

NEW ISSUE

Moody's: Aa2
(See "Rating" herein)



\$8,475,000
DORMITORY AUTHORITY
OF THE STATE OF NEW YORK
Haverstraw King's Daughters Public Library
REVENUE BONDS, SERIES 2011

Dated: Date of Delivery

Due: July 1, as shown on inside cover

Payment and Security: The Haverstraw King's Daughters Public Library Revenue Bonds, Series 2011 (the "Series 2011 Bonds") are special obligations of the Dormitory Authority of the State of New York (the "Authority"), payable solely from and secured by a pledge of certain payments to be made under the Loan Agreement (the "Loan Agreement") dated as of July 27, 2011 between Haverstraw King's Daughters Special Library District (the "Library") and the Authority, and all the funds and accounts (except the Arbitrage Rebate Fund) authorized under the Authority's Haverstraw King's Daughters Public Library Revenue Bond Resolution, adopted July 27, 2011 (the "Resolution") and established under the Authority's Series Resolution Authorizing Up To \$8,500,000 Haverstraw King's Daughters Public Library Revenue Bonds, Series 2011, adopted July 27, 2011 (the "Series 2011 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 the Authority and the Trustee, amounts sufficient to pay the principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2011 Bonds, as such payments become due. The obligations of the Library under the Loan Agreement are secured by a pledge of the revenues of the Library, including real property tax assessments on real property located in the Haverstraw King's Daughters Special Library District for library purposes.

The Series 2011 Bonds will not be a debt of the State of New York (the "State") nor will the State be liable thereon. The Authority has no taxing power.

Description: The Series 2011 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due January 1, 2012 and each July 1 and January 1 thereafter) on the Series 2011 Bonds will be payable by check or draft mailed to the registered owners thereof. Principal and Redemption Price of the Series 2011 Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent.

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

Redemption: *The Series 2011 Bonds are subject to redemption and purchase in lieu of redemption prior to maturity as more fully described in this Official Statement.*

Tax Exemption: *In the opinion of each of Squire, Sanders & Dempsey (US) LLP and KnoxSeaton, Co-Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2011 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Series 2011 Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Interest on the Series 2011 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "PART 10 - TAX MATTERS" herein.*

The Series 2011 Bonds are offered when, as and if issued and received by the Underwriter. The offer of the Series 2011 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 2011 Bonds by Squire, Sanders and Dempsey (US) LLP, New York, New York, and KnoxSeaton, New York, New York, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Library by its Counsel, Cornell & Cornell, LLP, New City, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, Holland & Knight LLP, New York, New York. The Authority expects to deliver the Series 2011 Bonds in definitive form in New York, New York on or about September 22, 2011.

Loop Capital Markets

\$8,475,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
HAYERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
REVENUE BONDS, SERIES 2011

\$7,460,000 Serial Bonds

<u>Due July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number¹</u>	<u>Due July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number¹</u>
2012	\$405,000	3.00%	0.52%	649906HJ6	2021	\$430,000	3.25%	2.79%	649906HT4
2013	330,000	3.00	0.75	649906HK3	2022	440,000	2.75	3.02	649906HU1
2014	340,000	3.00	0.91	649906HL1	2023	455,000	4.00	3.26*	649906HV9
2015	350,000	3.00	1.12	649906HM9	2024	475,000	4.00	3.53*	649906HW7
2016	360,000	3.00	1.50	649906HN7	2027	545,000	4.00	3.91*	649906HY3
2017	370,000	4.00	1.78	649906HP2	2028	565,000	4.00	4.01	649906HZ0
2018	385,000	3.00	2.08	649906HQ0	2029	585,000	4.00	4.11	649906JA3
2019	400,000	4.00	2.37	649906HR8	2030	610,000	4.00	4.20	649906JB1
2020	415,000	4.00	2.62	649906HS6					

\$1,015,000 5.00% Term Bonds Due July 1, 2026, Yield 3.70%* CUSIP Number ¹649906HX5

¹ *Priced at the stated yield to the July 1, 2021 optional redemption date at a redemption price of 100%.

¹ CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2011 Bonds. Neither the Authority 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 2011 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2011 Bonds.

No dealer, broker, salesperson or other person has been authorized by the Authority, the Library or the Underwriter to give any information or to make any representations with respect to the Series 2011 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by the Authority, the 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 2011 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 the Authority believes are reliable. Neither the Authority nor the Underwriter guarantees the accuracy or completeness of such information and such information is not to be construed as a representation of the Authority or the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Library has reviewed the parts of this Official Statement describing the Library, the Project, the Mortgage, the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B. The Library will certify as of the dates of sale and delivery by the Authority of the Series 2011 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 2011 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2011 Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2011 Resolution and the Loan Agreement are on file with the Authority and the Trustee.

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

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

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

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

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

OFFICIAL STATEMENT RELATING TO:

\$8,475,000

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
Haverstraw King’s Daughters Public Library
REVENUE BONDS, SERIES 2011

PART 1 – INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Authority and the Library in connection with the offering by the Authority of \$8,475,000 principal amount of its Haverstraw King’s Daughters Public Library Revenue Bonds, Series 2011 (the “Series 2011 Bonds”).

The following is a brief description of certain information concerning the Series 2011 Bonds, the Authority, and the Library. A more complete description of such information and additional information that may affect decisions to invest in the Series 2011 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 2011 Bonds are being issued (i) to current refund the Authority’s Haverstraw King’s Daughters Public Library Insured Revenue Bonds, Series 2001 (the “Refunded Bonds”); and (ii) to pay the Costs of Issuance of the Series 2011 Bonds. See “PART 5 – THE REFUNDING PLAN” and “PART 6 – ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

The Series 2011 Bonds will be issued pursuant to the Resolution, the Series 2011 Resolution and the Act. The Resolution authorizes the issuance of multiple Series of Bonds. The Series 2011 Resolution authorizes the issuance of the Series 2011 Bonds in an amount not to exceed \$8,500,000.

The Authority

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

The Library

The Library is a special district public library chartered by the Board of Regents of the State. The Library operates facilities located in Rockland County (the “County”) in the Town of Haverstraw, New York (the “Town”) for the benefit of the residents of the special district (the “Library District”), which consists of that portion of the Haverstraw-Stony Point Central School District (the “School District”) located within the Town. See “PART 4 – THE LIBRARY” and “Appendix B –Financial Statements of the Haverstraw King’s Daughters Public Library and Independent Auditors’ Report.”

The Series 2011 Bonds

The Series 2011 Bonds will be dated their date of delivery and will bear interest from such date (payable January 1, 2012 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 2011 BONDS – Description of the Series 2011 Bonds.”

Payment of the Series 2011 Bonds

The Series 2011 Bonds will be special obligations of the Authority payable solely from the Revenues, which consist of certain payments to be made by the Library under the Loan Agreement. The Loan Agreement is a general obligation of the Library. Pursuant to the Resolution and the Series 2011 Resolution, the Revenues and the Authority’s right to receive the Revenues have been pledged and assigned to the Trustee. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS – Payment of the Series 2011 Bonds.”

Authorization of Project, Payment and Tax Levy

On December 6, 2000, the qualified voters in the Library District authorized by referendum (the “Tax Referendum”) the construction of a new library facility and renovations to an existing library facility (collectively “the Project”). Both facilities are located in the Town and were financed with proceeds from the Refunded Bonds. The Tax Referendum remains in effect. Pursuant to the Tax Referendum, the qualified voters also authorized the Library to assign and pledge to the Authority funds in an amount sufficient to repay all obligations of the Library under the Loan Agreement, and authorized such funds to be raised by real property taxes levied annually by the School District on taxable property located within the Library District.

Security for the Series 2011 Bonds

The Series 2011 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 the Authority under the Loan Agreement. The Authority’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 School District. The Real Property Tax Law governs methods and procedures to levy, collect and enforce this tax.

The Series 2011 Bonds will also be secured by all funds and accounts authorized by the Resolution and established by the Series 2011 Resolution (with the exception of the Arbitrage Rebate Fund). In the event of nonpayment by the Library under the Loan Agreement, the Authority 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 the Authority 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 representing the tax levy authorized by the Tax Referendum) with the prior written consent of the Authority. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS – Security for the Series 2011 Bonds.”

The Resolution authorizes the issuance by the Authority, 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 2011 Bonds will not be a debt of 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 2011 Bonds will not be a debt of the State nor will the State be liable thereon. The Authority has no taxing power.

The Mortgage

The Library’s obligations to the Authority under the Loan Agreement will be additionally secured by a Mortgage on the Mortgaged Property and security interests in certain fixtures, furnishings and equipment now or hereafter located therein or used in connection therewith. The Authority may, but has no present intention to, assign

the Mortgage and such security interests to the Trustee. Property subject to the Mortgage may be released and the Mortgage may be amended without the consent of the Trustee or the Holders of any Series 2011 Bonds. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS – The Mortgage.”

PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2011 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 2011 Resolution, the Loan Agreement and the Mortgage. Copies of the Resolution, the Series 2011 Resolution, the Loan Agreement and the Mortgage are on file with the Authority and the Trustee. See also “Appendix C – Summary of Certain Provisions of the Loan Agreement” and “Appendix D – Summary of Certain Provisions of the Resolution” for a more complete statement of the rights, duties and obligations of the parties thereto. All references to the Debt Service Fund refer to such fund established pursuant to the Resolution and the Series 2011 Resolution.

Payment of the Series 2011 Bonds

The Series 2011 Bonds will be special obligations of the Authority. The principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2011 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 and Redemption Price of and interest on the Series 2011 Bonds. The Revenues and the right to receive them have been pledged and assigned to the Trustee for the benefit of the Series 2011 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 and Redemption Price of and interest on Outstanding Series 2011 Bonds. Such payments are to be made annually on or before December 1, in an amount equal to the interest coming due on the next two succeeding interest payment dates (January 1 and July 1) and the principal and Sinking Fund Installments coming due on the next succeeding July 1. The Loan Agreement also obligates the Library to pay, at least 45 days prior to a redemption date of Series 2011 Bonds called for redemption, the amount, if any, required to pay the Redemption Price of such Series 2011 Bonds. See “PART 3 – THE SERIES 2011 BONDS – Redemption and Purchase in Lieu of Redemption Provisions.”

The Authority 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 and Redemption Price of and interest on the Series 2011 Bonds.

Authorization of Project, Payment and Tax Levy

The Tax Referendum passed on December 6, 2000 by the qualified voters in the Library District authorized the Library to assign and pledge to the Authority funds sufficient to repay all obligations of the Library under the loan agreement executed in connection with the Refunded Bonds to finance 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 School District for Library purposes. Upon the refunding of the Refunded Bonds, the Tax Referendum remains in effect in connection with the execution of the Loan Agreement by the Library relating to the Series 2011 Bonds.

Security for the Series 2011 Bonds

The Series 2011 Bonds will be secured by the pledge and assignment to the Trustee of the Revenues, the proceeds from the sale of the Series 2011 Bonds (until disbursed as provided in the Resolution) all funds and accounts authorized under the Resolution and established under the Series 2011 Resolution (with the exception of the Arbitrage Rebate Fund) and the Authority’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 2011 Bonds.

Pledged Revenues

The Series 2011 Bonds will be secured by a pledge of the Pledged Revenues, consisting of all revenues of the Library, including the real property tax levies made on behalf of the Library by the School District on all non-exempt real property situated within the Library District to be paid over annually to the Library and the right to

receive such Pledged Revenues. In the event of nonpayment by the Library under the Loan Agreement, the Authority is authorized under the Act to direct State and local officers including without limitation, officers of the School District, to pay over to the Authority any and all funds owed to the Library by the State or any political subdivision in an amount sufficient to make all payments required to be made under the Loan Agreement. The Authority'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 certain of the Pledged Revenues (excluding the portion of the Pledged Revenues representing the tax levy authorized by the Tax Referendum) with the prior written consent of the Authority. See "PART 4 – THE LIBRARY" and "Appendix B –Financial Statements of the Haverstraw King's Daughters Public Library and Independent Auditors' Report."

The Series 2011 Bonds will not be a debt of 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 Collection Agreement

In connection with the issuance of the Series 2011 Bonds, the Library, the Authority, the Town, the School District, The Bank of New York Mellon, as Trustee, will execute the Tax Pledge and Collection Agreement (the "Collection Agreement"). Pursuant to the Collection Agreement, the Library directs (a) the Town to collect and pay over to the School District the real property tax levies made on behalf of the Library to the School District and (b) the School District to pay over those real property taxes collected 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 such Receipts to the Trustee for deposit in the Debt Service Fund until the Trustee has received the full amount of the Library's debt service obligation for such year. After the Trustee has transferred Receipts to the Trustee 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 for use by the Library.

The Mortgage

In connection with the issuance of the Refunded Bonds, the Library executed and delivered a Mortgage to the Authority and granted the Authority a security interest in certain fixtures, furnishings and equipment to secure the required payments to be made by the Library pursuant to the loan agreement relating to the Refunded Bonds. Such Mortgage will be modified to secure the required payments to be made by the Library pursuant to the Loan Agreement executed in connection with the issuance of the Series 2011 Bonds. The Authority may assign its rights under the Loan Agreement and the Mortgage and its security interests to the Trustee, but has no present intention to do so. Upon the happening of an Event of Default under the Resolution (other than a covenant default by the Authority which results in the interest on the Series 2011 Bonds no longer being excludable from gross income under Section 103 of the Code), the Authority is required to assign the Mortgage and such security interest to the Trustee. Unless the Mortgage and such security interests are assigned to the Trustee, neither the Mortgage, the security interests in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Series 2011 Bonds and the Holders of the Series 2011 Bonds should not regard the Mortgage as security for payment of principal of and interest on the Series 2011 Bonds. Property subject to the Mortgage may be released, and the Mortgage may be amended without the consent of the Trustee or the Holders of any Series 2011 Bonds.

Events of Default and Acceleration

The Resolution provides that events of default thereunder and under the Series 2011 Resolution constitute events of default only with respect to the Series 2011 Bonds. The following are events of default under the Resolution: (i) a default in the payment of the principal, Sinking Fund Installments or Redemption Price of or interest on such Series 2011 Bonds; (ii) the Authority takes any action, or fails to take any action, which would cause such Series 2011 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 2011 Bonds becomes includable in gross income for federal income tax purposes; (iii) a default by the Authority in the due and punctual performance of any other covenant, condition, agreement or provision contained in the Series 2011 Bonds or in the Resolution or in the Series 2011 Resolution which continues for 30 days after written notice thereof is given to the Authority 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 2011 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 2011 Bonds, declare the principal of and interest on all the Outstanding Series 2011 Bonds to be due and payable immediately. 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 2011 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 2011 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 2011 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 2011 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 2011 Bonds.

General

The Series 2011 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. The Authority has no taxing power. The Authority has never defaulted in the timely payment of principal or sinking fund installments of or interest on its bonds or notes. See "PART 7 – THE AUTHORITY."

