



\$22,825,000
DORMITORY AUTHORITY
OF THE STATE OF NEW YORK
IONA COLLEGE
REVENUE BONDS, SERIES 2012A

Dated: Date of Issuance

\$6,735,000
DORMITORY AUTHORITY
OF THE STATE OF NEW YORK
IONA COLLEGE
REVENUE BONDS, SERIES 2012B

**Due: July 1, as shown on
the inside cover**

Payment and Security: The Dormitory Authority of the State of New York, Iona College Revenue Bonds, Series 2012A (the "Series 2012A Bonds") and Series 2012B (the "Series 2012B Bonds and, together with the Series 2012A Bonds, the "Series 2012 Bonds") are special obligations of the Dormitory Authority of the State of New York (the "Authority") payable solely from and secured by a pledge of (i) certain payments to be made under the Loan Agreement (the "Loan Agreement"), dated as of May 23, 2012, between Iona College (the "College") and the Authority, and (ii) the applicable funds and accounts (except the Arbitrage Rebate Fund) established under the Authority's Iona College Revenue Bond Resolution, adopted May 23, 2012 (the "Resolution"), the Iona College Series 2012A Resolution Authorizing Up To \$42,000,000 Series 2012A Bonds, adopted May 23, 2012 (the "Series 2012A Resolution"), and the Iona College Series 2012B Resolution Authorizing Up To \$42,000,000 Series 2012B Bonds, adopted May 23, 2012 (the "Series 2012B Resolution"), and, together with the Series 2012A Resolution and the Resolution, the "Resolutions").

The Loan Agreement is a general obligation of the College and requires the College to pay, in addition to the fees and expenses of the Authority and the Trustee, amounts sufficient to pay the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2012 Bonds, as such payments become due. The obligations of the College under the Loan Agreement to make such payments are secured by a pledge of tuition and fee revenue of the College.

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

Description: Each Series of the Series 2012 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due January 1, 2013 and each July 1 and January 1 thereafter) will be payable by check or draft mailed to the registered owners of the Series 2012 Bonds at their addresses as shown on the registration books held by the Trustee or, at the option of a holder of at least \$1,000,000 in principal amount of Series 2012 Bonds, by wire transfer to the holder of such Series 2012 Bonds, each as of the close of business on the fifteenth day of the month next preceding an interest payment date. The principal or Redemption Price of each series of the Series 2012 Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent or, with respect to Redemption Price, at the option of a holder of at least \$1,000,000 in principal amount of any series of Series 2012 Bonds, by wire transfer to the holder of such Series 2012 Bonds as more fully described herein.

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

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

Tax Exemption: In the opinion of Hodgson Russ LLP and Golden Holley James LLP, Co-Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other things, the accuracy of certain representations and certifications and compliance with certain covenants, interest on the Series 2012 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"). Co-Bond Counsel are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2012 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. Co-Bond Counsel are further of the opinion that interest on the Series 2012 Bonds is exempt from personal income taxes of the State of New York and any political subdivision thereof (including The City of New York). Co-Bond Counsel express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2012 Bonds. See "PART 12 - TAX MATTERS" herein.

This cover page contains certain summary information regarding the Series 2012 Bonds and is not a complete summary of the Series 2012 Bonds or the security therefor. Capitalized terms used but not defined on this cover page shall have the same meanings ascribed to them elsewhere in this Official Statement. Investors should read this entire Official Statement (including the section entitled "INVESTMENT CONSIDERATIONS" and the Appendices) to obtain information necessary to the making of an informed investment decision.

The Series 2012 Bonds are offered when, as, and if issued and received by the Underwriter. The offer of the Series 2012 Bonds may be subject to prior sale, or withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Hodgson Russ LLP, Albany, New York and Golden Holley James LLP, New York, New York, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the College by its Counsel, Tarter Krinsky & Drogin, LLP, New York, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, McKenna Long & Aldridge LLP, New York, New York. The Authority expects to deliver the Series 2012 Bonds in definitive form in Albany, New York, on or about August 1, 2012.

Citigroup

\$22,825,000
IONA COLLEGE
REVENUE BONDS, SERIES 2012A

\$14,230,000 Serial Bonds

<u>Due July 1,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number⁽¹⁾ (649906)</u>	<u>Due July 1,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number⁽¹⁾ (649906)</u>
2015	\$ 185,000	3.00%	1.65%	K86	2022	\$1,160,000	5.00%	3.30%	L77
2016	970,000	2.00	1.90	K94	2023	1,220,000	5.00	3.45 ⁽²⁾	L85
2017	985,000	2.00	2.15	L28	2024	1,280,000	5.00	3.57 ⁽²⁾	L93
2018	1,005,000	2.25	2.50	L36	2025	1,345,000	5.00	3.67 ⁽²⁾	M27
2019	1,030,000	2.50	2.75	L44	2026	1,410,000	5.00	3.74 ⁽²⁾	M35
2020	1,055,000	5.00	3.00	L51	2027	1,480,000	5.00	3.83 ⁽²⁾	M43
2021	1,105,000	5.00	3.15	L69					

\$8,595,000 5.00% Term Bonds Due July 1, 2032, Priced at 108.800% to Yield 3.92%, CUSIP Number 649906 M50⁽¹⁾⁽²⁾

\$6,735,000
IONA COLLEGE
REVENUE BONDS, SERIES 2012B

\$2,500,000 Serial Bonds

<u>Due July 1,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number⁽¹⁾ (649906)</u>	<u>Due July 1,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number⁽¹⁾ (649906)</u>
2013	\$130,000	2.00%	1.00%	M68	2021	\$170,000	3.00 %	3.15%	N67
2014	145,000	2.00	1.40	M76	2022	175,000	3.125	3.30	N75
2015	145,000	2.00	1.65	M84	2023	180,000	3.25	3.45	N83
2016	150,000	2.00	1.90	M92	2024	185,000	3.375	3.57	N91
2017	150,000	2.00	2.15	N26	2025	190,000	3.50	3.67	P24
2018	155,000	2.25	2.50	N34	2026	195,000	3.50	3.74	P32
2019	160,000	2.50	2.75	N42	2027	205,000	3.625	3.83	P40
2020	165,000	3.00	1.00	N59					

\$1,140,000 4.00% Term Bonds Due July 1, 2032, Priced at 97.977% to Yield 4.15%, CUSIP Number 649906 P57⁽¹⁾
\$3,095,000 4.125% Term Bonds Due July 1, 2042, Priced at 97.066% to Yield 4.30%, CUSIP Number 649906 P65⁽¹⁾

⁽¹⁾ CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2012 Bonds. Neither the Authority nor the Underwriter is responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Series 2012 Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2012 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Series 2012 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2012 Bonds.

