PUBLIC LIBRARY DISTRICT REVENUE BONDS,
SERIES 2016**

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “Disclosure Agreement”), dated as of __, 2016, is executed and delivered by the Dormitory Authority of the State of New York (the “Issuer” or “DASNY”), Commack Public Library District (the “Obligated Person”), U.S. Bank National Association, as Trustee (the “Trustee”) and Digital Assurance Certification, L.L.C. (“DAC”), as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and are not intended to constitute “advice” within the meaning of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer, the Obligated Person or anyone on the Issuer’s or the Obligated Person’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Resolution (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Obligated Person for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure delivered to the Disclosure

Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure required to be or voluntarily submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Disclosure Dissemination Agreement” means that agreement, dated January 31, 2005, as amended to the date hereof, by and between the Disclosure Dissemination Agent and the Issuer pursuant to which disclosure dissemination services are to be provided by the Disclosure Dissemination Agent.

“Disclosure Representative” means the chief financial officer of the Obligated Person or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Obligated Person’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access System maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“Issuer” means the Dormitory Authority of the State of New York, as conduit issuer of the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the United States Securities Exchange Act of 1934, as amended.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer and the Obligated Person in connection with the Bonds, as listed on Exhibit A.

“Resolution” means DASNY’s bond resolution(s) pursuant to which the Bonds were issued.

“Trustee” means U.S. Bank National Association and its successors and assigns.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy each for the Issuer and the Trustee, not later than 180 days after the end of each fiscal year of the Obligated Person (or any time thereafter following a Failure to File Event as described in this Section), commencing with the fiscal year ending June 30, 2016, such date and each anniversary thereof, the “Annual Filing Date.” Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide the Annual Report to the MSRB through its Electronic Municipal Market Access (“EMMA”) System for municipal securities disclosures. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail), with a copy to the Issuer, to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall, not later than two (2) business days prior to the Annual Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Financial Information, Audited Financial Statements, if available, and unaudited financial statements, if audited financial statements are not available in accordance with subsection (d) below and the Certification, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Issuer and the Trustee, that a Failure to File Event may occur, state the date by which the Annual Financial Information and Audited Financial Statements for such year are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as Exhibit B on the Annual Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Obligated Person are prepared but not available prior to the Annual Filing Date, the Obligated Person shall provide unaudited financial statements for filing prior to the Annual Filing Date in accordance with Section 3(b) hereof and, when the Audited Financial Statements are available,

provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy each for the Issuer and the Trustee, for filing with the MSRB.

- (e) The Disclosure Dissemination Agent shall:
 - (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
 - (ii) upon receipt, promptly file each Annual Report received under Section 2(a) and 2(b) with the MSRB;
 - (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
 - (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to the Section 4(c) of this Disclosure Agreement:
 - 1. Principal and interest payment delinquencies;
 - 2. Non-Payment related defaults, if material;
 - 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - 5. Substitution of credit or liquidity providers, or their failure to perform;
 - 6. Adverse tax opinions, IRS notices or events affecting the tax status of the securities;
 - 7. Modifications to rights of securities holders, if material;
 - 8. Bond calls, if material;
 - 9. Defeasances;
 - 10. Release, substitution, or sale of property securing repayment of the securities, if material;
 - 11. Ratings changes;
 - 12. Tender offers;
 - 13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
 - 14. Merger, consolidation, or acquisition of the Obligated Person, if material; and
 - 15. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
 - (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial

information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer or the Obligated Person pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. “amendment to continuing disclosure undertaking;”
2. “change in obligated person;”
3. “notice to investors pursuant to bond documents;”
4. “certain communications from the Internal Revenue Service;”
5. “secondary market purchases;”
6. “bid for auction rate or other securities;”
7. “capital or other financing plan;”
8. “litigation/enforcement action;”
9. “change of tender agent, remarketing agent, or other on-going party;”
10. “derivative or other similar transaction;” and
11. “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer or the Obligated Person pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”
2. “change in fiscal year/timing of annual disclosure;”
3. “change in accounting standard;”
4. “interim/additional financial information/operating data;”
5. “budget;”
6. “investment/debt/financial policy;”
7. “information provided to rating agency, credit/liquidity provider or other third party;”
8. “consultant reports;” and
9. “other financial/operating data;”