PART 3 – THE SERIES 2011 BONDS

Description of the Series 2011 Bonds

The Series 2011 Bonds will be issued pursuant to the Resolution and the Series 2011 Resolution, will be dated the date of delivery of the Series 2011 Bonds and will bear interest from such date (payable January 1, 2012 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 2011 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Series 2011 Bonds may be exchanged for Series 2011 Bonds of the same maturity of any other authorized denomination. The Trustee may impose a charge sufficient to reimburse the Authority 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 2011 Bond.

The principal or Redemption Price of the Series 2011 Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee. The Redemption Price of a Series 2011 Bond will be paid to any Bondholder of \$1,000,000 or more in aggregate principal amount of Series 2011 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 2011 Bonds to be redeemed are presented and surrendered to the Trustee.

Interest on the Series 2011 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 2011 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 2011 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 2011 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 2011 Bonds to be redeemed is made.

For a more complete description of the Series 2011 Bonds, see “Appendix D – Summary of Certain Provisions of the Resolution.”

Redemption and Purchase in Lieu of Redemption Provisions

Optional Redemption

The Series 2011 Bonds maturing on or before July 1, 2021 are not subject to optional redemption prior to maturity. The Series 2011 Bonds maturing after July 1, 2021 are subject to redemption prior to maturity, on or after July 1, 2021 in any order at the option of the Authority, 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.

Special Redemption

The Series 2011 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 thereof, from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project.

Mandatory Redemption

In addition, the Series 2011 Bonds maturing on July 1, 2026 are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of Series 2011 Bonds specified for each of the years shown below:

Term Bonds Maturing on July 1, 2026

<u>Year</u>	<u>Sinking Fund Installments</u>
2025	\$495,000
2026	520,000†

†Final maturity.

The Authority may from time to time direct the Trustee to purchase Series 2011 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 2011 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 2011 Bonds of the same maturity. The Authority also may purchase Series 2011 Bonds at or below par and apply any Series 2011 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 2011 Bonds of the same maturity.

To the extent the Authority’s obligation to make Sinking Fund Installments in a particular year is fulfilled through such purchases, the likelihood of redemption through mandatory Sinking Fund Installments of any Bondholder’s Series 2011 Bonds of the maturity so purchased will be reduced for such year.

Purchase in Lieu of Redemption

The Series 2011 Bonds maturing on or before July 1, 2021 are not subject to purchase in lieu of redemption prior to maturity. The Series 2011 Bonds maturing after July 1, 2021, are subject to purchase in lieu of redemption prior to maturity on or after July 1, 2021, at the option of the Library with the prior written consent of the Authority, 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

In the case of redemptions or purchases of the Series 2011 Bonds described above under the subheadings "Optional Redemption" or "Purchase in Lieu of Redemption," the Authority will select the maturities of the Series 2011 Bonds to be redeemed or purchased. In the case of redemption of Series 2011 Bonds described above under the subheading "Special Redemption," Series 2011 Bonds will be redeemed to the extent practicable pro rata among the Outstanding Series 2011 Bonds of each maturity, but only in integral multiples of \$5,000 within each maturity. If less than all of the Series 2011 Bonds of a maturity are to be redeemed (pursuant to an optional, special or mandatory redemption), the Series 2011 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 2011 Bonds in the name of the Authority 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 2011 Bonds which are to be redeemed, at their last known addresses appearing on the registration books. The failure of any owner of a Series 2011 Bond to be redeemed to receive notice of redemption thereof will not affect the validity of the proceedings for the redemption of such Series 2011 Bond. If directed in writing by an Authorized Officer of the Authority, the Trustee is to publish or cause to be published such notice in an Authorized Newspaper not less than 30 days nor more than 45 days prior to the redemption date, but such publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of such Series 2011 Bonds.

If, on the redemption date, moneys for the redemption of the Series 2011 Bonds of like maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the Redemption Price, and if notice of redemption shall have been mailed, then interest on the Series 2011 Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2011 Bonds will no longer be considered to be Outstanding under the Resolution and the Series 2011 Resolution.

Notice of Purchase in Lieu of Redemption and Its Effect

Notice of purchase of the Series 2011 Bonds in lieu of redemption will be given in the name of the Library to the registered owners of the Series 2011 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 2011 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2011 Bonds to be purchased that are not so tendered, will be deemed to have been properly tendered for purchase. In the event the Series 2011 Bonds are called for purchase in lieu of redemption, such purchase shall not operate to extinguish the indebtedness of the Authority evidenced thereby or modify the terms of the Series 2011 Bonds and such Series 2011 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 2011 Bond to be purchased or cause it to be purchased is conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2011 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 2011 Bonds to be purchased, the former registered owners of such Series 2011 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 2011 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 2011 Bonds in accordance with their respective terms.

In the event that not all of the Outstanding Series 2011 Bonds of a maturity are to be purchased, the Series 2011 Bonds of such maturity to be purchased will be selected by lot in the same manner as Series 2011 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 redemption and other provisions relating to the Series 2011 Bonds, see “Appendix D - Summary of Certain Provisions of the Resolution.”

Book-Entry Only System

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

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

Purchases of the Series 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2011 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 2011 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 2011 Bonds, except in the event that use of the book-entry system for such Series 2011 Bonds is discontinued.

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

Principal and interest payments on the Series 2011 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2011 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2011 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2011 Bond certificates will be printed and delivered to DTC.

For every transfer and exchange of Series 2011 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 the Authority, the Library, the Trustee or the Underwriter make an 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.

THE AUTHORITY, 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 2011 BONDS (1) PAYMENTS OF PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2011 BONDS, (2) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2011 BONDS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2011 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 THE AUTHORITY, 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 THE AUTHORITY'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 2011 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2011 Bonds (other than under "PART 10 - TAX MATTERS" herein) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2011 Bonds.

Principal, Sinking Fund Installment and Interest Requirements for the Series 2011 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 Bond Years shown for the payment of the interest on the Series 2011 Bonds payable on January 1 of such year and the principal and Sinking Fund Installments of and interest on the Series 2011 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 2011 Bonds.

12 Month Period Ending June 30	Principal and Sinking Fund Installments	Interest Payments	Total Debt Service
2012	\$405,000	\$247,012	\$652,012
2013	330,000	306,575	636,575
2014	340,000	296,675	636,675
2015	350,000	286,475	636,475
2016	360,000	275,975	635,975
2017	370,000	265,175	635,175
2018	385,000	250,375	635,375
2019	400,000	238,825	638,825
2020	415,000	222,825	637,825
2021	430,000	206,225	636,225
2022	440,000	192,250	632,250
2023	455,000	180,150	635,150
2024	475,000	161,950	636,950
2025	495,000	142,950	637,950
2026	520,000	118,200	638,200
2027	545,000	92,200	637,200
2028	565,000	70,400	635,400
2029	585,000	47,800	632,800
2030	610,000	24,400	634,400

PART 4 – THE LIBRARY

GENERAL INFORMATION

General

The Haverstraw King’s Daughters Public Library is located in Rockland County in the Town of Haverstraw, New York approximately 35 miles north of New York City. The King’s Daughters Baptist Society originally founded the Library in 1895 as a free association library. In 1978, the Library became a special district public library via Chapter 427 of the Laws of 1977 of the State of New York and a public referendum. It received a new charter on June 23, 1978. The Library is chartered by the Board of Regents of the State of New York. The Library’s voters approved the Library’s first budget in 1978 and each and every budget thereafter. The Library’s first trustees were elected in April 1978.

The Library’s collection includes over 91,000 volumes of both hardcover and paperback books, and over 1,365 periodicals and newspapers. The Library also offers over 7,000 titles in video, audio and other forms of media for adults and children. Public programs held at the Library include story hours, summer reading clubs and programs of community interest such as concerts, lectures, book discussions and theatre. The Library also provides photocopying machines, public access computers, Internet access and a small meeting room for community use. The Library also maintains active and growing computer-based research and support services for its professional staff and the public.

The Library operates out of two buildings. The original, 10,000 square foot building was constructed in 1903 with an addition added in 1983. On December 6, 2000, voters approved the Tax Referendum by 71% authorizing the construction of a new library building and renovations to the existing 1903 facility. Additionally, the Tax Referendum authorized the Library to assign and pledge to the Authority funds sufficient to repay all obligations of the Library under the loan agreement with the Authority executed in connection with the Refunded Bonds. The Tax Referendum further authorized such funds to be raised by a real property tax on real property within the Library District to be levied annually by the School District. In 2001, the Authority issued the Refunded Bonds on behalf of the Library to fund the reconstruction of the 1903 building as well as the construction of a new, 35,000 building in the hamlet of Garnerville in the Town. Proceeds from the Series 2011 Bonds will be used to refund the Refunded Bonds. The Tax Referendum remains in effect in connection with the issuance of the Series 2011 Bonds and the Library's execution of the Loan Agreement relating thereto.

The Library District includes that portion of the School District that is located within the Town. The Library is governed by a Board of Trustees (the "Board") consisting of seven members, each of whom is elected by residents living within the Library District. The Library is presently one of 47 member libraries comprising the Ramapo Catskill Library System and currently serves a population of approximately 34,000. Funding for the Library is primarily derived from real property taxes levied by the School District on taxable property located within the Library District's boundaries. Annually, the Library's Board determines the Library's tax levy and informs the School District of that amount. The School District then levies the Library's taxes as a separate line item on the same tax bill sent out by the School District to its residents and the Library's residents. The Town of Haverstraw Receiver of Taxes collects the taxes levied by the School District. Commencing each September, the School District sends the Library the Library's share of collected real property taxes collected by the Town. The Town receives the full amount of taxes levied and any deficiency in tax collection is ultimately the County's liability.

The Series 2011 Bonds are not a debt of the School District, the Town, the County or the State and neither the School District, the Town, the County nor the State are liable for debt service payments due on the Series 2011 Bonds.

Governance and Administration

The Library is governed by the Board, all of whom were elected by residents of the Library District. Any resident of the Library District is eligible for election. Board members are elected for staggered five-year terms and can be re-elected to an unlimited number of terms. The Board meets eleven times a year or more frequently as required.

The present members of the Board with their respective titles and terms of office are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Richard Freeman	President	June 2012
Stephen Cobb	Vice President	June 2014
Gail Kaiser	Financial Officer	June 2015
Kathleen Vandervoort	Secretary	June 2016
Patricia Soto	Trustee	June 2013
Bonnie Kopp	Trustee	June 2012
Sonia Brugos Crannage	Trustee	June 2013

The daily operations of the Library are supervised by Joanne Sininsky, Director of the Library, who has served in that capacity since September 1994. Prior to her appointment as Director, Ms. Sininsky served as Director of the Troy Public Library in Troy, New York for six years from 1988 to 1994. The Director acts as chief financial officer of the Library, as liaison to the Board and as director of all duties pertaining to library and financial operations. Ms. Sininsky holds a Master of Library Science degree from the State University of New York at Albany and a Bachelor of Arts degree from the State University of New York at Buffalo.

The Library District

The Library District includes that portion of the School District located within the Town and has a population of approximately 34,000. The Library District is located in the northeastern portion of the County and encompasses a land area of approximately four square miles. The Library District is primarily a suburban residential community comprised of private residences and multiple dwelling units. Commercial activity in the form of shopping centers and small retail outlets is found along the major thoroughfares including Route 9W and Route 202. The municipalities included in the Library District are the Town and the Villages of Haverstraw and West Haverstraw.

The Library District's proximity to the Hudson River provides residents with many recreational opportunities and is reflected in the nature of the goods and services provided by many of the retail establishments. There is a minimal amount of light industry located within the Library District. There are several nursing homes, medical facilities and professional buildings located within the Library District's boundaries. The Library District's area is serviced by State Route 9W, State Route 202 as well as a system of town of county roads. Commuting facilities include Red and Tan bus lines and TOR (Transportation of Rockland). Orange & Rockland Utilities provides electrical service; Verizon provides telephone service and the United Water Co. provides water service. The County and/or each municipality provide the residents of the Library District with sewage services. The New York State Police, Rockland County Sheriff's Department and local police agencies furnish police protection. Several volunteer fire departments provide the Library District residents with fire protection.

Budgetary Procedure

Annually, the Board prepares, or directs the preparation of a budget for the ensuing fiscal year, which ends on June 30th. During the months of February and March, the tentative budget is developed and refined. The tentative budget is adopted by the Board at either its March or April meeting and submitted to public referendum in late May or early June.

Qualified voters of the Library District may participate in the referendum on the proposed budget. If, by a majority the budget is approved by the qualified voters, the Board, by resolution, adopts the budget for the ensuing fiscal year. In the event it is not approved by the electorate of the budget in any year, the Library's appropriation reverts to the approved budget and tax levy for the previous year. In such an event, expenses beyond ordinary contingent expenses may later be added to the budget upon subsequent voter approval. The qualified voters in the Library District approved the budget for the fiscal year beginning July 1, 2011 by a approval rate of 58%. The Library's budget has been approved by its residents for each of the last 33 consecutive years.

Employees

The Library currently employs 81 full and part-time individuals, all under the supervision of the Library's Director. The Library has a good history of relations with its employees and negotiates a new contract annually with its Staff Association which represents the employees. There is no guaranty that these good relations will continue in the future.

ANNUAL FINANCIAL STATEMENT INFORMATION

Financial Statements and Accounting Procedures

The financial accounts of the Library are audited annually in accordance with Government Accounting Standards by independent auditors, and are available for public inspection upon request. A copy of the Library's audited financial statements for the fiscal year ended June 30, 2010, audited by Korn Rosenbaum LLP, is included in Appendix B to this Official Statement.

Library finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. Capital improvements are generally financed by the issuance of bonds.

Property Tax Revenues

As reflected in its audited financial statements, the Library derives the bulk of its annual revenues from a tax on real property aid. Property taxes accounted for 97.6% of total General Fund revenues for the fiscal year ended June 30, 2010.

The following table sets forth the Library's total General Fund revenues and real property tax revenues during the last five audited fiscal years and the amounts budgeted for the two most recent fiscal years.

Property Tax Revenue			
<u>Fiscal Year Ended June 30</u>	<u>General Fund Revenues</u>	<u>Real Property Taxes</u>	<u>Real Taxes to Revenues</u>
2006	\$4,378,522	\$4,252,483	97.1%
2007	4,575,751	4,455,252	97.4
2008	4,703,424	4,535,142	96.4
2009	4,722,856	4,589,399	97.2
2010	4,788,510	4,675,628	97.6
2011 (Adopted Budget)	5,081,306	4,735,198	93.2
2012 (Adopted Budget)	5,204,664	4,825,014	92.7

The Library also derives a small portion of its revenues from fees, investment earnings, grants and other areas.

Fund Balance History

For the fiscal year ended June 30, 2010, based on audited results, General Fund revenues and other sources were \$4,788,510 and General Fund Expenditures and other uses were \$4,678,102, which resulted in an operating surplus of \$110,408 and a cumulative General Fund balance of \$1,156,709. The Library currently has a fund balance that is equal to 24.2% of General Fund revenues.

The following table sets forth the Library's General Fund balance history during the last five audited fiscal years.