⁽²⁾ Priced to July 1, 2022 optional call date.

No dealer, broker, salesperson or other person has been authorized by the Authority, the College or the Underwriter to give any information or to make any representations with respect to the Series 2012 Bonds, other than the information and representations contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by the Authority, the College or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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

The College has reviewed the parts of this Official Statement describing the College, the Mortgage, the Principal and Interest Requirements, the Project, the Refunding Plan, the Estimated Sources and Uses of Funds, the Investment Considerations Relating to the Series 2012 Bonds, Financial Covenants, and Appendix B. As a condition to delivery of the Series 2012 Bonds, the College will certify that as of the date of this Official Statement and of delivery of the Series 2012 Bonds, such parts do not contain any untrue statements of a material fact and do not omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The College makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

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

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

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

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AUTHORITY AND THE COLLEGE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2012 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR COMPLETENESS OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2012 BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2012 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

PART 1 — INTRODUCTION	1
Purpose of the Official Statement	1
Purpose of the Issue	1
Authorization of Issuance	1
The Authority	2
The College	2
The Trustee	2
The Series 2012 Bonds	2
Payment of the Series 2012 Bonds	2
Security for the Series 2012 Bonds	2
Financial Covenants	3
The Mortgage	3
The Project and the Refunding	3
PART 2 — SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS	3
Payment of the Series 2012 Bonds	4
Security for the Series 2012 Bonds	4
Financial Covenants	5
The Mortgage	7
Events of Default and Acceleration	7
Issuance of Additional Indebtedness	8
General	8
PART 3 — THE SERIES 2012 BONDS	8
Description of the Series 2012 Bonds	8
Redemption and Purchase in Lieu of Redemption Provisions	9
Book-Entry Only System	12
Principal and Interest Requirements	15
PART 4 — THE PROJECT	16
PART 5 — THE REFUNDING PLAN	16
PART 6 — ESTIMATED SOURCES AND USES OF FUNDS	17
Series 2012 Bonds	17
PART 7 — THE COLLEGE	17
GENERAL INFORMATION	17
Introduction	17
Degree Programs and Courses of Study	17
Governance	19
Administration	20
Facilities	21
OPERATING INFORMATION	21
Admissions	21
Enrollment	22
Tuition and Fees	22
Financial Aid and Scholarships	23
Faculty	23
Employee Relations	23

ANNUAL FINANCIAL STATEMENT INFORMATION	23
Financial Reporting	23
Summary of Unrestricted Activities	23
Management Discussion	24
Contributions and Endowment	25
Budget	25
Balance Sheets	26
Net Assets	27
Investments and Contributions	27
Land, Buildings and Equipment	27
Outstanding Indebtedness	28
Future Capital Plans	28
Pension Plans	28
LITIGATION	28
PART 8 — INVESTMENT CONSIDERATIONS RELATED TO THE SERIES 2012 BONDS	29
General	29
Pledged Revenues are the Primary Source of Debt Service Payment	29
Competition	29
Additional Indebtedness	29
Recent Data Inaccuracies	30
PART 9 — THE AUTHORITY	30
Background, Purposes and Powers	30
Outstanding Indebtedness of the Authority (Other than Indebtedness Assumed by the Authority)	31
Outstanding Indebtedness of the Agency Assumed by the Authority	33
Governance	33
Claims and Litigation	37
Other Matters	38
PART 10 — LEGALITY OF THE SERIES 2012 BONDS FOR INVESTMENT AND DEPOSIT	38
PART 11 — NEGOTIABLE INSTRUMENTS	38
PART 12 — TAX MATTERS	38
Opinion of Co-Bond Counsel	38
Certain Ongoing Federal Tax Requirements and Covenants	39
Certain Collateral Federal Tax Consequences	39
Original Issue Discount	39
Original Issue Premium	40
Information Reporting and Backup Withholding	40
Other Impacts	41
Changes in Law and Post Issuance Events	41
Form of Opinion of Co-Bond Counsel	41
PART 13 — STATE NOT LIABLE ON THE SERIES 2012 BONDS	41
PART 14 — COVENANT BY THE STATE	41
PART 15 — LEGAL MATTERS	42
PART 16 — UNDERWRITING	42
PART 17 — VERIFICATION OF MATHEMATICAL COMPUTATION	42
PART 18 — CONTINUING DISCLOSURE	43
PART 19 — RATINGS	44

PART 20 — MISCELLANEOUS45

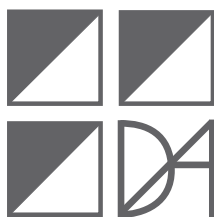
APPENDIX A — CERTAIN DEFINITIONSA-1

APPENDIX B — FINANCIAL STATEMENTS OF IONA COLLEGE WITH REPORT
OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTSB-1

APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENTC-1

APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS.....D-1

APPENDIX E — FORM OF APPROVING OPINION OF CO-BOND COUNSEL E-1



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

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

OFFICIAL STATEMENT RELATING TO

\$22,825,000
DORMITORY AUTHORITY
OF THE STATE OF NEW YORK
IONA COLLEGE
REVENUE BONDS, SERIES 2012A

\$6,735,000
DORMITORY AUTHORITY
OF THE STATE OF NEW YORK
IONA COLLEGE
REVENUE BONDS, SERIES 2012B

PART 1 — INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page and appendices, is to provide information about the Authority and the College, in connection with the offering by the Authority of \$22,825,000 aggregate principal amount of its Iona College Revenue Bonds, Series 2012A (the “Series 2012A Bonds”) and \$6,735,000 aggregate principal amount of its Iona College Revenue Bonds, Series 2012B (the “Series 2012B Bonds” and together with the Series 2012A Bonds, the “Series 2012 Bonds”).

The following is a brief description of certain information concerning the Series 2012 Bonds, the Authority and the College. A more complete description of such information and additional information that may affect decisions to invest in the Series 2012 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in Appendix A hereto.

Purpose of the Issue

The Series 2012A Bonds are being issued for the purpose of providing funds which, together with other available moneys, will be used to (i) current refund the Authority’s outstanding Iona College Insured Revenue Bonds, Series 2002 (the “Refunded Bonds”), (ii) fund the Debt Service Reserve Fund for the Series 2012A Bonds at the applicable Debt Service Fund Requirement, and (iii) pay the Costs of Issuance of the Series 2012A Bonds. See “PART 4 — THE PROJECT,” “PART 5 — THE REFUNDING PLAN,” and “PART 6 — ESTIMATED SOURCES AND USES OF FUNDS.”