- (viii) provide the Obligated Person and the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, the Issuer, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

Each Annual Report shall contain:

(a) Annual Financial Information with respect to the Obligated Person which shall include operating data and financial information of the type included in the Official Statement for the Bonds in “Part 4-THE LIBRARY” under the headings “ANNUAL FINANCIAL STATEMENT INFORMATION” (unless such information is included in the Audited Financial Statements) and “OPERATING DATA - Valuations, Tax Rates and Levies,” together with a statement as to whether the residents of the Library District approved the most recent administrative budget and such narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of such Annual Financial Information concerning the Obligated Person; and

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) or alternate accounting principles as described in the Official Statement will be included in the Annual Report. If Audited Financial Statements are not available, the Obligated Person shall be in compliance under this Disclosure Agreement if unaudited financial statements, prepared in accordance with GAAP or alternate accounting principles as described in the Official Statement, are included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an “obligated person” (as defined by the Rule), which have been previously filed the Securities and Exchange Commission or available from the MSRB Internet Website. If the document incorporated by reference is a Final Official Statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

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 with respect to the tax status of the securities or other material events affecting the tax status of the securities;
7. Modification to rights of the security holders, if material;
8. Bond calls, if material;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Tender Offers;
13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(13) of this Section 4: For the purposes of the event described in subsection (a)(13) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

14. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, 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.

The Obligated Person shall, in a timely manner not in excess of ten business days after its occurrence, notify DASNY, the Trustee and the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Upon actual knowledge of the occurrence of a Notice Event, DASNY or the Trustee shall promptly notify the Obligated Person and also may notify the Disclosure Dissemination Agent in writing of the occurrence of such Notice Event. Each such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the desired text of the disclosure, the written authorization for the Disclosure Dissemination Agent to disseminate such information, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer, the Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Issuer, the Obligated Person or the Disclosure Representative, such notified party will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer or the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer or the Obligated Person desires to make, contain the written authorization of the Issuer or the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer or the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed as prescribed in subsection (a) or as prescribed in subsection (b) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB, in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers.

Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference in the Annual Reports, Audited Financial Statements, Notice Event notices and Voluntary Event Disclosure, the Obligated Person shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations.

The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the United States Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the United States Securities Exchange Act of 1934, as amended, may apply to the Obligated Person, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer or the Obligated Person, with the prior approval of DASNY, may instruct the Disclosure Dissemination Agent to file Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer or Obligated Person desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the date the Issuer or Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer or Obligated Person as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent may presume that the Obligated Person has obtained the prior approval of DASNY for such filing and shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer or Obligated Person, with the prior approval of DASNY, may instruct the Disclosure Dissemination Agent to file Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure

(which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the desired text of the disclosure, contain the written authorization for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer or Obligated Person as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent may presume that the Obligated Person has obtained the prior approval of DASNY for such filing and shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that neither the Issuer nor the Obligated Person is obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or to file any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person, with the approval of DASNY, from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Section 7, or including any other information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement or to file Voluntary Event Disclosure or Voluntary Financial Disclosure, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Voluntary Financial Disclosure, Voluntary Event Disclosure, Failure to File Event Notice or Notice Event notice.

SECTION 8. Termination of Reporting Obligation.

The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an Obligated Person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent.

The Issuer has appointed DAC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement pursuant to the Disclosure Dissemination Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default.

In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the

contents described herein shall be limited to the extent the Issuer or the Obligated Person has provided such information to the Disclosure Dissemination Agent as provided in this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any other information, disclosures or notices provided to it by the Issuer or the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Issuer or the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Issuer or the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT, THE ISSUER AND THE TRUSTEE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITY WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LOSSES, EXPENSES AND LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND THE TRUSTEE'S (AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS') NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and neither of them shall incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Person.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format through the EMMA System and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. No Issuer or Trustee Responsibility.

The Obligated Person and the Disclosure Dissemination Agent acknowledge that neither the Issuer nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement other than those notices required under Section 4(b) hereof, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures other than those notices required under said Section 4(b). DASNY (as conduit issuer) is not, for purposes of and within the meaning of the Rule, (i) committed by contract or other arrangement to support payment of all, or part of, the obligations on the Bonds, or (ii) a person for whom annual financial information and notices of material events will be provided. The Trustee shall be indemnified and held harmless in connection with this Disclosure Agreement to the same extent provided in the Resolution for matters arising thereunder.