General Fund Balance History		
<u>Fiscal Year Ended June 30</u>	<u>End of Year Fund Balance</u>	<u>Fund Balance as a Percentage of Revenues</u>
2006	\$ 785,975	18.0%
2007	740,584	16.2
2008	890,675	18.9
2009	1,046,301	22.2
2010	1,156,709	24.2

Outstanding Indebtedness

The following table provides information relating to direct capital indebtedness outstanding at the end of the last five fiscal years.

Outstanding Indebtedness					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011⁽¹⁾</u>
Series 2001 Bonds ⁽²⁾	\$9,935,000	\$9,685,000	\$9,430,000	\$9,175,000	\$8,910,000

(1) Unaudited.

(2) Proceeds from the Series 2011 Bonds will be used to refund the Series 2001 Bonds.

Employee Pension Benefits

All full-time employees of the Library are members of the New York State Employees' Retirement System (the "Retirement System" or "NYERS"). The Retirement System is a cost-sharing multiple public employee retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. Except as noted below, members hired on or after July 27, 1976 must contribute three percent of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary.

Effective December 10, 2009, new NYERS employees hired after January 1, 2010 must contribute 3% of their gross annual salary, with no provision for these contributions to cease after a certain period of service.

On May 14, 2003, the pension reform bill was enacted into law as Chapter 49 of the Law of 2003 ("Chapter 49"). Chapter 49 changed the billing cycle for employer contributions to the NYERS to more closely match budget cycles of the participating governmental employers. Under the previous method, the Library was not provided with the required payment until after its budget was implemented. Under the reforms implemented by Chapter 49, the employer contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Library is notified of and can include the actual cost of the employer contribution in its budget. Chapter 49 also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

During its 2004 Session the New York State Legislature enacted further pension relief in the form of Chapter 260 of the Laws of 2004 ("Chapter 260"). Chapter 260 changed the pension payment date for all local governments from December 15 to February 1.

The NYERS has advised the Library that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount.

Due to the recent underperformance of the investment portfolio of the State Retirement System ("SRS"), New York State Comptroller Thomas DiNapoli has announced that the employer contribution rates for required pension contributions to the SRS in 2011 and subsequent years will increase. To help mitigate the impact of such increases, legislation has been enacted that permits local governments and school districts to amortize a portion of such contributions. Under such new legislation, local governments and school districts that choose to amortize will be required to set aside and reserve funds with the SRS for certain future rate increases. The Library has not amortized any of its pension payments. The Library contributions made to the NYERS have been equal to 100% of the contributions required in each year.

While the Library is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

The investment of monies, and assumptions underlying same, of the State Retirement System covering the Library's employees is not subject to the direction of the Library. Accordingly, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities ("UAALs") of the State Retirement System. The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the Library which could affect other budgetary matters.

The required contributions for each of the past five fiscal years are presented below.

Contributions to Retirement System

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>NYERS</u> <u>Contribution</u>
2007	\$175,699
2008	169,072
2009	154,075
2010	139,792
2011 (Unaudited)	230,216

The estimated pension contribution for fiscal year ending June 30, 2012 is \$270,000.

Other Post Employment Benefits

GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”) requires state and local governments to account for and report their costs associated with post- retirement healthcare benefits and other non-pension benefits (“OPEB”). 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 do for pensions. GASB 45 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, are estimated to generally provide sufficient resources to pay benefits as they come due.

Under GASB 45, based on an actuarial valuation of the OPEB plan, an annual required contribution will be determined for each state or local government. The annual required contribution 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 a municipality contributes an amount less than the annual required contribution, 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 annual required contribution. An actuarial valuation is required by GASB 45 to be performed every three years for the Library.

The only OPEB benefit currently provided by the Library is retiree health insurance and prescription drug coverage (the “OPEB Plan”). Based on an actuarial valuation of the OPEB Plan for the Fiscal Year ending, June 30, 2011, the OPEB Plan’s estimated unfunded actuarial accrued liability, annual required contribution and Net OPEB obligation are summarized below. The Library has *not* established a separate trust fund through which benefits under the OPEB Plan are paid and has not currently accumulated or earmarked any funds for this purpose. All approved benefits are paid from the Library’s general funds when due.

The OPEB cost (expense) is calculated based on the annual required contribution, an amount actuarially determined in accordance with the parameters of GASB 45. The annual required contribution represents a level funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over 30 years.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 is follows:

	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percent of OPEB</u> <u>Cost Contributed*</u>	<u>Net OPEB</u> <u>Obligation</u>
OPEB Plan	06/30/2011	\$107,000	24.2%	\$81,000

* Represents estimated \$25,912 contribution made for benefits paid to retirees and administrative expenses. The Library has *not* established a separate trust fund through which benefits under the OPEB Plan are to be paid.

The funded status of the OPEB Plan is as follows:

	<u>As of 06/30/10</u>
Actuarial accrued liability*	\$980,000
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (funding excess)	\$980,000
Funded ratio	0.00%
Covered payroll	\$1,878,000
Unfunded actuarial accrued liability as a percentage of covered payroll	52.2%

The assumptions used in calculating the foregoing annual OPEB Cost actuarial accrued liability include the following:

1. Funding Interest Rate: 4.5%
2. Healthcare Inflation: Pre and Post - Medicare 8.0% in 2010, trending to 5.0 in 2013
3. Payroll Growth/ Inflation Assumption: 0.0%
4. Amortization of UAAL: Level percentage of payroll (closed amortization over 30 years)
5. Employee Contribution Information: Retirees required to contribute 5% of premiums of retiree and 30% of spouses premiums. Future year contributions assumed to increase at the same rate as premiums.

Actuarial valuations of an ongoing plan involve 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.

TAX INFORMATION

Real Property Tax Assessments and Rates

The following table presents the real property tax assessments and rates for that portion of the School District located within the Town. The Library District's boundaries are coterminous with those of the portion of the School District located within the Town.

Real Property Tax Assessment and Rates

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessed Value	\$4,154,034,329	\$3,490,949,998	\$3,507,455,705	\$3,317,996,832	\$2,804,035,335
Equalization Rate	118.74	99.30	108.48	110.74	108.85
Full Value	\$3,498,428,776	\$3,515,558,910	\$3,233,274,064	\$2,996,204,471	\$2,576,054,510
Total Tax Levy	\$4,455,252	\$4,535,142	\$4,589,399	\$4,675,628	N/A
Tax Rate ⁽¹⁾	\$1.07	\$1.29	\$1.31	\$1.41	N/A

(1) Per \$1,000 Assessed Value.

Source: New York State Board of Real Property Services.

Tax Limit

The Constitution does not limit the amount that may be raised by the Library District-wide tax levy on real estate in any fiscal year. However, Chapter 97 of the Laws of 2011 imposes a statutory limit on the amount of real property taxes that may be levied from year to year (the "Tax Levy Limit Law"). The Tax Levy Limit Law imposes a tax levy limitation on school districts (such as the School District) and local governments (such as the Town) for any fiscal year commencing after January 1, 2012. Accordingly, the power of school districts and local governments to levy real property taxes on all taxable real property within the School District without limitation as to rate or amount is subject to statutory limitations pursuant to formulae set forth in the Tax Levy Limit Law. The Tax Levy Limit 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 Tax Levy Limit Law (but not less than 1%). The limited exceptions to the Tax Levy Limit Law and the process for overriding the statutory limitations differs with school districts and local governments, respectively.

The Tax Levy Limit Law does not explicitly address how public library districts (such as the Library) will be treated, i.e., as a school district or as its own local government. The current expectation, however, is that public library districts will be considered under the local government section. This interpretation means that public library districts like the Library have their own, separate tax cap, and that the mechanism to exceed the tax cap is the same as for local government. To exceed the tax cap, a library board would 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.

Real Estate Property Tax Collection Procedure

The Town assesses real property in the Library District. Property taxes are levied by the School District on behalf of the Library and the Town of Haverstraw Receiver of Taxes collects the Library tax in the same manner as Town, County and School District taxes are collected. The School District and Library taxes are due and payable from the residents of the Library District on September 1, but may be paid without penalty by September 30. The penalty added to delinquent taxes is one percent (1%) for the first month of delinquency and increases thereafter. The Town receives the full amount of taxes levied and any deficiency in tax collection for taxes levied is ultimately the County's liability. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS – The Collection Agreement."

Ten Largest Taxpayers

The following table presents the total 2011 assessed valuations of the Library District's largest property owners.

Taxable Assessments

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u> ⁽¹⁾
Mirant	Utility	\$199,247,053	7.11%
NY State Lands	State Lands	168,656,079	6.01
Algonquin Gas	Utility	117,645,524	4.19
Palisades Interstate Park	Park	90,560,740	3.23
Orange & Rockland	Utility	83,986,166	2.99
United Water	Utility	61,387,160	2.19
Verizon	Utility	22,616,008	0.81
Berk Cohen	Apartments	19,292,605	0.69
Crystal Hill	Apartments	17,455,214	0.62
US Gypsum	Manufacturing	<u>14,298,536</u>	<u>0.51</u>
		\$795,145,085	28.35%

(1) The Library District's current assessed value for fiscal year 2010/11 is \$2,804,035,335.

Source: Library District Officials.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The Library estimates its 2011 population to be approximately 34,000 within the Library District. The following table presents population trends for the Town, County and State, based upon recent census data.

<u>Year</u>	<u>Population Trend</u>		
	<u>Town</u>	<u>County</u>	<u>State</u>
2000	33,811	286,753	18,976,457
2009	35,611	300,173	18,817,976

Source: New York State Department of Commerce; New York State Department of Economic Development.

Median Household Income

The following table presents median household income for the County and State.

Median Household Income		
	<u>2000</u>	<u>2009</u>
Town	\$53,850	\$66,837
County	67,971	82,368
State	43,393	55,233

Source: US Department of Housing and Urban Development.

Labor and Unemployment

The following tables provide information concerning employment and unemployment in the Town, County and State. Data provided for the Town, County and State are not necessarily representative of the Library.

Civilian Labor Force					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Town	18,200	18,700	19,500	19,600	19,300
County	152,000	154,100	155,800	153,500	151,900
State	9,508,000	9,557,000	9,671,000	9,699,500	9,630,900

Source: New York State Department of Economic Development; Bureau of Economic and Demographic Information.

Yearly Average Unemployment Rates

<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2006	5.1%	3.8%	4.6%
2007	4.9	3.8	4.5
2008	6.3	4.7	5.3
2009	9.5	7.1	8.4
2010	9.1	7.1	8.6

Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
June 2010	8.5%	7.1%	8.4%
July	9.2	7.4	8.6
August	8.9	7.1	8.3
September	8.7	7.1	8.2
October	8.4	6.9	8.0
November	8.9	7.0	8.2
December	9.0	6.8	8.0
January 2011	10.1	7.4	8.9
February	9.7	7.1	8.7
March	8.7	6.5	8.0
April	7.8	6.0	7.7
May	7.8	6.2	7.8

Source: New York State Department of Labor, Bureau of Labor Statistics. Information is not seasonally adjusted.

Major Employers in the School District

<u>Name</u>	<u>Type of Business</u>	<u>Approximate Number Of Employees</u>
Wyeth-Ayerst/Lederle Labs	Pharmaceuticals	3,200
Good Samaritan Hospital	Hospital	1,651
Nyack Hospital	Hospital	1,500
Northern Services Group	Nursing & Convalescent Home	1,100
Rockland Psychiatric Center	Mental Health Services	1,000
Verizon Wireless	Communications	1,000

Source: Department of Planning, Environment & Development.

LITIGATION

In common with other public jurisdictions, the Library from time to time receives notices of claim and is party to litigation. In the opinion of Counsel to the Library, there are no claims or action pending which, if determined against the Library, would have an adverse material effect on the financial condition of the Library.

PART 5 - THE REFUNDING PLAN

A portion of the proceeds of the Series 2011 Bonds and other available funds will be used to pay the principal, interest and redemption price of the Refunded Bonds. Such proceeds and other available funds will be sufficient to pay the interest on and the principal and redemption price of the Refunded Bonds coming due on their redemption date, which will be within 90 days of the issuance of the Series 2011 Bonds. Simultaneously with the issuance and delivery of the Series 2011 Bonds, such proceeds and other available funds will be deposited with the trustee under the resolution pursuant to which the Refunded Bonds were issued (the "Series 2001 Resolution"). At the time of such deposits, the Authority will give such trustee irrevocable instructions to give notice of the redemption of the Refunded Bonds. In the opinion of Co-Bond Counsel, upon making such deposits with the trustee under the Series 2001 Resolution and the giving of such irrevocable instructions, the Refunded Bonds will, under the terms of the Series 2001 Resolution, be deemed to have been paid, will no longer be outstanding and the covenants, agreements and obligations of the Authority with respect to the Refunded Bonds under the Series 2001 Resolution will be discharged and satisfied.

PART 6 – ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

Sources of Funds

Principal Amount of Series 2011 Bonds	\$8,475,000
Net Original Issue Premium	385,981
Funds Held Under Series 2001 Resolution	<u>315,239</u>
Total Sources	<u>\$9,176,220</u>

Uses of Funds

Deposit to the Refunding Escrow	\$8,820,345
Costs of Issuance*	290,875
Underwriter's Discount	<u>65,000</u>
Total Uses	<u>\$9,176,220</u>

* Includes New York State Bond Issuance Charge.