The Series 2012B Bonds are being issued for the purpose of providing funds to (i) pay all or a portion of the Costs of the Project, (ii) fund the Debt Service Reserve Fund for the Series 2012B Bonds at the applicable Debt Service Fund Requirement, and (iii) pay the Costs of Issuance of the Series 2012B Bonds. See “PART 4 — THE PROJECT” and “PART 6 — ESTIMATED SOURCES AND USES OF FUNDS.”

Authorization of Issuance

The Resolution authorizes the issuance of Bonds (collectively, the “Bonds”) pursuant to separate Series Resolutions for the benefit of the College. The Series 2012A Bonds and the Series 2012B Bonds will be issued pursuant to the Act, the Resolution, the Series 2012A Resolution, and the Series 2012B Resolution, respectively

(collectively, the Resolutions). The Series 2012 Bonds are the first Series of Bonds to be issued under the Resolution. In addition to the Series 2012 Bonds, the Resolution authorizes the issuance of other Series of Bonds to pay other Costs of one or more Projects, to pay the Costs of Issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of the Authority or indebtedness of the College. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2012 Bonds. See “PART 3 — THE SERIES 2012 BONDS.” Additional indebtedness secured on a parity with the security interest in the Pledged Revenues is permitted with the Authority’s consent under the Loan Agreement. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS – Issuance of Additional Indebtedness” and “Appendix C - Summary of Certain Provisions of the Loan Agreement.”

The Authority

The Authority is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, healthcare, governmental and not-for-profit institutions. See “PART 8 — THE AUTHORITY.”

The College

The College is an independent, coeducational, nonsectarian, liberal arts, not-for-profit institution of higher education chartered by the Board of Regents of the University of the State of New York. The College is located in New Rochelle, New York. See “PART 7 - THE COLLEGE” and “Appendix B - Financial Statements of Iona College With Report of Independent Certified Public Accountants.”

The Trustee

The Bank of New York Mellon (the “Trustee”), New York, New York, will act as trustee, as bond registrar, and as paying agent for the Series 2012 Bonds under the Resolutions.

The Series 2012 Bonds

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

Payment of the Series 2012 Bonds

The Series 2012 Bonds are special obligations of the Authority payable solely from the Revenues which consist of certain payments to be made by the College under the Loan Agreement, which payments are pledged and assigned to the Trustee. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS - Payment of the Series 2012 Bonds.”

Security for the Series 2012 Bonds

The Series 2012A Bonds and Series 2012B Bonds will be separately secured from each other and every other Series of Bonds by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the Series 2012A Resolution and Series 2012B Resolution, respectively. However, the Series 2012 Bonds will be equally and ratably secured with all other Series of Bonds by the pledge and assignment to the Trustee of the Authority’s security interest in the Pledged Revenues granted by the College under the Loan Agreement. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS - Security for the 2012 Bonds - *Pledged Revenues*.” In connection with future indebtedness of the College, the College, with the Authority’s consent, may grant to the holders of such future indebtedness a security interest in the Pledged Revenues on a parity with the Authority’s security interest in the Pledged Revenues securing the Series 2012 Bonds. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS –

Financial Covenants - *Additional Indebtedness*” and “Appendix C - Summary of Certain Provisions of the Loan Agreement.”

Upon issuance and delivery of the Series 2012 Bonds, the Debt Service Reserve Fund for each of the Series 2012A Bonds and Series 2012B Bonds will be funded in the amounts of \$1,562,761.51 and \$461,125.90, respectively. These amounts will fully fund the Debt Service Reserve Fund for each of the Series 2012A Bonds and Series 2012B Bonds as of the date of issuance and delivery of the Series 2012 Bonds in amounts equal to the respective Debt Service Reserve Fund Requirement. The Debt Service Reserve Fund for the Series 2012A Bonds will only secure the Series 2012A Bonds and the Debt Service Reserve Fund for the Series 2012B Bonds will only secure the Series 2012B Bonds. In no event shall the Series 2012A Debt Service Reserve Fund Requirement or the Series 2012B Debt Service Reserve Fund Requirement exceed the respective amounts at which they are initially funded. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS - Security for the Series 2012 Bonds - *Debt Service Reserve Fund*” and “Appendix A - Certain Definitions.”

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

Financial Covenants

The College has entered into certain financial covenants contained in the Loan Agreement, including a provision for the maintenance of a debt service coverage ratio, a provision for the maintenance of balance sheet liquidity and a covenant related to incurrence of additional debt. For a description of such covenants, see “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS – Financial Covenants.

The Mortgage

The College’s obligations to the Authority under the Loan Agreement will be additionally secured by the Mortgage on the Mortgaged Property and security interests in certain fixtures, furnishings and equipment now or hereafter located therein or used in connection therewith. The Authority may, but has no present intention to, assign the Mortgage and such security interests to the Trustee. Unless the Mortgage and such security interests are assigned to the Trustee, neither the Mortgage, the security interests in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Series 2012 Bonds. Prior to any assignment of the Mortgage to the Trustee, property subject to the Mortgage may be released, and the Mortgage may be amended, with the prior written consent of the Authority, but without the consent of the Trustee or the Holders of any Series 2012 Bonds. In addition, the College may incur indebtedness security by a parity lien on the Mortgaged Property with the consent of the Authority. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS - The Mortgage.”

The Project and the Refunding

The Project consists of two components: (i) the construction of a 3-story residence hall and (ii) the current refunding of the Authority’s Iona College Insured Revenue Bonds, Series 2002 (the “Refunded Bonds”), See “PART 4 - THE PROJECT” and “PART 5 — THE REFUNDING PLAN.”

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

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2012 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolution, the Series 2012A Resolution, and the Series 2012B Resolution. Copies of the Loan Agreement, the Resolution, the Series 2012A Resolution, and the Series 2012B Resolution are on file with the Authority and the Trustee. See also “Appendix C — Summary of Certain Provisions of the Loan Agreement” and “Appendix D — Summary of Certain Provisions of the Resolution” for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2012 Bonds

The Series 2012 Bonds will be special obligations of the Authority. The principal of and interest on the Series 2012 Bonds are payable solely from the Revenues. The Revenues consist of the payments required to be made by the College under the Loan Agreement on account of the principal and Sinking Fund Installments of and interest on the Outstanding Series 2012 Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Holders of the Series 2012 Bonds.

The Loan Agreement is a general obligation of the College and obligates the College to make payments to satisfy the principal and Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2012 Bonds. Generally, such payments are to be made monthly on the 10th day of each month. Each payment is to be equal to a proportionate share of the interest on the Series 2012 Bonds coming due on the next succeeding interest payment date and of the principal and Sinking Fund Installments coming due on the next succeeding July 1. The Loan Agreement also obligates the College to make payments sufficient to pay, at least 45 days prior to a redemption date or purchase date of Series 2012 Bonds called for redemption or purchase, the amount, if any, required to pay the Redemption Price or Purchase Price of such Bonds. See "PART 3 - THE SERIES 2012 BONDS - Redemption and Purchase in Lieu of Redemption Provisions."