SECTION 13. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person, the Issuer, the Trustee and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to each of the Obligated Person, the Issuer, the Trustee and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or

waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided none of the Obligated Person, the Issuer, the Trustee or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, DASNY, the Obligated Person, the Trustee and the Disclosure Dissemination Agent shall have the right to amend this Disclosure Agreement for any of the following purposes:

(i) to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time;

(ii) to add or change a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(iii) to evidence the succession of another person to the Obligated Person, the Trustee or the Issuer and the assumption by any such successor of the covenants of the Obligated Person, the Trustee or the Issuer hereunder;

(iv) to add to the covenants of the Obligated Person, the Issuer or the Disclosure Dissemination Agent for the benefit of the Holders, or to surrender any right or power herein conferred upon the Obligated Person, the Issuer or the Disclosure Dissemination Agent;

(v) for any purpose for which, and subject to the conditions pursuant to which, amendments may be made under the Rule, as amended or modified from time to time, or any formal authoritative interpretations thereof by the Securities and Exchange Commission.

SECTION 14. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Issuer, the Trustee, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law.

This Disclosure Agreement shall be governed by the laws of the State of New York (without regard to conflicts of laws provisions).

SECTION 16. Counterparts.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[remainder of page left intentionally blank]

The Disclosure Dissemination Agent, the Issuer, the Trustee and the Obligated Person have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

COMMACK PUBLIC LIBRARY DISTRICT,
Obligated Person

By: _____
Name: _____
Title: _____

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

By: _____
Authorized Officer

U.S. BANK NATIONAL ASSOCIATION
as Trustee

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): Commack Public Library District
Name of Bond Issue: Commack Public Library District Revenue Bonds, Series 2016
Date of Issuance: August 17, 2016
Date of Official Statement: July 28, 2016

| <u>Maturity</u> | <u>CUSIP No.</u> |
|-----------------|------------------|
| 07/01/2017 | 64990CEU1 |
| 07/01/2018 | 64990CEV9 |
| 07/01/2019 | 64990CEW7 |
| 07/01/2020 | 64990CEX5 |
| 07/01/2021 | 64990CEY3 |
| 07/01/2022 | 64990CEZ0 |
| 07/01/2023 | 64990CFA4 |
| 07/01/2024 | 64990CFB2 |
| 07/01/2025 | 64990CFC0 |
| 07/01/2026 | 64990CFD8 |
| 07/01/2027 | 64990CFE6 |
| 07/01/2028 | 64990CFF3 |
| 07/01/2029 | 64990CFG1 |
| 07/01/2030 | 64990CFH9 |
| 07/01/2031 | 64990CFJ5 |
| 07/01/2032 | 64990CFK2 |
| 07/01/2033 | 64990CFL0 |
| 07/01/2034 | 64990CFM8 |
| 07/01/2035 | 64990CFN6 |
| 07/01/2036 | 64990CFP1 |
| 07/01/2042 | 64990CFQ9 |

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): Commack Public Library District
Name of Bond Issue: Commack Public Library District Revenue Bonds, Series 2016
Date of Issuance: August 17, 2016

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Agreement to Provide Continuing Disclosure, dated as of August 17, 2016, by and among the Obligated Person, the Dormitory Authority of the State of New York, as Issuer, U.S. Bank National Association, as Trustee and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Obligated Person

cc: Issuer
Obligated Person

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and Obligated Person's Names:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

_____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of __ by and among the Issuer, the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party;"
10. _____ "derivative or other similar transaction;" and
11. _____ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of __ by and among the Issuer, the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Financial Disclosure (Check One):

1. _____ "quarterly/monthly financial information;"
2. _____ "change in fiscal year/timing of annual disclosure;"
3. _____ "change in accounting standard;"
4. _____ "interim/additional financial information/operating data;"
5. _____ "budget;"
6. _____ "investment/debt/financial policy;"
7. _____ "information provided to rating agency, credit/liquidity provider or other third party;"
8. _____ "consultant reports;" and
9. _____ "other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

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