PART 7 – THE AUTHORITY

Background, Purposes and Powers

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

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

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

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

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

At June 30, 2011, the Authority had approximately \$44.1 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of the Authority’s bonds and notes is paid from moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

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

The total amounts of the Authority bonds and notes (excluding debt of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act) outstanding at June 30, 2011 were as follows:

Public Programs	Bonds Issued	Bonds Outstanding	Notes Outstanding	Bonds and Notes Outstanding
State University of New York Dormitory Facilities.....	\$ 2,478,656,000	\$ 1,139,920,000	\$ 0	\$ 1,139,920,000
State University of New York Educational and Athletic Facilities.....	14,369,077,999	6,216,904,624	0	6,216,904,624
Upstate Community Colleges of the State University of New York	1,644,630,000	688,210,000	0	688,210,000
Senior Colleges of the City University of New York	11,126,291,762	3,891,886,213	0	3,891,886,213
Community Colleges of the City University of New York	2,590,993,350	580,673,787	0	580,673,787
BOCES and School Districts	3,137,981,208	2,405,655,000	0	2,405,655,000
Judicial Facilities	2,161,277,717	676,092,717	0	676,092,717
New York State Departments of Health and Education and Other.....	7,018,125,000	4,777,730,000	0	4,777,730,000
Mental Health Services Facilities	8,306,980,000	3,942,415,000	0	3,942,415,000
New York State Taxable Pension Bonds	773,475,000	0	0	0
Municipal Health Facilities Improvement Program	1,146,845,000	742,580,000	0	742,580,000
Totals Public Programs.....	<u>\$ 54,754,333,036</u>	<u>\$ 25,062,067,341</u>	<u>\$ 0</u>	<u>\$ 25,062,067,341</u>
Non-Public Programs	Bonds Issued	Bonds Outstanding	Notes Outstanding	Bonds and Notes Outstanding
Independent Colleges, Universities and Other Institutions	\$ 20,406,784,952	\$ 10,910,736,293	\$ 78,095,000	\$ 10,988,831,293
Voluntary Non-Profit Hospitals.....	14,799,954,309	7,380,355,000	0	7,380,355,000
Facilities for the Aged	2,010,975,000	679,535,000	0	679,535,000
Supplemental Higher Education Loan Financing Program.....	95,000,000	0	0	0
Totals Non-Public Programs.....	<u>\$ 37,312,714,261</u>	<u>\$ 18,970,626,293</u>	<u>\$ 78,095,000</u>	<u>\$ 19,048,721,293</u>
Grand Totals Bonds and Notes	<u>\$ 92,067,047,297</u>	<u>\$ 44,032,693,634</u>	<u>\$ 78,095,000</u>	<u>\$ 44,110,788,634</u>

Outstanding Indebtedness of the Agency Assumed by the Authority

At June 30, 2011, the Agency had approximately \$257 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency's bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at June 30, 2011 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Mental Health Services Improvement Facilities.....	\$ 3,817,230,725	\$ 0
<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
Hospital and Nursing Home Project Bond Program.....	\$ 226,230,000	\$ 2,480,000
Insured Mortgage Programs	6,625,079,927	250,460,000
Revenue Bonds, Secured Loan and Other Programs	2,414,240,000	3,965,000
Total Non-Public Programs.....	\$ 9,265,549,927	\$ 256,905,000
Total MCFFA Outstanding Debt.....	\$ 13,082,780,652	\$ 256,905,000

Governance

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

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

The current members of the Authority are as follows:

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

Alfonso L. Carney, Jr. was appointed as a Member of the Authority by the Governor on May 20, 2009. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical and legal consulting services in New York City. Consulting for the firm in 2005, he served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he directed overall staff management of the foundation, and provided strategic oversight of the administration, communications and legal affairs teams, and developed selected foundation program initiatives. Prior to this, Mr. Carney held several positions with Altria Corporate Services, Inc., most recently as Vice President and Associate General Counsel for Corporate and Government Affairs. Prior to that, Mr. Carney served as Assistant Secretary of Philip Morris Companies Inc. and Corporate Secretary of Philip Morris Management Corp. For eight years, Mr. Carney was Senior International Counsel first for General Foods Corporation and later for Kraft Foods, Inc. and previously served as Trade Regulation Counsel, Assistant Litigation Counsel and Federal Government Relations Counsel for General Foods, where he began his legal career in 1975 as a Division Attorney. Mr. Carney is a trustee of Trinity College, the University of Virginia Law School Foundation, the Riverdale Country School and the Virginia Museum of Fine Arts in Richmond. In addition, he is a trustee of the Burke Rehabilitation Hospital in White Plains. Mr. Carney holds a Bachelors degree in Philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His current term expires on March 31, 2013.

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

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on June 20, 2007. Mr. Johnson is Chairman of the Board and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He is director of the New York Newspapers Foundation, a member of the Development Authority of the North Country and the Fort Drum Regional Liaison Committee, a trustee of Clarkson University and president of the Bugbee Housing Development Corporation. Mr. Johnson has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001 and 2002. He holds a

Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expires on March 31, 2013.

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

Jacques Jiha was appointed as a Member of the Authority by the Governor on December 15, 2008. Mr. Jiha is the Executive Vice President/Chief Operating Officer & Chief Financial Officer of Earl G. Graves, Ltd/Black Enterprise, a multi-media company with properties in print, digital media, television, events and the internet. He is a member of the Investment Advisory Committee of the New York Common Retirement Fund and a member of the Board of Directors at Ronald McDonald House of New York. Previously, Mr. Jiha served as Deputy Comptroller for Pension Investment and Public Finance in the Office of the New York State Comptroller. As the state's chief investment officer, he managed the assets of the NY Common Retirement Fund, valued at \$120 billion, and was also in charge of all activities related to the issuance of New York State general obligation bonds, bond anticipation notes, tax and revenue anticipation notes, and certificates of participation. Mr. Jiha was the Co-Executive Director of the New York State Local Government Assistance Corporation (LGAC) in charge of the sale of refunding bonds, the ratification of swap agreements, and the selection of financial advisors and underwriters. Prior thereto, Mr. Jiha was Nassau County Deputy Comptroller for Audits and Finances. He also worked for the New York City Office of the Comptroller in increasingly responsible positions: first as Chief Economist and later as Deputy Comptroller for Budget. Earlier, Mr. Jiha served as Executive Director of the New York State Legislative Tax Study Commission and as Principal Economist for the New York State Assembly Committee on Ways and Means. He holds a Ph.D. and a Master's degree in Economics from the New School University and a Bachelor's degree in Economics from Fordham University. His current term expired on March 31, 2011 and by law he continues to serve until a successor shall be chosen and qualified.

CHARLES G. MOERDLER, Esq., New York.

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

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

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

SANDRA M. SHAPARD, Delmar.

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

Budget Studies for the Committee on Ways and Means. Ms. Shapard also served as Assistant to the County Executive in Dutchess County. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

GERARD ROMSKI, Esq., Mount Kisco.

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

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

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

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

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

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

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

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

Mr. Megna was appointed Budget Director on June 15, 2009. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio, as well as pensions and employee benefits. Mr. Megna previously served as Commissioner of the New York State Department of Taxation and Finance, responsible for overseeing the collection and accounting of more than \$90 billion in State and local taxes, the administration of State and local taxes, including New York City and the City of Yonkers income taxes and the processing of tax returns, registrations and associated documents. Prior to this he served as head of the Economic and Revenue Unit of the New York State Division of the Budget where he was responsible for State Budget revenue projections and the development and monitoring of the State Financial Plan. Mr. Megna was Assistant Commissioner for Tax Policy for the Commonwealth of Virginia. He also served as Director of Tax Studies for the New York State Department of Taxation and Finance and as Deputy Director of Fiscal Studies for the Ways and Means Committee of the New York State Assembly. Mr. Megna was also an economist for AT&T. He holds Masters degrees in Public Policy from Fordham University and Economics from the London School of Economics.

The principal staff of the Authority is as follows:

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

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

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

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

held increasingly responsible positions with PricewaterhouseCoopers, LLP, becoming Partner in 1993. He is a Certified Public Accountant and holds a Bachelor of Business Administration degree from Siena College.

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

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

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

Claims and Litigation

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

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by the Authority and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. The Authority has obtained the approval of the PACB for the issuance of the Series 2011 Bonds.

Legislation

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

Environmental Quality Review

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

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of the Authority for the fiscal year ended March 31, 2011. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 8 – LEGALITY OF THE SERIES 2011 BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2011 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 2011 Bonds.

The Series 2011 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 2011 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 2011 Resolution.

PART 10 – TAX MATTERS

In the opinion of Squire, Sanders & Dempsey (US) LLP and KnoxSeaton, Co-Bond Counsel, under existing law: (i) interest on the Series 2011 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Series 2011 Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. Co-Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2011 Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Authority and the Library to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2011 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Co-Bond Counsel will not independently verify the accuracy of the Authority’s and the Library’s certifications and representations or the continuing compliance with the Authority’s and the Library’s covenants.

The opinion of Co-Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Co-Bond Counsel’s legal judgment as to exclusion of interest on the Series 2011 Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (“IRS”) or any court. Co-Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Authority or the Library may cause loss of such status and result in the interest on the Series 2011 Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2011 Bonds. The Authority and the Library have each covenanted to take the actions required of it for the interest on the Series 2011 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2011 Bonds, Co-Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Co-Bond Counsel’s attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2011 Bonds or the market value of the Series 2011 Bonds.

A portion of the interest on the Series 2011 Bonds earned by certain corporations may be subject to the federal corporate alternative minimum tax, which is based in part on adjusted current earnings. In addition, interest on the Series 2011 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2011 Bonds. Co-Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2011 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2011 Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Series 2011 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2011 Bonds will not have an adverse effect on the tax status of interest on the Series 2011 Bonds or the market value of the Series 2011 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2011 Bonds from gross income for federal or state income tax purposes. For example, on September 12, 2011, President Obama's administration announced a legislative proposal it called the American Jobs Act that could, among other things, result in additional federal income tax for tax years beginning after 2012 on taxpayers that own tax-exempt bonds, including the Series 2011 Bonds, if they have incomes above certain thresholds.

Prospective purchasers of the Series 2011 Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series 2011 Bonds at other than their original issuance at the respective prices indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Co-Bond Counsel expresses no opinion.

Co-Bond Counsel's engagement with respect to the Series 2011 Bonds ends with the issuance of the Series 2011 Bonds, and, unless separately engaged, Co-Bond Counsel is not obligated to defend the Authority, the Library or the owners of the Series 2011 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Series 2011 Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2011 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2011 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2011 Bonds.

Original Issue Discount and Original Issue Premium

Certain of the Series 2011 Bonds ("Discount Bonds") as indicated on the cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2011 Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or

other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2011 Bonds (“Premium Bonds”) as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

PART 11 – STATE NOT LIABLE ON THE SERIES 2011 BONDS

The Act provides that notes and bonds of the Authority 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 the Authority. The Resolution specifically provides that the Series 2011 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 the Authority’s notes and bonds that the State will not limit or alter the rights vested in the Authority to provide projects, to establish and collect rentals there from and to fulfill agreements with the holders of the Authority’s notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State’s pledges and agreements contained in the Act, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with the Authority and with the holders of the Authority’s notes or bonds.

PART 13 – LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2011 Bonds by the Authority are subject to the approval of Squire, Sanders & Dempsey (US) LLP, New York, New York, and KnoxSeaton, New York, New York, Co-Bond Counsel, whose approving opinions will be delivered with the Series 2011 Bonds. The proposed form of those opinions is set forth in Appendix E hereto. Certain legal matters will be passed upon for the Underwriter by its Counsel, Holland & Knight LLP, New York, New York. Certain legal matters will be passed upon for the Library by its Counsel, Cornell & Cornell, LLP, New City, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2011 Bonds or questioning or affecting the validity of the Series 2011 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 the Authority to finance the Project in accordance with the provisions of the Act, the Resolution, the Series 2011 Resolution and the Loan Agreement.

PART 14 — UNDERWRITING

Loop Capital Markets LLC has agreed, subject to certain conditions, to purchase the Series 2011 Bonds from the Authority at an aggregate purchase price of \$8,795,980.45 and to make a public offering of Series 2011 Bonds at prices that are not in excess of the public offering prices stated on the cover page of this Official Statement. The Underwriter will be obligated to purchase all such Series 2011 Bonds if any are purchased.

The Series 2011 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 has undertaken in a written agreement (the “Continuing Disclosure Agreement”) for the benefit of the Bondholders to provide to Digital Assurance Certification LLC (“DAC”), on behalf of the Authority as the Authority’s disclosure dissemination agent, on or before 150 days after the end of each fiscal year, commencing with the fiscal year of the Library ending June 30, 2011, for filing by DAC with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system for municipal securities disclosures, on an annual basis, operating data and financial information of the type hereinafter described which is included in “PART 4 - THE LIBRARY” of this Official Statement (the “Annual Information”), together with the Library’s annual financial statements prepared in accordance with U.S. generally accepted accounting principles and audited by an independent firm of certified public accountants in accordance with such generally accepted auditing standards; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to the MSRB.

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

The Library also will undertake in the Continuing Disclosure Agreement to provide to the Authority, the Trustee and DAC, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”). In addition, the Authority and the Trustee have undertaken, for the benefit of the Bondholders, to provide such Notices to DAC, should the Authority have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the Library, the Trustee or the Authority, DAC will file the Notices with the MSRB in a timely manner. With respect to the Series 2011 Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC’s obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the Library has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the Library, the Trustee or the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Library, the Holders of the Series 2011 Bonds or any other party. DAC has no responsibility for the failure of the Authority to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the Library, the Trustee or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the Library, the Trustee and the Authority with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority’s disclosure dissemination agent terminate, the Authority will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Bondholders.

The Annual Information means annual information concerning the Library which consists of financial and operating data of the type included in this Official Statement for the Library, which shall include information as described in “PART 4 – THE LIBRARY” under the headings “ANNUAL FINANCIAL STATEMENT

INFORMATION” (unless such information is included in the audited financial statements of the Library) and “TAX INFORMATION,” relating to *valuations, tax rates and levies* similar to that set forth under the table “Real Property Tax Assessment and Rates,” together with a narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of financial and operating data concerning the Library.

The Notices include notices of any of the following events (each, a “Notice event”) with respect to the Series 2011 Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, IRS notices or events affecting the tax-exempt status of the Series 2011 Bonds; (7) modifications to the rights of Holders of the Series 2011 Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2011 Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of the Library; (14) merger, consolidation or acquisition of the Library, if material; (15) appointment of a successor or additional trustee or the change of name of a trustee, if material; and (16) failure to provide annual financial information as required. In addition, DAC will undertake, for the benefit of the Holders of the Series 2011 Bonds, to provide to the MSRB in a timely manner, notice of any failure by the Library to provide the Annual Information and Audited Financial Statements by the date required in the Library’s undertaking described above.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement described above is an action to compel specific performance of the undertaking of DAC, the Library, the Trustee and/or the Authority, and no person, including any Holder of the Series 2011 Bonds, may recover monetary damages thereunder under any circumstances. The Authority or the Library may be compelled to comply with their respective obligations under the Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required thereunder, by any Holder of Outstanding Series 2011 Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2011 Bonds, or (ii) in the case of challenges to the adequacy of the information provided, by the Trustee on behalf of the Holders of the Series 2011 Bonds; provided, however, that the Trustee is not required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of Series 2011 Bonds at the time Outstanding. A breach or default under the Continuing Disclosure Agreement shall not constitute an Event of Default under the Resolution, the Series 2011 Resolutions or the Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The Continuing Disclosure Agreement may be amended or modified without consent of the Holders of the Series 2011 Bonds under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreement when executed by the parties thereto upon the delivery of the Series 2011 Bonds will be on file at the principal office of the Authority.

The Library did not timely provide certain information in the past five years that it had agreed to provide in the continuing disclosure agreement executed in connection with the Refunded Bonds, including its audited financial statements. The Library has since put in place procedures to ensure all future filings are completed in connection with the Series 2011 Bonds in accordance with the Rule 15c2-12.

PART 16 — RATING

Moody’s Investors Service (“Moody’s”) has assigned a rating of “Aa2” to the Series 2011 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 2011 Bonds.

PART 17 – MISCELLANEOUS

Reference in this Official Statement to the Act, the Resolution, the Series 2011 Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2011 Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2011 Resolution and the Loan Agreement are on file with the Authority and the Trustee.

The agreements of the Authority with Holders of the Series 2011 Bonds are fully set forth in the Resolution and the Series 2011 Resolution. Neither any advertisement of the Series 2011 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2011 Bonds.

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

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

The information regarding DTC and DTC's book-entry only system has been furnished by DTC. The Authority believes that this information is reliable, but makes no representations or warranties whatsoever 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 Squire, Sanders & Dempsey (US) LLP and KnoxSeaton, New York, New York, Co-Bond Counsel.