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

Security for the Series 2012 Bonds

The Series 2012A Bonds and Series 2012B Bonds will be separately secured by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the Series 2012A Resolution and Series 2012B Resolution, respectively. However, the Series 2012 Bonds will be equally and ratably secured with all other Series of Bonds by the pledge and assignment to the Trustee of the Authority's security interest in the Pledged Revenues granted by the College under the Loan Agreement. See "Appendix D - Summary of Certain Provisions of the Resolution."

Pledged Revenues

As security for its obligations under the Loan Agreement, the College has granted to the Authority a security interest in the Pledged Revenues consisting of tuition and fees charged to students and received or receivable by the College. The Authority has pledged and assigned to the Trustee for the benefit of the Holders of Series 2012 Bonds its security interest in the Pledged Revenues. The Loan Agreement permits the College under certain conditions to incur additional indebtedness secured by the Pledged Revenues on a parity basis with the pledge of such Pledged Revenues securing the Series 2012 Bonds. See "PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS - Issuance of Additional Indebtedness" and "Appendix C - Summary of Certain Provisions of the Loan Agreement."

Debt Service Reserve Fund

The Resolutions establish Debt Service Reserve Funds for each Series of the Series 2012 Bonds which are to be held by the Trustee, are to be applied solely for the purposes specified in the Resolutions and are pledged to secure the payment of the principal, Sinking Fund Installments and Redemption Price of and interest on each Series of the Series 2012 Bonds.

The Resolutions require that the Debt Service Reserve Fund for each Series of the Series 2012 Bonds be maintained at amounts equal to its respective requirement, which is 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 of each Series of the Series 2012 Bonds payable during such year, subject to any limitation imposed by the Code. It is currently anticipated that the Debt Service Reserve Funds for the Series 2012 Bonds will be funded at the maximum permitted amount under the Code. The Debt Service Reserve Fund Requirement for the Series 2012A Bonds is initially \$1,562,761.51. The Debt Service Reserve Fund Requirement for the Series 2012B Bonds is initially \$461,125.90. The Debt Service Reserve Fund for the Series 2012A Bonds will only secure the

Series 2012A Bonds and the Debt Service Reserve Fund for the Series 2012B Bonds will only secure the Series 2012B Bonds. See “Appendix A - Certain Definitions.”

Moneys in the Debt Service Reserve Fund are to be withdrawn and deposited in the Debt Service Fund whenever the amount in such Debt Service Fund on the fourth business day prior to an interest payment date is less than the amount which is necessary to pay the principal and Sinking Fund Installments of and interest on the Outstanding Series 2012A Bonds or Series 2012B Bonds, as the case may be, payable on such interest payment date and the purchase price or Redemption Price of Outstanding Series 2012A Bonds or Series 2012B Bonds, as the case may be, theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption. The Loan Agreement requires that the College restore the respective Debt Service Reserve Fund to its Requirement by paying the amount of any deficiency to the Trustee within fifteen days after receiving notice of a deficiency. Moneys in the Debt Service Reserve Fund in excess of the requirement may be withdrawn and applied in accordance with the Resolutions.

Financial Covenants

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

Maintenance Covenants

Debt Service Coverage Ratio Requirement. The College has covenanted to charge and maintain during each Fiscal Year, student tuition, fees and other charges sufficient to provide a Debt Service Coverage Ratio as of the last day of each Fiscal Year (the “Testing Date”) of at least 1.25:1. As of June 30, 2011, the College’s Debt Service Coverage Ratio was reported at 4.00:1.

Debt Service Coverage Ratio

	Fiscal Year Ended June 30, 2011
Operating Income	\$ 4,067,107
Plus: Interest expense	1,276,780
Plus: Depreciation	<u>4,892,533</u>
Operating Income Available for Debt Service	<u>10,236,420</u>
Interest paid	1,324,636
Plus: Payment of Long-term debt excluding any refunded principal	<u>1,235,000</u>
Annual Debt Service	<u>2,559,636</u>
Debt Service Coverage Ratio	<u>4.00x</u>

Source: Iona College

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

Expendable Resources to Debt Ratio Requirement. Commencing with the College’s Fiscal Year ending in 2013, the College has covenanted to have available on each Testing Date Expendable Resources at least equal to: (a) 40% of the College’s Long-Term Indebtedness in fiscal years 2013 and 2014, (b) 50% of the College’s Long-Term Indebtedness in fiscal years 2015 and 2016, (c) 60% of the College’s Long-Term Indebtedness in fiscal years 2017 and 2018 and (d) 75% of the College’s Long-Term Indebtedness in fiscal years 2019 and thereafter. As of June 30, 2011, the College’s Expendable Resources to Long-Term Indebtedness Ratio was reported at 1.29:1.

Expendable Resources to Indebtedness Ratio

	Fiscal year Ended June 30, 2011
Unrestricted Net Assets	\$106,352,740
Temporarily Restricted Net Assets	12,347,759
Less: Temporarily Restricted Nets Assets restricted to use for plant and equipment	(2,580,810)
Less: Plant Equity (Land, Building & Equipment, net, <i>plus</i> proceeds held by bond trustees <i>less</i> Long-Term Debt	<u>(82,625,244)</u>
Expendable Resources	\$ 33,494,445
Long-Term Debt	<u>25,933,899</u>
Expendable Resources to Indebtedness Ratio	<u>1.29x</u>

Source: Iona College

If on any Testing Date, the College does not satisfy the Expendable Resources to Debt Ratio Requirement, the Authority may require the College to retain a Management Consultant to make recommendations that will enable the College to comply with the Expendable Resources to Debt Ratio Requirement.

Additional Indebtedness

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

The College may also issue without the Authority’s consent (i) Refunding Debt, provided that, after giving effect to such Refunding Debt, the Annual Debt service on the College’s Long-Term Indebtedness to be outstanding thereafter, will not be increased in any Fiscal Year, (ii) Non-Recourse Indebtedness, provided that any assets pledged as collateral or for repayment of such indebtedness must have been acquired by the College after issuance of the Series 2012 Bonds, and (iii) Short-Term Indebtedness, provided that during any 12-month period, there shall be no outstanding balance on such Short-term Indebtedness for a period of not less than 30 days.

Notwithstanding any provisions in the Loan Agreement or in the Resolution to the contrary, the College may incur Parity Indebtedness with the consent of the Authority.