"Appendix B –Financial Statements of the Haverstraw King's Daughters Public Library and Independent Auditors' Report" contains certain audited financial statements of the Library for the years ended June 30, 2009 and June 30, 2010 and the report of the Library's independent auditor, Korn Rosenbaum LLP, on such financial statements.

The Library has reviewed the parts of this Official Statement describing the Library, the Project, the Mortgage, the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B hereto. The Library shall certify as of the dates of sale and delivery of the Series 2011 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 the Authority, the Underwriter and certain others against losses, claims, damages and liabilities arising out of any untrue statements or omissions of statements of any material fact as described in the preceding paragraph.

The 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 the Authority.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

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

DEFINITIONS

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

Authority Fee means the fee payable to the Authority consisting of all of the Authority's internal costs and overhead expenses attributable to the issuance of the Bonds and 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 the Authority.

Authorized Officer means (i) in the case of the Authority, 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 the Authority to perform such act or execute such document; (ii) in the case of the Institution, the person or persons authorized to perform any act or sign any document by or pursuant to a resolution of the Institution's Board of Trustees or its Executive Committee or the by-laws of the Institution; and (iii) in the case of the Trustee, the President, a Vice

President, a Corporate Trust Officer, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

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 the Authority authorized and issued pursuant to the Resolution and to a Series Resolution.

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

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

Bond Year means, 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 2011 Bonds, or any other agreement, by and among the Institution, the Town of Haverstraw, the School District, the Trustee and the Authority executed in connection with the issuance of a Series of Bonds, as the same shall have been amended, supplemented or otherwise modified.

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.

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

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 the Authority, in connection with the foregoing.

Cost or Costs of the Project means costs and expenses or the refinancing of costs and expenses determined by the Authority 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 the Authority for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with 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 the Authority incurred in connection with such Project or pursuant the Resolution or to the applicable Loan Agreement or Mortgage.

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

Debt Service Reserve Fund means 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 the Authority by or pursuant to a Series Resolution.

Debt Service Reserve Fund Requirement means 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.

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 the Authority;

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

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

(iv) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and

operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations.

Government Obligation means:

- (i) a direct obligation of the United States of America;
- (ii) an obligation the principal of and interest on which are fully insured or guaranteed as to payment by the United States of America;
- (iii) an obligation to which the full faith and credit of the United States of America are pledged;
- (iv) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, any of the foregoing; and
- (v) a share or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, wholly comprised of any of the foregoing obligations.

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

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.

Institution means Haverstraw King's Daughters Public Library, a special district public library chartered by the Board of Regents of the State, or any successor thereto.

Intercreditor Agreement means an agreement by and among, *inter alia*, the Authority, 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 Haverstraw King's Daughters Public Library District, established by Chapter 427 of the Laws of 1977 of the State, and consisting of that portion of the School District located within the Town of Haverstraw.

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

Mortgaged Property means the land 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 and/or the Mortgaged Property (excluding the Authority's security interest in the Project Levy) with the prior written consent of the Authority.

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

Permitted Collateral means:

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

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

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

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

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

Permitted Encumbrances means, when used in connection with the Project or the Mortgaged Property, any of the following

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

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

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

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

(v) 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 the Authority 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 to 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 2011 Bonds shall mean the referendum of the qualified voters of the Library District approved on December 6, 2000 in an annual amount not to exceed \$767,000.00.

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 the Authority; or

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

Rating Service means 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 the Authority, 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.

Refunded Bonds means all or any portion of the Authority's Haverstraw King's Daughters Public Library Insured Revenue Bonds, Series 2001, as determined by an authorized officer of the Authority pursuant to the Series 2011 Resolution.

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 this Haverstraw King's Daughters Public Library 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 the Authority 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 the Haverstraw-Stony Point Central School District.

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 2011 Bonds means the Authority's Haverstraw King's Daughters Public Library Revenue Bonds, Series 2011 authorized by the Series 2011 Resolution.

Series 2011 Project means the Project more particularly described in the Loan Agreement.

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

Series 2011 Resolution means the Authority's Series Resolution Authorizing up to \$8,500,000 Haverstraw King's Daughters Public Library Revenue Bonds, Series 2011.

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

State means the State of New York.

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

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

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

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.

**FINANCIAL STATEMENTS OF
THE HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
AND INDEPENDENT AUDITORS' REPORT**

Appendix B

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HVERSTRAW KING'S DAUGHTERS
PUBLIC LIBRARY

FINANCIAL STATEMENTS AND SCHEDULES

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2010

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
FINANCIAL STATEMENTS AND SCHEDULES
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2010

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Trustees of the
Haverstraw King's Daughters Public Library
Garnerville, New York:

We have audited the financial statements of the Haverstraw King's Daughters Public Library as of and for the year ended June 30, 2010, and have issued our report thereon dated October 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Haverstraw King's Daughters Public Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Haverstraw King's Daughters Public Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Haverstraw King's Daughter Public Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Haverstraw King's Daughters Public Library's internal control over financial reporting.

KRPJ

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Haverstraw King's Daughters Public Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Haverstraw King's Daughter's Public Library's financial statements that is more than inconsequential will not be prevented or detected by the Haverstraw King's Daughters Public Library's internal control.

A material weakness is a significant deficiency, or combination of control deficiencies, that results in more than remote likelihood that a misstatement of the financial statements will not be prevented or detected by the Haverstraw King's Daughters Public Library's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies involving in internal control over financial reporting that we consider to be material weaknesses, as defined above.


Korn Rosenbaum LLP

October 28, 2010



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
Haverstraw King's Daughters Public Library
Garnerville, New York:

We have audited the accompanying financial statements of Haverstraw King's Daughters Public Library, as of and for the year ended June 30, 2010, as listed in the accompanying table of contents. These financial statements are the responsibility of the Haverstraw King's Daughters Public Library's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Haverstraw King's Daughters Public Library, as of June 30, 2010, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

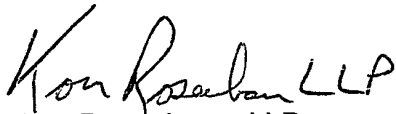
In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2010 on our consideration of the Haverstraw King's Daughters Public Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 2 to the financial statements, the Library adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments.

KRPJ

The management's discussion and analysis and budgetary comparison information on pages 5-13 and 35-39, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Haverstraw King's Daughters Public Library's basic financial statements. The other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Haverstraw King's Daughters Public Library. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.


Korn Rosenbaum LLP

October 28, 2010, Except
for the inclusion of Post
Employment Retirement
Benefits as disclosed in
Note 9, as to which the
date is August 30, 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

The following is a narrative overview and analysis of the financial activities of the Haverstraw King's Daughters Library (Library) for the fiscal years ended June 30, 2009 and 2010. This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements, which have the following components: (1) management's discussion and analysis (MD&A), (2) library-wide financial statements, (3) fund financial statements, and (4) notes to the financial statements.

LIBRARY-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances in a manner similar to a private-sector business.

The "statement of net assets" presents information on all of the Library's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The "statement of activities" presents information showing how the Library's net assets changed during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

The government-wide financial statements can be found on pages 14-15 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the library-wide financial statements.

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Library's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Haverstraw King's Daughters Library maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the governmental funds as the Library considers each one to be a major fund.

The Haverstraw King's Daughters Library adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-17 of this report.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Library in a trustee or custodial capacity. Fiduciary funds include Private Purpose Trust and Agency funds. The Private Purpose Trust Fund accounts for assets held by the Library in accordance with terms of a trust agreement. The Agency Fund accounts for assets held by the Library on behalf of others.

The basic fiduciary fund financial statements can be found on pages 18-19 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes also present certain required supplementary information.

OTHER INFORMATION

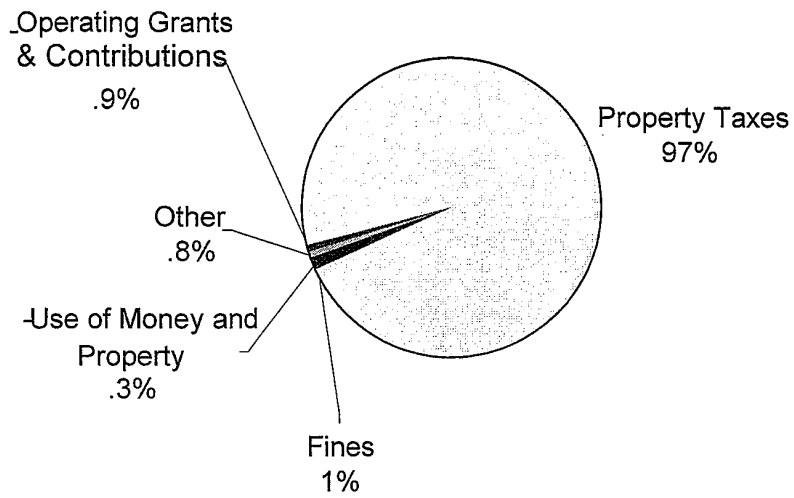
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

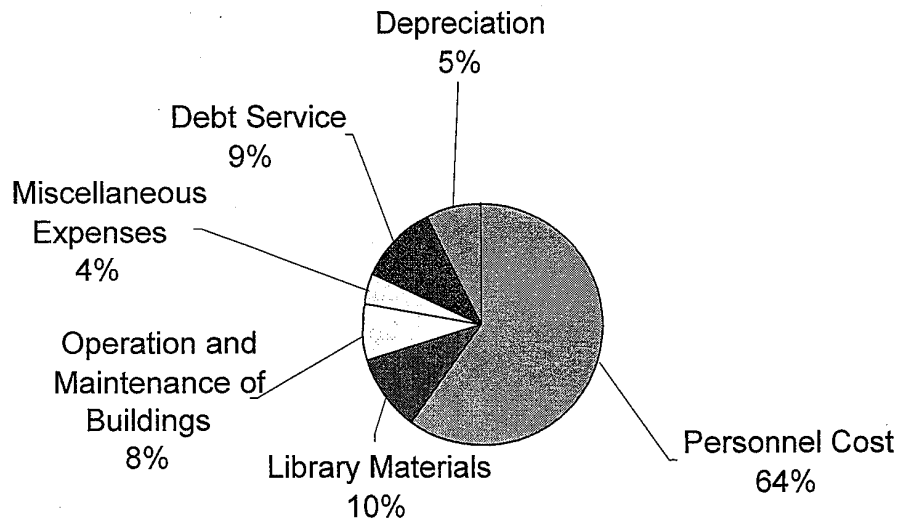
In the government-wide financial statements, all of the activities of the Library are considered governmental activities. Governmental activities increased the Library's net assets by approximately \$ 262,000 during fiscal year 2009 and increased the Library's net assets by approximately \$101,000 during fiscal year 2010. Key elements of these changes are as follows:

In fiscal year 2010 the library-wide revenues increased from fiscal year 2009 levels by approximately \$49,000, while library-wide expenses grew by approximately \$210,000 and, in addition, the Library retired \$270,000 of its long term debt.

Revenues by Source – Governmental Activities



Expenditures - Governmental Activities



As noted earlier, increases and decreases of net assets may serve over time as a useful indicator of changes in government's financial position. The library's combined net assets were larger on June 30, 2010, than they were the year before, increasing by approximately \$101,000. The following chart summarizes the statement of net assets.

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 1,622,146	\$ 1,625,655
Capital Assets	<u>9,957,634</u>	<u>10,098,633</u>
Total Assets	<u>\$ 11,579,780</u>	<u>\$ 11,724,288</u>
Long-term liabilities outstanding	\$ 8,925,078	\$ 9,108,298
Other liabilities	<u>587,996</u>	<u>650,423</u>
Total Liabilities	<u>\$ 9,513,074</u>	<u>\$ 9,758,721</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 1,077,634	\$ 948,633
Restricted	416,925	463,225
Unrestricted	<u>572,147</u>	<u>553,709</u>
Total net assets	<u>\$ 2,066,706</u>	<u>\$ 1,965,567</u>

The revenues and expenditures remained fairly static during the fiscal year ended June 30, 2010. The increase in net assets is primarily attributed to the reduction in the organization's debt during the year through the annual payment of loan principal.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Library ended the fiscal year June 30, 2010, with a general fund balance of \$1,156,709.

The table below summarizes the changes in the fund balance of the Library's governmental funds.

GOVERNMENTAL FUNDS

	<u>General</u>	<u>Capital</u>	<u>Total</u>
Fund Balances(deficit) July 1, 2008	\$ 890,675	\$ 555,010	\$ 1,445,685
Revenues	4,722,856	18,237	4,741,093
Expenditures	4,567,230	110,022	4,677,252
Other Sources and Uses	-	-	-
Change in fund balance	<u>\$ 155,626</u>	<u>\$ (91,785)</u>	<u>\$ 63,841</u>
Fund Balances(deficit) June 30,2009	\$ 1,046,301	\$ 463,225	\$ 1,509,526
Revenues	4,788,510	1,839	4,790,349
Expenditures	4,678,102	48,139	4,726,241
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	<u>\$ 110,408</u>	<u>\$ (46,300)</u>	<u>\$ 64,108</u>
Fund Balances (deficit) June 30,2010	<u>\$ 1,156,709</u>	<u>\$ 416,925</u>	<u>\$ 1,573,634</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The following information is presented to assist the reader in comparing the original budget and the final amended budget (Modified Budget) and how actual results compared with these budgeted amounts. The Modified Budget can be modified subsequent to the end of the fiscal year.

General Fund Revenues

The following table summarizes actual revenues by category for fiscal year 2010 and compares revenues to the current fiscal year's Budget and Modified Budget.

	General Fund Revenues			
	Original <u>Budget</u>	Modified <u>Budget</u>	Actual <u>2010</u>	Actual <u>2009</u>
Revenues:				
Real Property Tax	\$ 4,674,162	\$ 4,674,162	\$ 4,675,628	\$ 4,589,399
Use of Money and Property	60,000	60,000	13,263	42,802
Miscellaneous	17,925	17,925	23,101	18,799
Grants	17,000	17,000	20,658	17,384
Fines	49,500	49,500	54,345	53,876
Insurance Recoveries	-	-	-	-
Donations	200	200	1,515	596
Total Revenue	<u>\$ 4,818,787</u>	<u>\$ 4,818,787</u>	<u>\$ 4,788,510</u>	<u>\$ 4,722,856</u>
Other Sources:				
Designated Fund Balance	\$ 169,100	\$ 169,100		
Appropriated Reserve Encumbrance	<u>-</u>	<u>-</u>		
Total Other Sources	<u>\$ 169,100</u>	<u>\$ 169,100</u>		
Total Revenues and Other Source	<u>\$ 4,987,887</u>	<u>\$ 4,987,887</u>		

General Fund Expenditures

The following table summarizes actual expenditures by function/program for the fiscal year 2010 and compares expenditures to the current fiscal year's Budget and Modified Budget.