Amendments to Financial Covenants

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

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

The Mortgage

In connection with the delivery of the Series 2012 Bonds, the College will execute and deliver a Mortgage to the Authority and grant the Authority a security interest in certain fixtures, furnishings and equipment to secure the payments required to be made by the College pursuant to the Loan Agreement. The Authority may assign its rights under the Loan Agreement and the Mortgage and related security interest to the Trustee, but has no present intention to do so. Unless the Mortgage and security interest are assigned to the Trustee, neither the Mortgage nor the security interest in such fixtures, furnishings and equipment nor any proceeds therefrom will be pledged to the Holders of the Series 2012 Bonds. Prior to any assignment of the Mortgage to the Trustee, property subject to the Mortgage may be released, and the Mortgage may be amended, with the prior written consent of the Authority but without the consent of the Trustee or the Holders of any Series 2012 Bonds.

Events of Default and Acceleration

The following are events of default under the Resolution with respect to the Series 2012 Bonds: (i) a default by the Authority in the payment of the principal, Sinking Fund Installment or Redemption Price of any Bond; (ii) a default by the Authority in the payment of interest on any Bond; (iii) a default by the Authority in the due and punctual performance of any covenant or agreement contained in the Series 2012A Resolution or Series 2012B Resolution, as applicable, to comply with the provisions of the Code necessary to maintain the exclusion of interest on such Bonds from gross income for purposes of federal income taxation; (iv) a default by the Authority in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Series 2012 Bonds or in the Resolutions which continues for 30 days after written notice thereof is given to the Authority by the Trustee (such notice to be given in the Trustee’s discretion or at the written request of the Holders of not less than 25% in principal amount of Outstanding Bonds) or if such default is not capable of being cured within 30 days, if the Authority fails to commence within 30 days and diligently prosecute the cure thereof; or (v) the Authority shall have notified the Trustee that an “Event of Default,” as defined in the Loan Agreement, has occurred and is continuing and all sums payable by the College under the Loan Agreement have been declared immediately due and payable (unless such declaration shall have been annulled). Unless all sums payable by the College under the Loan Agreement are declared immediately due and payable, an event of default under the Loan Agreement is not an event of default under the Resolution.

The Resolution provides that, if an event of default (other than as described in clause (iii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Outstanding Series 2012 Bonds, shall declare the principal of and interest on all the Outstanding Series 2012 Bonds to be due and payable. At any time after the principal of the Series 2012 Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall, with the written consent of the Holders of not less than 25% in principal amount of Series 2012 Bonds not yet due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee to the College within five days, and to the Holders within 30 days, in each case after obtaining knowledge of the occurrence thereof, unless such default has been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of principal, Sinking Fund Installments or Redemption Price of or interest on any of the Series 2012 Bonds, the Trustee will be protected in withholding such notice thereof to the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Series 2012 Bonds.

Issuance of Additional Indebtedness

In addition to the Series 2012 Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance one or more projects and for other specified purposes, including to refund Outstanding Bonds or other notes or bonds of the Authority or other indebtedness of the College. Each Series of Bonds will be separately secured from each other Series of Bonds by the pledge and assignment to the Trustee of the applicable Revenues and the funds and accounts established pursuant to the applicable Series Resolution. However, each Series of Bonds will be equally and ratably secured with all other Series of Bonds by the pledge and assignment to the Trustee of the Authority's security interest in the Pledged Revenues. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2012 Bonds. The Loan Agreement permits the College, with the Authority's consent, to incur Parity Indebtedness. See "Appendix C - Summary of Certain Provisions of the Loan Agreement."

General

The Series 2012 Bonds will not be a debt of the State and the State will not be liable on the Series 2012 Bonds. The Authority has no taxing power. See "PART 8 — THE AUTHORITY."

PART 3 — THE SERIES 2012 BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2012 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2012A Resolution, the Series 2012B Resolution, the Bond Series Certificate and the Loan Agreement, copies of which are on file with the Authority and the Trustee. See also "Appendix C — Summary of Certain Provisions of the Loan Agreement" and "Appendix D — Summary of Certain Provisions of the Resolution" for a more complete description of certain provisions of the Series 2012 Bonds.

Description of the Series 2012 Bonds

The Series 2012A Bonds and Series 2012B Bonds will be issued pursuant to the Resolution and the Series 2012A Resolution and Series 2012B Resolution, respectively, and will be dated their date of delivery and bear interest from such date (payable January 1, 2013 and on each July 1 and January 1 thereafter) at the rates set forth on the cover page of this Official Statement. Interest on the Series 2012 Bonds will be calculated on the basis of a 360-day year of 12 equal months of 30 days.

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

Interest on the Series 2012 Bonds will be payable by check or draft mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 of Series 2012 Bonds, by wire transfer to the wire transfer address within the continental United States to which the registered owner has instructed the Trustee to make such payment at least five Business Days prior to the Record Date for such Series 2012 Bonds immediately preceding the interest payment date. If the Series 2012 Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal and Redemption Price of the Series 2012 Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent.

The Series 2012 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2012 Bonds will be made in book-entry form, without certificates. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2012 Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2012 Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Series 2012 Bonds is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined). If at any time the Book-Entry Only System is discontinued for the Series 2012 Bonds, the Series 2012 Bonds will be exchangeable for fully registered Series 2012

Bonds in any authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Resolution. See “ - Book-Entry Only System” below and “Appendix D - Summary of Certain Provisions of the Resolution.”

For a more complete description of the Series 2012 Bonds, see “Appendix D - Summary of Certain Provisions of the Resolution.”

Redemption and Purchase in Lieu of Redemption Provisions

The Series 2012 Bonds are subject to redemption and to purchase in lieu of optional redemption, as described below. For a more complete description of the redemption and other provisions relating to the Series 2012 Bonds, see “Appendix D—Summary of Certain Provisions of the Resolution.”

Optional Redemption

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

Purchase in Lieu of Optional Redemption

The Series 2012 Bonds maturing after July 1, 2022 are also subject to purchase in lieu of optional redemption prior to maturity at the option of the College with the consent of the Authority, on or after July 1, 2022, in any order, in whole or in part at any time, at a purchase price equal to 100% of the principal amount of the Series 2012 Bonds to be purchased, plus accrued interest (the “Purchase Price”) to the date set for purchase (the “Purchase Date”).

Mandatory Redemption

The Series 2012A Bonds are subject to redemption, in part, through application of Sinking Fund Installments upon notice given as prescribed in the Resolution, at a Redemption Price equal to 100% of the principal amount of Series 2012A Bond to be redeemed, plus accrued interest to the date of redemption. Unless none of the Series 2012A Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Series 2012A Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Authority shall be required to pay for the retirement of the Series 2012A Bonds maturing on July 1 of each of the years set forth in the following table, the amount set forth opposite such year:

**Series 2012A Bonds
Maturing July 1, 2032**

<u>Year</u>	<u>Principal Amount</u>
2028	\$1,555,000
2029	1,635,000
2030	1,715,000
2031	1,800,000
2032	1,890,000 [†]

[†] Final maturity.

The Series 2012B Bonds are subject to redemption, in part, through application of Sinking Fund Installments upon notice given as prescribed in the Resolution, at a Redemption Price equal to 100% of the principal amount of Series 2012B Bond to be redeemed, plus accrued interest to the date of redemption. Unless none of the Series 2012B Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Series 2012B Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments,

there shall be due and the Authority shall be required to pay for the retirement of the Series 2012B Bonds maturing on July 1 of each of the years set forth in the following tables, the amount set forth opposite such year:

**Series 2012B Bonds
Maturing July 1, 2032**

<u>Year</u>	<u>Principal Amount</u>
2028	\$210,000
2029	220,000
2030	230,000
2031	235,000
2032	245,000 [†]

[†] Final maturity.

**Series 2012B Bonds
Maturing July 1, 2042**

<u>Year</u>	<u>Principal Amount</u>
2033	\$255,000
2034	265,000
2035	280,000
2036	290,000
2037	300,000
2038	315,000
2039	325,000
2040	340,000
2041	355,000
2042	370,000 [†]

[†] Final maturity.

There will be credited against and in satisfaction of the Sinking Fund Installment payable on any date, the principal amount of Series 2012 Bonds entitled to such Sinking Fund Installment (A) purchased with moneys in the Debt Service Fund pursuant to the Resolution, (B) redeemed at the option of the Authority, (C) purchased by the College or the Authority and delivered to the Trustee for cancellation or (D) deemed to have been paid in accordance with the Resolution. Series 2012 Bonds purchased with moneys in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2012 Bonds so purchased payable on the next succeeding July 1. Series 2012 Bonds redeemed at the option of the Authority, purchased by the Authority or the College (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Resolution will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments as the Authority may direct in its discretion. To the extent the Authority's obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder's Series 2012 Bonds of the maturity so purchased will be reduced for such year.

Special Redemption

The Series 2012A Bonds are subject to redemption prior to maturity at the option of the Authority in any order, as a whole or in part on any interest payment date, at a Redemption Price equal to 100% of the principal amount of Series 2012A Bonds to be redeemed, plus accrued interest to the redemption date from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project originally financed with proceeds of the Refunded Bonds.

The Series 2012B Bonds are subject to redemption prior to maturity at the option of the Authority in any order, as a whole or in part on any interest payment date, at a Redemption Price equal to 100% of the principal amount of Series 2012B Bonds to be redeemed, plus accrued interest to the redemption date (i) from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project and (ii) from unexpended proceeds of the Series 2012B Bonds upon the abandonment of the Project or a portion thereof due to a legal or regulatory impediment.

Selection of Bonds to be Redeemed

In the case of redemptions of Series 2012 Bonds, the Authority will select the Series 2012 Bonds to be redeemed. If less than all of the Series 2012 Bonds are to be redeemed, the Series 2012 Bonds to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

Notice of Redemption

Generally, the Trustee is to give notice of the redemption of the Series 2012 Bonds in the name of the Authority, by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to the registered owners of any Series 2012 Bonds which are to be redeemed, at their last known addresses appearing on the registration books of the Authority not more than 10 Business Days prior to the date such notice is given. Each notice of redemption, other than a notice of "Special Redemption," may state, in addition to any other condition, that the redemption is conditioned upon the availability on the redemption date of sufficient moneys to pay the Redemption Price of the Series 2012 Bonds to be redeemed. The failure of any owner of a Series 2012 Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2012 Bond.

If on the redemption date moneys for the redemption of the Series 2012 Bonds of like maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the redemption price, and if notice of redemption has been mailed, then interest on the Series 2012 Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2012 Bonds will no longer be considered to be Outstanding.

Notice of Purchase in Lieu of Optional Redemption and its Effect

Notice of purchase of the Series 2012 Bonds will be given in the name of the College to the registered owners of the Series 2012 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 2012 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2012 Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2012 Bonds are called for purchase in lieu of an optional redemption, such purchase will not extinguish the indebtedness of the Authority evidenced thereby or modify the terms of the Series 2012 Bonds. Such Series 2012 Bonds need not be cancelled, and will remain Outstanding under the Resolution and continue to bear interest.

The College's obligation to purchase a Series 2012 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 2012 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 2012 Bonds to be purchased, the former registered owners of such Series 2012 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 2012 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 2012 Bonds in accordance with their respective terms.

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

For a more complete description of the redemption and other provisions relating to the Series 2012 Bonds, see "Appendix D - Summary of Certain Provisions of the Resolution." Also see "- Book-Entry Only System" below for

a description of the notices of redemption to be given to Beneficial Owners of the Series 2012 Bonds when the Book-Entry Only System is in effect.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2012 Bonds. The Series 2012 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 2012 Bond certificate will be issued for each maturity of each series of the Series 2012 Bonds, totaling in the aggregate the principal amount of each Series of the Series 2012 Bonds, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Series 2012 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 2012 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 2012 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2012 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. Beneficial Owners of the Series 2012 Bonds may wish to take certain steps to augment the transmission to them of

notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

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

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

Principal and interest payments on the Series 2012 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 Direct and Indirect 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 2012 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 2012 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 2012 Bond certificates will be printed and delivered to DTC.

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

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

So long as Cede & Co. is the registered owner of the Series 2012 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2012 Bonds (other than under "PART 12 - TAX MATTERS" herein) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2012 Bonds.

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

For every transfer and exchange of Series 2012 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2012 Bonds if the Authority determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2012 Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the Authority or restricted registration is no longer in effect, Series 2012 Bond certificates will be delivered as described in the Resolution.

NEITHER THE AUTHORITY, THE COLLEGE NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2012 BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2012 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2012 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2012 BONDS; OR (VI) ANY OTHER MATTER.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Principal and Interest Requirements

The following table sets forth the amounts required to be paid by the College during each twelve month period ending July 1 of the years shown for the payment of principal of and interest on the Series 2012A Bonds and Series 2012B Bonds and the combined total debt service on the Series 2012 Bonds.