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>2010</u>	Actual <u>2009</u>
Expenditures and Other Uses				
Expenditures:				
Personnel Costs	\$ 3,131,789	\$ 3,131,789	\$ 2,947,144	\$ 2,832,510
Library Materials	539,032	539,032	487,522	457,911
Operation and Maintenance	420,150	420,150	378,604	406,421
Miscellaneous Expenditures	188,525	188,525	156,441	162,377
Debt Service	708,391	708,391	708,391	708,011
Total Expenditures	<u>\$ 4,987,887</u>	<u>\$ 4,987,887</u>	<u>\$ 4,678,102</u>	<u>\$ 4,567,230</u>
Other Uses:				
Operating Transfers Out	\$ -	\$ -	\$ -	\$ -
Total Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures and Other Uses	<u>\$ 4,987,887</u>	<u>\$ 4,987,887</u>	<u>\$ 4,678,102</u>	<u>\$ 4,567,230</u>

CAPITAL ASSETS

The Library's investment in capital assets includes land, buildings, equipment, and infrastructure, including such things as parking lots and curbing.

The following table lists the capital assets net of accumulated depreciation.

	Governmental Activities June 30,	
	<u>2010</u>	<u>2009</u>
Land	\$ 2,020,461	\$ 2,020,461
Buildings	7,843,278	7,979,993
Equipment	93,895	98,179
Total	<u>\$ 9,957,634</u>	<u>\$10,098,633</u>

FACTORS BEARING ON THE LIBRARY'S FUTURE

At the time these financial statements were prepared and audited, the Library was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Retirement costs are also expected to increase at a moderate rate in subsequent years. The State has increased the contribution rate for the 2010-2011 fiscal year.
- Health insurance costs are expected to rise over the next several years.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Haverstraw King's Daughters Library, 10 Ramapo Road, Garnerville, New York 10923.

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Primary Government</u>
<u>ASSETS</u>	
Unrestricted Cash	\$ 1,270,746
Investments	341,406
Deposits	1,896
Prepaid Expenditure	8,098
Capital Assets (net)	<u>9,957,634</u>
<u>TOTAL ASSETS</u>	<u>\$ 11,579,780</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 20,520
Accrued Interest Payable	219,196
Payroll Liabilities	-
Due to Other Funds	27,992
Noncurrent liabilities:	
Due within one year	320,288
Due in more than one year	<u>8,925,078</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 9,513,074</u>
<u>NET ASSETS</u>	
Investment in Capital Assets, net of related debt	\$ 1,077,634
Restricted for:	
Capital Projects	416,925
Unrestricted	<u>572,147</u>
<u>TOTAL NET ASSETS</u>	<u>\$ 2,066,706</u>

See accompanying notes to Financial Statements

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Expenses</u>	<u>Program Revenue</u> Charges for <u>Services</u>	<u>Operating</u> <u>Grants</u>	Net (Expense) Revenue and Changes in <u>Net Assets</u>
<u>FUNCTIONS/PROGRAMS</u>				
Library Operations	\$ (4,466,407)	\$ -	\$ 21,253	\$ (4,445,154)
Depreciation - unallocated	(222,803)	-	-	(222,803)
<u>TOTAL FUNCTIONS AND PROGRAMS</u>	<u>\$ (4,689,210)</u>	<u>\$ -</u>	<u>\$ 21,253</u>	<u>\$ (4,667,957)</u>
 <u>GENERAL REVENUES</u>				
Real Property Tax				\$ 4,675,628
Use of Money and Property				14,507
Sale of Property and Compensation for Loss				-
Fines				54,345
Donations				1,515
Miscellaneous				23,101
<u>TOTAL GENERAL REVENUES</u>				<u>\$ 4,769,096</u>
 <u>CHANGE IN NET ASSETS</u>				
				\$ 101,139
Total Net Assets - Beginning of Year				1,965,567
Prior Period Adjustment				-
Total Net Assets - End of Year				<u>\$ 2,066,706</u>

See accompanying notes to Financial Statements

Haverstraw King's Daughters Public Library
Balance Sheet - Governmental Funds
June 30, 2010

	<u>General</u>	<u>Capital Project</u>	<u>Total</u>
<u>ASSETS</u>			
Unrestricted Cash	\$ 1,138,032	\$ 132,714	\$ 1,270,746
Investments	-	341,406	341,406
Due From Other Funds	29,203	-	29,203
Deposits	1,896	-	1,896
Prepaid Expenditures	8,098	-	8,098
<u>TOTAL ASSETS</u>	<u>\$ 1,177,229</u>	<u>\$ 474,120</u>	<u>\$ 1,651,349</u>
<u>LIABILITIES</u>			
Accounts Payable & Accrued Liabilities	\$ 20,520	\$ -	20,520
Payroll Liabilities	-	-	-
Due to Other Funds	-	57,195	57,195
Due to Employees' Retirement System	-	-	-
<u>TOTAL LIABILITIES</u>	<u>\$ 20,520</u>	<u>\$ 57,195</u>	<u>\$ 77,715</u>
<u>FUND BALANCES</u>			
Reserved for Debt	\$ -	\$ 416,925	\$ 416,925
Unreserved:			
Designated for Subsequent Years' Expenditures	-	-	-
Undesignated	1,156,709	-	1,156,709
<u>TOTAL FUND BALANCES</u>	<u>\$ 1,156,709</u>	<u>\$ 416,925</u>	<u>\$ 1,573,634</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 1,177,229</u>	<u>\$ 474,120</u>	<u>\$ 1,651,349</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 9,957,634
Long-term liabilities, including bonds payable, compensated absences and post-employment benefits, are not due and payable in the current period and therefore are not reported in the funds.	(9,464,562)
	<u>\$ 2,066,706</u>

See accompanying notes to Financial Statements

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>
<u>REVENUES</u>			
Real Property Tax	\$ 4,675,628	\$ -	\$ 4,675,628
Charges for Services	-	-	-
Use of Money and Property	13,263	1,244	14,507
Insurance Recoveries	-	-	-
Miscellaneous	23,101	-	23,101
Grant Revenue	20,658	595	21,253
Fines	54,345	-	54,345
Donations	1,515	-	1,515
<u>TOTAL REVENUES</u>	<u>\$ 4,788,510</u>	<u>\$ 1,839</u>	<u>\$ 4,790,349</u>
<u>EXPENDITURES</u>			
Personnel Cost	2,947,144	-	2,947,144
Library Materials	487,522	-	487,522
Operation and Maintenance of Building	378,604	-	378,604
Miscellaneous Expenditures	156,441	-	156,441
Debt Service	708,391	-	708,391
Capital Outlay	-	48,139	48,139
<u>TOTAL EXPENDITURES</u>	<u>\$ 4,678,102</u>	<u>\$ 48,139</u>	<u>\$ 4,726,241</u>
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</u>			
	<u>\$ 110,408</u>	<u>\$ (46,300)</u>	<u>\$ 64,108</u>
Other Sources and Uses:			
Operating Transfers In	\$ -	\$ -	\$ -
Operating Transfers Out	-	-	-
Proceeds of Long-Term Debt	-	-	-
<u>TOTAL OTHER SOURCES AND USES</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</u>			
	<u>\$ 110,408</u>	<u>\$ (46,300)</u>	<u>\$ 64,108</u>
Fund Balance, Beginning of Year	1,046,301	463,225	1,509,526
Prior Period Adjustment	-	-	-
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 1,156,709</u>	<u>\$ 416,925</u>	<u>\$ 1,573,634</u>

See accompanying notes to Financial Statements

Haverstraw King's Daughters Public Library
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Unrestricted Cash	\$ 266	\$ -
Due From Other Funds	-	27,992
<u>TOTAL ASSETS</u>	<u>\$ 266</u>	<u>\$ 27,992</u>
<u>LIABILITIES</u>		
Other Liabilities	\$ -	\$ 27,992
Due to Other Funds	-	-
<u>TOTAL LIABILITIES</u>	<u>\$ -</u>	<u>\$ 27,992</u>
<u>NET ASSETS</u>		
Held in trust for:		
Trust	\$ 266	
<u>TOTAL NET ASSETS</u>	<u>\$ 266</u>	

See accompanying notes to Financial Statements

Haverstraw King's Daughters Public Library
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	Private Purpose Trust
<u>ADDITIONS</u>	
Contributions	\$ -
Investment Earnings:	
Dividends	-
<u>TOTAL ADDITIONS</u>	<u>\$ -</u>
<u>DEDUCTIONS</u>	
Administrative expenses	\$ -
<u>TOTAL DEDUCTIONS</u>	<u>\$ -</u>
Changes in Net Assets	\$ -
Net Assets - Beginning of year	<u>266</u>
Net Assets - End of year	<u>\$ 266</u>

See accompanying notes to Financial Statements

HAYERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
<u>ASSETS</u>				
Unrestricted Cash	\$ 1,270,746	\$ -	\$ -	\$ 1,270,746
Investments	341,406	-	-	341,406
Due From Other Funds	29,203	-	(29,203)	-
Other Receivables (net)	1,896	-	-	1,896
Prepaid Expenditures	8,098	-	-	8,098
Capital assets, net	-	9,957,634	-	9,957,634
<u>TOTAL ASSETS</u>	<u>\$ 1,651,349</u>	<u>\$ 9,957,634</u>	<u>\$ (29,203)</u>	<u>\$ 11,579,780</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 20,520	\$ -	\$ -	\$ 20,520
Payroll Liabilities	-	-	-	-
Accrued Interest Payable	-	219,196	-	219,196
Due to Other Funds	57,195	-	(29,203)	27,992
Bonds Payable	-	8,880,000	-	8,880,000
Other Post Employment Retirement Benefits	-	81,165	-	81,165
Compensated Absences	-	284,201	-	284,201
<u>TOTAL LIABILITIES</u>	<u>\$ 77,715</u>	<u>\$ 9,464,562</u>	<u>\$ (29,203)</u>	<u>\$ 9,513,074</u>
<u>FUND BALANCE/NET ASSETS</u>				
<u>TOTAL FUND BALANCES/NET ASSETS</u>	<u>\$ 1,573,634</u>	<u>\$ 493,072</u>	<u>\$ -</u>	<u>\$ 2,066,706</u>
<u>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</u>				
	<u>\$ 1,651,349</u>	<u>\$ 9,957,634</u>	<u>\$ (29,203)</u>	<u>\$ 11,579,780</u>

See accompanying notes to Financial Statements

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN
FUND EQUITY TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2010

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transaction	Statement of Activities Totals
<u>REVENUES</u>					
Real Property Tax	\$ 4,675,628	\$ -	\$ -	\$ -	\$ 4,675,628
Use of Money and Property	14,507	-	-	-	14,507
Sale of Property and Compensation for Loss	-	-	-	-	-
Miscellaneous	23,101	-	-	-	23,101
Grant Revenue	21,253	-	-	-	21,253
Fines	54,345	-	-	-	54,345
Donations	1,515	-	-	-	1,515
<u>TOTAL REVENUES</u>	<u>\$ 4,790,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,790,349</u>
<u>EXPENDITURES\EXPENSES</u>					
Personnel Cost	\$ 2,947,144	\$ 96,780	\$ -	\$ -	\$ 3,043,924
Library Materials	487,522	-	(33,665)	-	453,857
Operation and Maintenance of Building	378,604	-	-	-	378,604
Miscellaneous Expenditures	156,441	-	-	-	156,441
Debt Service	708,391	-	-	(274,810)	433,581
Capital Outlay	48,139	-	(48,139)	-	-
Depreciation	-	-	222,803	-	222,803
<u>TOTAL EXPENDITURES</u>	<u>\$ 4,726,241</u>	<u>\$ 96,780</u>	<u>\$ 140,999</u>	<u>\$ (274,810)</u>	<u>\$ 4,689,210</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>\$ 64,108</u>	<u>\$ (96,780)</u>	<u>\$ (140,999)</u>	<u>\$ 274,810</u>	<u>\$ 101,139</u>
Other Sources and Uses:					
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers Out	-	-	-	-	-
<u>TOTAL OTHER SOURCES AND USES</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>NET CHANGE FOR THE YEAR</u>	<u>\$ 64,108</u>	<u>\$ (96,780)</u>	<u>\$ (140,999)</u>	<u>\$ 274,810</u>	<u>\$ 101,139</u>

See accompanying notes to Financial Statements

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Haverstraw King's Daughters Public Library have been prepared in conformity with generally accepted accounting principles (GAAP) as apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the Library are described below:

A. Reporting Entity

The reporting entity of the Library is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the Library. The Library is not a component unit of another reporting entity. The decision to include a potential component unit in the Library's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability.

B. Basis of presentation

i) Library-wide statements:

The Statement of Net Assets and the Statement of Activities present financial information about the Library's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Library's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii) Fund financial statements:

The fund statements provide information about the Library's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Library reports the following major governmental funds:

General Fund: This is the Library's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the Library acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the Library, and are not available to be used.

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

C. Measurement focus and basis of accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Library gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Library considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Cash and Investments

The Library's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the Library's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value.

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

E. Property taxes

Real property taxes are levied annually by the Board of Trustees no later than September 1, and become a lien during the following November. Taxes were collected during the period September 1, 2009 to March 31, 2010.

Uncollected real property taxes are subsequently enforced by the County of Rockland.

F. Accounts receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

G. Prepaid items

Prepaid items represent payments made by the Library for which benefits extend beyond year-end.

H. Due to/from other funds

The amounts reported on the Statement of Net Assets for due to and due from other funds represents amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

I. Capital assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Library-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 500	Straight Line	50
Equipment	\$ 500	Straight Line	5 - 20

J. Vested employee benefits

Library employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated vacation days is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates and contractual obligations in effect at year-end.

Library employees participate in the New York State Employees' Retirement System.

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

K. Budgetary procedures and budgetary accounting

The Library administration prepares a proposed budget for approval by the Board of Trustees for the General Fund.

The voters of the Library approved the proposed appropriation budgets for the General Fund.

Appropriations are adopted at the program level.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end, unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

L. Deferred Revenue

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Library before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Library has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

Statute provides the authority for the Library to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available

HVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

M. Restricted resources

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Library's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

N. Interfund Transfers

The operations of the Library give rise to certain transactions between funds, including transfers of expenditures and transfers of revenues to provide services and construct assets. Approval of Capital Project expenditures and the necessary transfers from the General Fund to the Capital Projects Fund were approved by voters in a previous fiscal year.

O. Reclassifications

Certain prior year data has been reclassified to conform to the current year's presentation.

NOTE 3 STEWARDSHIP AND COMPLIANCE

The Library was in compliance with all legal and contractual provisions for the fiscal year.

HAYERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 CASH

New York State statutes govern the Library's investment policies, as discussed previously in these Notes. In addition, the Haverstraw King's Daughters Library has its own written investment policy. Library monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

- A) Insured or collateralized with securities held by the Library or by its agent in the Library's name, or
- B) Collateralized with securities held by the pledging financial institution's trust department or agency in the Library's name, or
- C) Uncollateralized.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

Total financial institution bank balances at year-end, per the bank, are categorized as follows:

- A) \$ 500,000
- B) \$ 844,998
- C) \$ -0-

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Government Activities:				
Capital Assets that are not depreciated:				
Land	\$ 2,020,461	\$ -	\$ -	\$ 2,020,461
Total non-depreciable historical cost	<u>\$ 2,020,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,020,461</u>
Capital assets that are depreciated:				
Buildings	\$ 9,362,763	\$ 48,139	\$ -	\$ 9,410,902
Equipment	1,242,451	33,665	-	1,276,116
Total depreciable historical cost	<u>\$ 10,605,214</u>	<u>\$ 81,804</u>	<u>\$ -</u>	<u>\$ 10,687,018</u>
Less: Accumulated depreciation:				
Buildings	\$ 1,382,770	\$ 184,854	\$ -	\$ 1,567,624
Equipment	1,144,272	37,949	-	1,182,221
Total accumulated depreciation	<u>\$ 2,527,042</u>	<u>\$ 222,803</u>	<u>\$ -</u>	<u>\$ 2,749,845</u>
Total depreciable historical cost, net	<u>\$ 10,098,633</u>	<u>\$ (140,999)</u>	<u>\$ -</u>	<u>\$ 9,957,634</u>

NOTE 6 SHORT-TERM DEBT

The Library may issue Revenue Anticipation Notes and Tax Anticipation Notes, in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. During the fiscal year ended June 30, 2010 the Library did not issue RANs and TANs.

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

IOTE 7 LONG-TERM DEBT

Interest on long-term debt for the year was composed of:

Interest paid	\$ 438,391
Less interest accrued in the prior year	224,006
Plus interest accrued in the current year	<u>219,196</u>
Total expense	<u>\$ 433,581</u>

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Government activities:					
Bonds and notes payable:					
General obligation debt:					
Serial Bond Payable	\$ 9,150,000	\$ -	\$ 270,000	\$ 8,880,000	\$ 280,000
Total bonds & notes payable					
Other liabilities:					
Compensated absences	\$ 268,586	\$ 15,615	\$ -	\$ 284,201	\$ 42,630
Total other liabilities	<u>\$ 268,586</u>	<u>\$ 15,615</u>	<u>\$ -</u>	<u>\$ 284,201</u>	<u>\$ 42,630</u>
Total long-term liabilities	<u>\$ 9,418,586</u>	<u>\$ 15,615</u>	<u>\$ 270,000</u>	<u>\$ 9,164,201</u>	<u>\$ 322,630</u>

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2010</u>
<u>Serial Bonds</u>				
Library Addition	2001	2030	4.50% - 5.00%	\$ 8,880,000
<u>Year (s)</u>		<u>Bonds</u>	<u>Interest</u>	<u>Total</u>
2010 - 2011		\$ 280,000	\$ 428,132	\$ 708,132
2011 - 2012		290,000	416,932	706,932
2012 - 2013		305,000	405,332	710,332
2013 - 2014		315,000	392,750	707,750
2014 - 2015		330,000	379,362	709,362
5 Subsequent years		1,890,000	1,655,325	3,545,325
5 Subsequent years		2,405,000	1,139,000	3,544,000
5 Subsequent years		<u>3,065,000</u>	<u>474,500</u>	<u>3,539,500</u>
Total		<u>\$ 8,880,000</u>	<u>\$5,291,333</u>	<u>\$14,171,333</u>

NOTE 8 INTERFUND BALANCES AND ACTIVITIES

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 29,203	\$ -	\$ -	\$ -
Capital Projects Fund	<u>-</u>	<u>57,195</u>	<u>-</u>	<u>-</u>
Agency Fund	\$ 29,203	\$ 57,195	\$ -	\$ -
	<u>27,992</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 57,195</u>	<u>\$ 57,195</u>	<u>\$ -</u>	<u>\$ - -</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Assets.

The Library typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9 OTHER POST EMPLOYMENT BENEFITS

Recently enacted accounting rule, GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). 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. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

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

Under GASB 45, based on an actuarial valuation of the OPEB plan, an annual required contribution ("ARC") will be determined for each state or local government. 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 a municipality 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. An actuarial valuation is required by GASB 45 to be performed every three years for the Library.

The only OPEB benefit currently provided by the Library is retiree health insurance (the "OPEB Plan"). Based on an actuarial valuation of the OPEB Plan for the Fiscal Year ending, June 30, 2010, the OPEB Plan's estimated unfunded actuarial accrued liability was \$980,847 and an ARC of \$107,077. The Library has *not* established a separate trust fund through which benefits under the OPEB Plan are paid and has not currently accumulated or earmarked any funds for this purpose. All approved benefits are paid from the Library's general funds when due.

HAYERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

The OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over 30 years.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 is follows:

	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percent of OPEB Cost Contributed*</u>	<u>Net OPEB Obligation</u>
OPEB Plan	06/30/2010	\$107,077	24.2%	\$81,165

* Represents estimated \$25,912 contribution made for benefits paid to retirees and administrative expenses. The Library has *not* established a separate trust fund through which benefits under the OPEB Plan are to be paid.

The funded status of the OPEB Plans is as follows:

	<u>As of 06/30/10</u>
Actuarial accrued liability (a)	\$980,847
Actuarial value of plan assets (b)	<u>0</u>
Unfunded actuarial accrued liability (funding excess) (a)- (b)	\$980,847
Funded ratio (b)/(a)	0.00%
Covered payroll (c)	\$1,878,435
Unfunded actuarial accrued liability as a percentage of covered payroll ((a)-(b))/(c)	52.2%

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

Actuarial Assumptions

Funding Interest Rate: 4.5%
Healthcare Inflation: Pre and Post - Medicare 8.0% in 2010, trending to 5.0 in 2013
Payroll Growth/ Inflation Assumption: 0.0%
Amortization of UAAI: Level percentage of payroll (closed amortization over 30 years)
Employee Contribution Information: Retirees required to contribute of 5% of premiums of retiree and 30% of spouses premiums. Future year contributions assumed to increase at the same rate as premiums.

Actuarial valuations of an ongoing plan involve 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 Borrower did not have the actuarial valuation of the OPEB Plan prepared in time for the Fiscal Year ending June 30, 2010 audited financial statements.

NOTE 10 PENSION PLANS

The Library participates in the New York State Employees' Retirement System (NYSERS). This is a cost-sharing multiple employer public employee retirement systems. The System offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

The System is noncontributory, except for employees who joined the System after July 27, 1976, who contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For

Haverstraw King's Daughters Public Library
Notes to the Financial Statements
June 30, 2010

NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund.

The Library is required to contribute at an actuarially determined rate. The Library contributions made to the System were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSERS</u>
2010	\$ 139,792
2009	\$ 154,075
2008	\$ 169,072

Since 1989, the ERS's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis

NOTE 11 FUND BALANCES

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the Governmental Funds Balance Sheet.

NOTE 12 CONTINGENCIES

A. Grants

The Haverstraw King's Daughters Library has received grants in excess of \$20,000 which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. Haverstraw King's Daughters Library's administration believes that disallowances, if any, would be immaterial.

B. Litigation

Counsel for the Haverstraw King's Daughters Library has advised that there is no threatened litigation or pending claims against the Haverstraw King's Daughters Library that would materially effect the financial statements.

SUPPLEMENTAL SCHEDULES FOLLOWING

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Prior Year Actual	Original Budget	Revised Budget	Current Year Actual	Over (Under) Revised Budget
REVENUE:					
Taxes Received	\$ 4,589,399	\$ 4,674,162	\$ 4,674,162	\$ 4,675,628	\$ 1,466
Interest Income	42,802	60,000	60,000	13,263	(46,737)
Miscellaneous	18,799	17,925	17,925	23,101	5,176
Grants	17,384	17,000	17,000	20,658	3,658
Fines	53,876	49,500	49,500	54,345	4,845
Insurance Recoveries	-	-	-	-	-
Donations	596	200	200	1,515	1,315
TOTAL REVENUE	\$ 4,722,856	\$ 4,818,787	\$ 4,818,787	\$ 4,788,510	\$ (30,277)
OTHER SOURCES:					
Appropriated Fund Balance	\$ -	\$ 169,100	\$ 169,100	\$ -	\$ (169,100)
TOTAL REVENUE & OTHER SOURCES	\$ 4,722,856	\$ 4,987,887	\$ 4,987,887	\$ 4,788,510	\$ (199,377)
EXPENDITURES AND TRANSFERS					
PERSONNEL COSTS:					
Personnel Salaries	\$ 2,097,402	\$ 2,268,817	\$ 2,304,656	\$ 2,224,814	\$ (79,842)
Social Security	155,357	173,565	173,565	171,746	(1,819)
Unemployment Insurance	7,209	15,000	15,000	10,398	(4,602)
Workman's Compensation	25,787	37,000	37,000	22,236	(14,764)
N.Y.S. Retirement	154,075	171,850	171,850	139,792	(32,058)
Disability insurance	11,893	13,000	13,000	11,763	(1,237)
Hospitalization	363,097	431,557	395,718	347,600	(48,118)
Dental Insurance	16,745	20,000	19,646	17,441	(2,205)
Optical Insurance	945	1,000	1,354	1,354	-
TOTAL PERSONNEL COSTS	\$ 2,832,510	\$ 3,131,789	\$ 3,131,789	\$ 2,947,144	\$ (184,645)
LIBRARY MATERIALS:					
Books	\$ 166,564	\$ 159,950	\$ 161,008	\$ 159,062	\$ (1,946)
Lending Fees	-	50	50	-	(50)
Standing Orders	51,822	54,000	54,000	49,227	(4,773)
Periodicals	11,553	13,000	13,000	11,299	(1,701)
Audio	38,210	42,832	41,050	36,586	(4,464)
AV Materials	31,255	40,200	40,924	38,385	(2,539)
Microform	3,294	4,000	4,000	3,294	(706)
Office Equipment	26,490	34,000	34,000	33,665	(335)
Internet Public	3,873	5,000	5,000	3,870	(1,130)
Pamphlet File	-	50	50	-	(50)
Computer Equipment & Materials	19,705	31,352	31,352	27,297	(4,055)
Computer Data Systems	105,145	154,598	154,598	124,837	(29,761)
Videos	-	-	-	-	-
TOTAL LIBRARY MATEIRALS	\$ 457,911	\$ 539,032	\$ 539,032	\$ 487,522	\$ (51,510)

See Accompanying Notes to Financial Statements.

HAVERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Prior Year Actual	Original Budget	Revised Budget	Current Year Actual	Over (Under) Revised Budget
OPERATION & MAINTENANCE OF BUILDING:					
Service Contracts	\$ 32,245	\$ 33,000	\$ 33,000	\$ 30,199	\$ (2,801)
Fuel and Utilities	163,325	162,250	144,574	131,053	(13,521)
Custodial Supplies	17,976	26,000	26,000	18,794	(7,206)
Repairs to Building and Equipment	40,718	30,000	47,676	48,022	346
Insurance	24,479	28,600	28,600	24,850	(3,750)
Sewer Tax	4,580	5,500	5,500	4,375	(1,125)
Binding of Books - Processing	22,400	25,000	25,000	15,684	(9,316)
Common Area Charges	54,000	54,000	54,000	54,000	-
Inter-Library Carrier	788	800	800	643	(157)
New York State Taxes	-	-	-	2,225	2,225
Equipment Replacement Fund	-	10,000	10,000	4,232	(5,768)
Security	45,910	45,000	45,000	44,527	(473)
TOTAL OPERATION & MAINTENANCE OF BUILDING	\$ 406,421	\$ 420,150	\$ 420,150	\$ 378,604	\$ (41,546)
MISCELLANEOUS EXPENDITURES:					
Office and Library Supplies	\$ 23,602	\$ 26,000	\$ 26,000	\$ 22,774	\$ (3,226)
Telephone	14,814	16,775	15,586	14,628	(958)
Postage	6,834	13,750	13,750	10,142	(3,608)
Publicity and Printing	23,574	22,000	22,213	22,213	-
Travel	2,469	3,000	3,000	2,263	(737)
Dues	2,186	2,800	2,800	1,819	(981)
Legal Fees	2,000	2,000	2,000	2,000	-
Professional Fees	16,880	16,000	16,000	16,944	944
Election	2,237	2,100	2,100	1,989	(111)
Special Programs and Miscellaneous Fees	49,074	48,150	49,126	47,977	(1,149)
Conferences	2,887	3,500	3,500	2,887	(613)
Recruitment Expense	-	500	500	-	(500)
Capital Projects Expense	15,120	6,050	6,050	5,325	(725)
Contingency	-	24,500	24,500	5,480	(19,020)
Training Administration	700	1,200	1,200	-	(1,200)
Miscellaneous	-	200	200	-	(200)
TOTAL MISCELLANEOUS EXPENDITURES	\$ 162,377	\$ 188,525	\$ 188,525	\$ 156,441	\$ (32,084)
DEBT SERVICE					
Principal and Interest	\$ 708,011	\$ 708,391	\$ 708,391	\$ 708,391	\$ -
TOTAL EXPENDITURES	\$ 4,567,230	\$ 4,987,887	\$ 4,987,887	\$ 4,678,102	\$ (309,785)
TRANSFERS					
Interfund Transfers	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES & TRANSFERS (Note 12)	\$ 4,567,230	\$ 4,987,887	\$ 4,987,887	\$ 4,678,102	\$ (309,785)
EXCESS OF REVENUE OVER EXPENDITURES AND TRANSFERS					
	\$ 155,626			\$ 110,408	
FUND EQUITY - BEGINNING OF YEAR					
	890,675			1,046,301	
	\$ 1,046,301			\$ 1,156,709	
Reversal of Encumbrances (Prior and Actual)	-			-	
Prior Year Revenue (Expenditure)	-			-	
FUND EQUITY - END OF YEAR	\$ 1,046,301			\$ 1,156,709	

See Accompanying Notes to Financial Statements.

HAYERSTRAW KING'S DAUGHTERS PUBLIC LIBRARY
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>PROJECT</u>	<u>ORIGINAL</u> <u>APPRO-</u> <u>PRIATION</u>	<u>REVISED</u> <u>APPRO-</u> <u>PRIATION</u>	<u>PRIOR YEARS</u> <u>EXPENDITURES</u>	<u>CURRENT YEAR</u> <u>EXPENDITURES</u>	<u>TOTAL</u> <u>EXPENDITURES</u>	<u>UNEX-</u> <u>PENDED</u> <u>BALANCE</u>	<u>PROCEEDS</u> <u>OF</u> <u>OBLIGATIONS</u>	<u>LOCAL</u> <u>SOURCES</u>	<u>TOTAL</u>	<u>FUND</u> <u>BALANCE</u> <u>JUNE 30,</u> <u>2010</u>
Library Construction	\$ 11,003,582	\$ 12,101,390	\$ 12,053,251	\$ 48,139	\$ 12,101,390	\$ -	\$ 12,518,315	\$ -	\$ 12,518,315	\$ 416,925

See Accompanying Notes to Financial Statements.

**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 2011 Bonds and the Project. This summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of its provisions. Defined terms used in this Appendix have the meanings ascribed to them in Appendix A.

Construction of the Project

The Institution agrees that, whether or not there are sufficient moneys available to it under the provisions of the Resolution and the Series Resolution and 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 December 1 commencing on December 1, 2011, an amount equal to the interest coming due on the Bonds on the immediately succeeding anuary 1 and July 1;

(v) On or before each December 1 commencing on December 1, 2011, 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 forty-five (45) days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased, other than 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 paragraphs (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 of 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. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the Institution for, or to pay, the Costs of the Project beyond the extent of moneys in the Construction Fund established for such Project available therefor.