12-Month Period Ending	Series 2012A Bonds			Series 2012B Bonds			Series 2012 Bonds Combined Total Debt Service Requirements
	Principal Payments	Interest Payments	Total Debt Service Requirements	Principal Payments	Interest Payments	Total Debt Service Requirements	
<u>July 1</u>							
2013	\$ ---	\$ 940,053	\$ 940,053	\$130,000	\$223,369	\$353,369	\$1,293,422
2014	---	1,025,513	1,025,513	145,000	241,075	386,075	1,411,588
2015	185,000	1,025,513	1,210,513	145,000	238,175	383,175	1,593,688
2016	970,000	1,019,963	1,989,963	150,000	235,275	385,275	2,375,238
2017	985,000	1,000,563	1,985,563	150,000	232,275	382,275	2,367,838
2018	1,005,000	980,863	1,985,863	155,000	229,275	384,275	2,370,138
2019	1,030,000	958,250	1,988,250	160,000	225,788	385,788	2,374,038
2020	1,055,000	932,500	1,987,500	165,000	221,788	386,788	2,374,288
2021	1,105,000	879,750	1,984,750	170,000	216,838	386,838	2,371,588
2022	1,160,000	824,500	1,984,500	175,000	211,738	386,738	2,371,238
2023	1,220,000	766,500	1,986,500	180,000	206,269	386,269	2,372,769
2024	1,280,000	705,500	1,985,500	185,000	200,419	385,419	2,370,919
2025	1,345,000	641,500	1,986,500	190,000	194,175	384,175	2,370,675
2026	1,410,000	574,250	1,984,250	195,000	187,525	382,525	2,366,775
2027	1,480,000	503,750	1,983,750	205,000	180,700	385,700	2,369,450
2028	1,555,000	429,750	1,984,750	210,000	173,269	383,269	2,368,019
2029	1,635,000	352,000	1,987,000	220,000	164,869	384,869	2,371,869
2030	1,715,000	270,250	1,985,250	230,000	156,069	386,069	2,371,319
2031	1,800,000	184,500	1,984,500	235,000	146,869	381,869	2,366,369
2032	1,890,000	94,500	1,984,500	245,000	137,469	382,469	2,366,969
2033	---	---	---	255,000	127,669	382,669	382,669
2034	---	---	---	265,000	117,150	382,150	382,150
2035	---	---	---	280,000	106,219	386,219	386,219
2036	---	---	---	290,000	94,669	384,669	384,669
2037	---	---	---	300,000	82,706	382,706	382,706
2038	---	---	---	315,000	70,331	385,331	385,331
2039	---	---	---	325,000	57,338	382,338	382,338
2040	---	---	---	340,000	43,931	383,931	383,931
2041	---	---	---	355,000	29,906	384,906	384,906
2042	---	---	---	370,000	15,263	385,263	385,263

PART 4 — THE PROJECT

The Project consists of two components. The first component consists of the demolition and reconstruction of Walsh Hall, a three-story residence hall to house approximately 116 students on the Iona College campus at 715 North Avenue, New Rochelle, New York, including all necessary and usual attendant and related facilities, equipment, furnishing and fixtures, together with related site improvements and utility work. The second component of the Project consists of the refunding the Authority's outstanding Iona College Insured Revenue Bonds, Series 2002 (the "Refunded Bonds").

PART 5 — THE REFUNDING PLAN

Proceeds of the Series 2012A Bonds will be used to refund the Refunded Bonds. Upon issuance of the Series 2012A Bonds, such moneys are expected to provide funds sufficient to pay the principal and the redemption price of the Refunded Bonds and the interest on such Refunded Bonds to the date fixed for redemption. The Refunded Bonds will be redeemed at a redemption price of 100% on a date not more than 90 days after the issuance of the Series 2012A Bonds.

Such moneys will be deposited with the trustee for the Refunded Bonds (the "Prior Trustee") upon the issuance and delivery of the Series 2012A Bonds and will be held in trust solely for the payment of the redemption price of and interest on the applicable Refunded Bonds. At the time of such deposit, the Authority will give the Prior Trustee irrevocable instructions to give notice of the redemption of the Refunded Bonds and to apply those moneys to the payment of the redemption price of and interest on the Refunded Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

PART 6 — ESTIMATED SOURCES AND USES OF FUNDS

Series 2012 Bonds

Estimated sources and uses of funds for the Series 2012 Bonds are as follows:

	<u>Series 2012A Bonds</u>	<u>Series 2012B Bonds</u>
Estimated Sources of Funds:		
Proceeds of Series 2012 Bonds	\$22,825,000	\$6,735,000
Net Original Issue Premium (Discount)	1,945,971	(139,109)
Other available funds	<u>2,197,421</u>	<u>0</u>
Total Sources of Funds	<u>\$26,968,392</u>	<u>\$6,595,891</u>
Estimated Uses of Funds:		
Deposit to the Construction Fund	\$ 0	\$6,000,000
Deposit to the Refunding Escrow	24,958,334	0
Deposit to Debt Service Reserve Fund	1,562,762	461,126
Underwriter's Discount	177,588	52,305
Costs of Issuance	<u>269,708</u>	<u>82,460</u>
Total Uses of Funds	<u>\$26,968,392</u>	<u>\$6,595,891</u>

PART 7 — THE COLLEGE

GENERAL INFORMATION

Introduction

Founded as a private, independent college for men by the Congregation of Christian Brothers, a Roman Catholic order of teaching brothers, Iona College commenced operations in 1940 in New Rochelle, New York. From an initial class of 90 freshmen students, the College is today a co-educational, nonsectarian, not-for-profit institution of higher education that has grown to a current enrollment of more than 4,000 students studying in two component schools at the New Rochelle campus in Westchester County and at a branch campus in Rockland County. Through major programs at the undergraduate and graduate levels, the College offers courses of study in the traditional liberal arts disciplines and in selected pre-professional and professional programs for both traditional-age and returning-adult students.

Degree Programs and Courses of Study

The School of Arts and Science

The School of Arts and Science enrolls undergraduate students in courses of study leading to the Bachelor of Arts, Bachelor of Science, and Bachelor of Professional Studies degrees. Major concentrations are offered in adolescent education, biology, biochemistry, chemistry, childhood education, computer science, criminal justice, economics, English, environmental science, environmental studies, French, history, international studies, Italian, liberal studies, mass communication, mathematics, philosophy, physics, political science, psychology, public communications, religious studies, social work, sociology, Spanish, speech communication, and speech language pathology and audiology. Minor concentrations and special course sequences are offered in drug and alcohol abuse studies, fine and performing arts, peace and justice, and women's studies; also offered are individual courses in geography, Japanese, Latin, and Arabic. The School offers programs leading to certification in both childhood and adolescent school teaching.

The School of Arts and Science offers graduate programs leading to the Master of Arts degree in English, history, public relations, mental health counseling, school psychology, and Spanish, the Master of Science degree in computer science, criminal justice, and marriage and family therapy, the Master of Science in Education for certified educators, with specializations in childhood education, childhood and special education, special education and literacy, educational leadership, and adolescent education subjects — including biology, chemistry, English, mathematics, social studies, and Spanish, and the Master of Science in Teaching with specializations in childhood education, childhood and special education, literacy and special education, adolescent education subjects — including biology, chemistry, English, mathematics, social studies, and Spanish.