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 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 "Security Interest in Pledged Revenues;" provided, however, that the Institution may incur indebtedness secured by a parity lien on Pledged Revenues and/or the Mortgaged Property (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 January 1 or July 1, (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, and (iii) the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased, and accrued interest thereon to the date of redemption or purchase. In the event that, pursuant to the 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 under 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 State Education Department, the Village of Haverstraw, the Town of Haverstraw, the School District, the Library, and the County of Rockland, and officers of the Institution 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)

Mortgage(s); Lien on Fixtures, Furnishings and Equipment

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

Prior to any assignment of the Mortgage to the Trustee, the Authority, however, without the consent of the Trustee or the Holders of Bonds, may consent to the amendment, modification, termination, subordination or satisfaction of such Mortgage and of any security interest in fixtures, furnishings or equipment located in or on or used in connection with such Mortgaged Property and the property subject to such Mortgage or security interest may be released from the lien thereof, all upon such terms and conditions as the Authority may reasonably require. As a condition to such approval, the Authority may require that the Institution pay to the Trustee for deposit in the Debt Service Fund an amount not to exceed the principal amount of the Bonds Outstanding at the date of such transfer, sale or conveyance, as such amount is determined by the Authority. Notwithstanding the foregoing, the Institution may remove equipment, furniture or fixtures in the Mortgaged Property provided that the Institution substitutes equipment, furniture or fixtures having a value and utility at least equal to the equipment, furniture or fixtures removed or replaced.

(Section 13)

Warranty of Title; Title Insurance; Utilities and Access

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

Upon delivery of the Mortgage pursuant to the Loan Agreement, the Institution shall provide (i) a title insurance policy in form and substance, and by insurer(s), acceptable to the Authority, in the amount of the aggregate principal amount of the Bonds issued or such other amount as is acceptable to the Authority, insuring the Mortgage to be a valid first lien on

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

The Institution warrants, represents and covenants that (i) the Project and the Mortgaged Property are 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, have and will have their 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 Mortgage, 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 the Mortgage or 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, the Mortgage and the Related Agreements, (B) to incur the indebtedness contemplated thereby and (C) to make the pledge of and grant the security interest in the Pledged Revenues given in the Loan Agreement, (ii) the Loan Agreement, the Collection Agreement, the

Mortgage 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, the Mortgage 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 public 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 in 1977 as a special district public library by a majority vote of the voting electorate in the Town of Haverstraw pursuant to Chapter 427 of the Laws of 1977 of the State and received its charter from the Board of Regents, (iii) its board of trustees is elected by the electorate of the Library, (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 full-time employees are subject to the state 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 covenants 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 and the Mortgaged Property, (ii) the operation of the Project and the Mortgaged Property and supervision of the activities conducted therein or in connection with any part thereof and (iii) the maintenance, repair and replacement of the Project and the Mortgaged Property; provided, however, that, except as otherwise limited by the Loan Agreement, the foregoing shall not prohibit use of the Project or the Mortgaged Property by persons other than the Institution or its 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 of 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 as 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 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.

(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, the Mortgage, 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 the Mortgaged Property or arising by reason of or in connection with the presence on, in or about the premises of such Project or the Mortgaged Property 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 and the Mortgaged Property. 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, the Mortgaged Property 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 Mortgaged Property 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 to the Loan Agreement, any person seeking indemnity under the Loan Agreement 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 this paragraph.

(Section 30)

Defaults and Remedies.

(a) 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 undismissed or unstayed for an aggregate of thirty (30) days; or

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

(xi) a final judgment for the payment of money, which is not covered by insurance or reserves set aside by the Institution, which in the judgment of the Authority will adversely affect the rights of the Holders of the Bonds shall be rendered against the Institution and at any time after 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;

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

(xiii) -the Institution defaults under the Mortgage and such default continues beyond any applicable grace period;

(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 or of the Mortgage;

(v) realize upon any pledge of or security interest in the Pledged Revenues and the rights to receive the same, all to the extent provided in the Loan Agreement by any one or more of the following actions: (A) enter the Institution and examine and make copies of the financial books and records of the Institution relating to the Pledged Revenues and 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) take any action necessary to enable the Authority to realize on its liens under the Loan Agreement or under the Mortgage or by law, including foreclosure of the Mortgage, and any other action or proceeding permitted by the terms of the Loan Agreement or of the Mortgage or by law; 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 or Mortgaged Property and take possession of any such fixtures, furnishings and equipment; or (ii) sell, lease or otherwise dispose of any such fixtures, furnishings and equipment either together with a sale, lease or other disposition of the Mortgaged Property pursuant to the Loan Agreement or to the Mortgage, or separately, 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 Trustees 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 2011 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 2011 Bonds will not cause interest on the Series 2011 Bonds to be included in the gross income of the owners of the Series 2011 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 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 satisfaction of the Mortgage and the release or surrender of any security interests granted by the Institution to the Authority pursuant to the Loan Agreement.

(Section 45)

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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**SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTION**

The following is a summary of certain provisions of the Resolution 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 the Authority, from time to time, of its Haverstraw King’s Daughters Public Library Revenue Bonds in one or more Series, each such Series to be authorized by a separate Series Resolution and, inter alia, to be separately secured from each other Series of Bonds. Each such Series of Bonds shall be separate and apart from any other Series of Bonds authorized by a different Series Resolution and the Holders of Bonds of such Series shall not be entitled to the rights and benefits conferred upon the Holders of Bonds of any other Series of Bonds by the respective Series Resolution authorizing such Series of Bonds. With respect to each Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of a Series authorized to be issued under the Resolution and under a Series Resolution by those who shall hold or own the same from time to time, the Resolution and such Series Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of 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 the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds of such Series, all of which, regardless of the time or times of their 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. The Authority 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.

The Authority reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Authority, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as provided in the Resolution, entitled to a charge, lien or right prior or equal to the charge or lien created by the Resolution and pursuant to a Series Resolution, or prior or equal to the rights of the Authority 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, the Authority's security interest in the applicable Pledged Revenues and, except as otherwise provided in the Resolution, all funds and accounts established by the Resolution, other than the Arbitrage Rebate Fund, 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 the Authority'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, the Authority's security interest in the applicable Pledged Revenues and all funds and accounts established by the Resolution and by a Series Resolution which are pledged by the Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds of each Series shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of such Series of Bonds, the applicable Revenues, the Authority's security interest in the applicable Pledged Revenues and the funds and accounts established by the Resolution and 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 the Authority. 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, the Authority shall apply such proceeds as specified in the Resolution and in the Series Resolution authorizing such Series or in the Bond Series Certificate relating to such Series.

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

(Section 5.03)

Application of Moneys in the Construction Fund

As soon as practicable after the delivery of a Series of Bonds, the Trustee shall deposit in the Construction Fund the amount required to be deposited therein pursuant to the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series. In addition, the Authority shall pay over to the Trustee and the Trustee shall deposit in the Construction Fund any moneys paid to the Authority 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. For purposes of internal accounting, the Construction Fund may contain one or more further subaccounts, as the Authority 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 the Authority stating the names of the payees, the purpose of each payment in terms sufficient for identification, and the respective amounts of each such payment. Payments for Costs of each Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority, (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 the Authority 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 the Authority 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, the Authority or the Institution with respect to a Project shall be deposited in the Construction Fund and, if necessary, such fund may be re-established for such purpose.

(d) A Project shall be deemed to be complete upon delivery to the Authority and the Trustee of a certificate signed by an Authorized Officer of the Institution, which certificate shall be delivered as soon as practicable after the date of completion of such Project, or upon delivery to the Institution and the Trustee of a certificate signed by an Authorized Officer of the Authority which certificate may be delivered at any time after completion of such Project. Each such certificate shall state that 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 the Authority 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 the Authority, to the Arbitrage Rebate Fund, the amount set forth in such direction;

Second: To the Debt Service Reserve Fund, if any, such amount as shall be necessary to make the amount on deposit in such fund equal to the applicable Debt Service Reserve Fund Requirement, 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 the Authority, to the Arbitrage Rebate Fund the amount set forth in such direction;

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

The Trustee shall, promptly after making the above required payments, notify the Authority and the Institution of any balance of Revenues remaining on the immediately succeeding July 1. After making the above required payments, the balance, if any, of the Revenues then remaining shall, upon the direction of an Authorized Officer of the Authority, be paid by the Trustee to the Construction Fund or the Debt Service Fund, or paid to the Institution, in the respective amounts set forth in such direction, 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, the Authority may, at any time subsequent to the first day of July of any Bond Year but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with 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 the Authority. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date; provided, however, that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

(c) 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 the Authority to the purchase of Outstanding Bonds of a Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of the Authority shall direct. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Debt Service Fund, such moneys shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority given pursuant to the 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 the Authority, 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 the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated shall be deposited to any fund or account established under the Resolution in accordance with the written direction of such Authorized Officer.

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

(Section 5.07)

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 the Authority and the Institution. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Outstanding Bonds of a Series, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds by the Resolution and by a Series Resolution as provided in 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, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority (which direction shall specify the amount thereof to be so invested), in Government Obligations, Federal Agency Obligations or Exempt Obligations; provided, however, that each such investment shall permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes of the Resolution.

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

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

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

(e) Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in this 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 the Authority and the Institution in writing, on or before the fifteenth (15th) day of each calendar month, of the amounts required to be on deposit in each fund and account under the Resolution and of the details of all investments held for the credit of each fund and account in its custody under the provisions 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 the Authority shall be used directly or indirectly to acquire any securities or investments the

acquisition of which would cause any Bond of a Series to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

(Section 6.02)

Creation of Liens

Except as permitted under the Resolution or by a Series Resolution the Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds of 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 the Authority 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;

(v) to amend such Loan Agreement to establish, amend or modify the Authority 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 the Authority 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 or 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 herewith 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, the Authority 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, the Authority 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 the Authority:

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

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

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

(d) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms hereof, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained 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 the Authority. 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 the Authority when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

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

(c) With respect to a Series of Bonds, the Authority shall default in the due and punctual performance of any covenants contained in the Series Resolution authorizing the issuance thereof to the effect that the Authority shall comply with the

provisions of the Code applicable to such Bonds necessary to maintain the exclusion of interest therein from gross income under Section 103 of the Code and shall not take any action which would adversely affect the exclusion of interest on such Bonds from gross income under Section 103 of the Code and, as a result thereof, the interest on the Bonds of such Series shall no longer be excludable from gross income under Section 103 of the Code; or

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

(e) With respect to a Series of Bonds, the Authority shall have notified the Trustee that an “Event of Default” as defined in the 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 the Authority, 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 the Authority, 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 the Authority 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 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 the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Resolution and under a Series Resolution the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Authority for principal or interest or otherwise under any of the provisions of the Resolution or of a Series Resolution or of a Series of Bonds, with interest on overdue payments of the principal of 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 the Authority but solely as provided in the Resolution, in a Series Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

(Section 11.04)

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 the Authority, 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 hereof 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 the Authority 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 the Authority, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Authority, 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 the Authority; 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 the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the applicable Loan Agreement for fees and expenses of the Authority 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, 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, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution, notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either 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, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses, if any, appearing on the registration books, and, if directed by an Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this 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. The Authority shall give written notice to the Trustee of its selection of the Series and maturity the payment of which is to be made in accordance with this 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 the Authority for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, if any, held by or deposited with the Trustee at the same time, shall be sufficient to pay when due the

principal, Sinking Fund Installments, if any, or Redemption price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such 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 the Authority; 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 the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the applicable Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the Institution, and any such moneys so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution 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 the Authority, be repaid by the Trustee or Paying Agent to the Authority as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Holders of Bonds shall look only to the Authority for the payment of such Bonds; provided, however, that, before being required to make any such payment to the Authority, the Trustee or Paying Agent may, at the expense of the Authority, cause to be published in an Authorized Newspaper a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after the date of publication of such notice, the balance of such moneys then unclaimed shall be returned to the Authority.

(Section 12.01)

**FORM OF APPROVING OPINIONS
OF CO-BOND COUNSEL**

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FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL

To Be Rendered By Each Of
Squire, Sanders & Dempsey (US) LLP and KnoxSeaton

September __, 2011

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

We have served as bond counsel to our client the Dormitory Authority of the State of New York (the "Authority") and not as counsel to any other person in connection with the issuance by the Authority of its \$8,475,000 Haverstraw King's Daughters Public Library Revenue Bonds, Series 2011 (the "Series 2011 Bonds"), dated the date of this letter.

The Series 2011 Bonds are issued pursuant to the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended to the date hereof (the "Act"), the Haverstraw King's Daughters Public Library Revenue Bond Resolution, adopted on July 27, 2011 and the Series Resolution Authorizing Up To \$8,500,000 Haverstraw King's Daughters Public Library Revenue Bonds, Series 2011, adopted on July 27, 2011 (collectively, the "Resolution"). Capitalized terms not otherwise defined in this letter are used as defined in the Resolution or the Loan Agreement (as defined herein).

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2011 Bonds, a copy of the signed and authenticated Series 2011 Bond of the first maturity and the Loan Agreement, dated as of July 27, 2011 (the "Loan Agreement"), between the Authority and Haverstraw King's Daughters Public Library (the "Library"), and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Resolution has been duly and lawfully adopted by the Authority.
2. The Resolution and the Loan Agreement are valid and binding obligations of the Authority, enforceable in accordance with their respective terms.
3. The Series 2011 Bonds are legal, valid and binding special obligations of the Authority payable as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the equal benefits of the Resolution and the Act. The Series 2011

Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Authority or the State of New York.

4. Interest on the Series 2011 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the Series 2011 Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. Interest on the Series 2011 Bonds is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York and the City of Yonkers. We express no opinion as to any other tax consequences regarding the Series 2011 Bonds.

We are further of the opinion that the difference between the principal amount of the Series 2011 Bonds maturing on July 1, 2022, and July 1, 2028 through July 1, 2030, inclusive (“Discount Bonds”) and the initial offering price to the public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount (“OID”). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent and subject to the same considerations discussed above, as other interest on the Series 2011 Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond at its issue price in the initial public offering who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond. Initial purchasers of the Series 2011 Bonds maturing on July 1, 2012 through July 1, 2021, inclusive, July 1, 2023, July 1, 2024, July 1, 2026 and July 1, 2027, whose initial adjusted basis in such Bonds exceeds the respective principal amount of such Bonds (“Premium Bonds”) will have bond premium to the extent of that excess. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield must be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership.

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 the Authority, 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 2011 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 the Authority and the Library. Failure to comply with certain of those covenants subsequent to issuance of the Series 2011 Bonds may cause interest on the Series 2011 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 2011 Bonds, the Resolution or the Loan Agreement.

The opinions contained in paragraphs 1, 2 and 3 above are qualified to the extent that the enforceability of the Resolution, the Series 2011 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 the 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 2011 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 bond counsel with respect to the Series 2011 Bonds has concluded on this date.

Respectfully submitted,

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