The College also offers combined Bachelors/Masters five year degree programs in Chemistry and Education, Computer Science, Criminal Justice, English, History, and Psychology - with concentrations in Experimental or Industrial/Organizational psychology.

The College also offers combined Bachelors/Masters five year degree programs in early childhood, childhood and adolescence education.

The Hagan School of Business

The Hagan School of Business enrolls students in courses of study leading to the Bachelor of Business Administration degree. Major concentrations are offered in accounting, business administration, finance, information systems, international business, management and marketing. Each of these programs has a complementary minor program. The School also offers courses in business law.

The Hagan School offers graduate programs leading to the Master of Business Administration degree. Major fields of study include public and general accounting, finance, human resource management, health care management, information systems, management, and marketing. The Hagan School offers advanced certificates in international business, healthcare management, sports and entertainment management, e-commerce, business continuity and risk management, public accounting, general accounting, infrastructure management, long-term care management, project management, and health care information systems.

Each of Iona's two schools is administered by its own dean and administrative staff. The full-time faculties of the two schools number 186, of whom 165 hold doctoral level degrees and 120 are tenured. The full-time faculty is complemented by an adjunct faculty of 186. Iona does not employ graduate assistants in teaching roles.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Governance

The Charter of the College provides that its governing body is its Board of Trustees. The by-laws of the College currently state that the Board of Trustees shall consist of not fewer than five nor more than thirty-seven persons, one of whom shall be the President of the College. Each Trustee is appointed to a three-year term.

The officers and members of the Board are listed below:

Michael P. Beckerich

President
York Analytical Laboratories, Inc.
Stratford, CT

David P. Brown

Vice President – Investments
Chase Investment Services Corp.
White Plains, NY

Linda M. Bruno

Bruno Sport Enterprises
Washington, DC

Ronald M. DeFeo

Chairman, CEO & President
Terex Corporation
Westport, CT

Andrew J. Dolce

Chairman and Managing Director
Dolce Hotels and Resorts
Montvale, NJ

Richard J. Franchella, Sr.

Senior Managing Director
Morgan Stanley Smith Barney
New York, NY

Theresa A. Gottlieb, Esq.

Sr. Trial Attorney
Bronx District Attorney's Office
Bronx, NY

Julia Considine Greifield

Benefactor
Iona College Alumni

Thomas E. Hales

Retired, Chairman, President & CEO
U.S.B. Holding Co, Inc. and
Union State Bank
Rockland County, NY

Mr. Michael Hegarty

CCMP Capital Advisors LLC
New York, NY

Dr. Alice L. Hoersch

Executive Assistant to the President
LaSalle University
Philadelphia, PA

Kathleen A. Hurlie

Executive Vice President
Olympics
New York, NY

James P. Hynes

Hynes Capital Resources
Riverside, CT

Robert V. LaPenta

Chairman and CEO
Aston Capital, LLC
Stamford, CT

Bartley F. Livolsi

Managing Director
Public Finance
Citigroup Global Markets, Inc.
New York, NY

Patrick J. Lynch

Retired, Senior Vice President and CFO
Texaco, Inc. International

Phillip N. Maisano

Vice Chairman and Chief
Investment Officer
Dreyfus
New York, NY

David J. McCabe, Esq.

Senior Partner
Willkie Farr & Gallagher LLP
New York, NY

J. Riley McDonough

Senior Vice President and General
Manager Americas
Reuters Media
New York, NY

JoAnn M. Murphy

Vice Chair
Country Bank
Scarsdale, NY

Br. Lawrence T. Murphy, CFC

Office of Educational Services
New Rochelle, NY

Dr. Joseph E. Nyre

President
Iona College
New Rochelle, NY

Br. Hugh O'Neill, CFC

Province Leader
Mt. Sion Community and
Province Center
Elizabeth, NJ

Kamini Pahuja

Chairman
Alloy Polymers Inc.
Richmond, VA

Stephen V. Reitano

President
Sprague Associates, LLC
Scarsdale, NY

Peter G. Riguardi

President – New York Operations
Jones Lang LaSalle Americas, Inc.
New York, NY

Armando Rodriguez, Jr.

President & CEO
A&A Maintenance Enterprise, Inc.
Yonkers, NY

Charles Schoenherr

Chief Investment Officer
Broadway Partners
Greenwich, CT

Raymond J. Vercruyse, CFC

Mt. Sion Community and
Province Center
Elizabeth, NJ

Br. Brian M. Walsh, CFC

President
Bergen Catholic High School
Oradell, NJ

Lawrence I. Wills

Chief Financial Officer
Granite Broadcasting Corporation
New York, NY

Administration

The administrative structure of Iona College consists of the President, Provost and Senior Vice President for Academic Affairs, Senior Vice President for Finance and Administration, Senior Vice President for Advancement and External Affairs, Dean of the Hagan School of Business, Dean of the School of Arts and Science, Vice Provost for Information Technology and Vice Provost for Student Development. All of the administration, except the President, serve at the pleasure of the President and the Board of Trustees. The President of the College is appointed by the Board of Trustees. Subject to the control of the Board and the Executive Committee, the President administers the business and affairs of the College and supervises and directs the faculty and personnel.

Joseph E. Nyre, Ph.D. is Iona College's eighth President. Dr. Nyre is a first generation college graduate who obtained three advanced degrees and completed pre and postdoctoral studies at the University of Missouri, University of Kansas, and Harvard Medical School.

Dr. Nyre has practiced as a psychologist in academic, clinical settings, and private practice settings. He has served in a faculty capacity at the University of Kansas, Baylor University, Harvard Medical School, the University of Chicago, and the University of Illinois – Chicago College of Medicine. He has served administratively in higher education, public education and hospital systems.

Dr. Nyre has served on numerous Boards of Directors, Governor's Commissions, and national Task Forces. He has a nationally recognized program of research and numerous publications in the areas of education, child mental health, and systems of care. Dr. Nyre has acquired more than \$44 million in research and service grants and founded numerous university affiliated research, training, and service programs serving more than 30,000 people each year.

Brian Nickerson, Ph.D. serves as Provost and Senior Vice President for Academic Affairs. Dr. Nickerson has a B.A. in political science from Iona College, a Ph.D. from SUNY Albany and J.D. and M.P.A. degrees from Pace University. He served as Dean of the School of Arts and Sciences at Iona where he worked with faculty to develop new academic programs and majors, created a Learning Communities Program, managed program accreditations and established a Jump Start program (to begin in the fall of 2012) to provide academic support to certain students.

Jonathan C. Ivec is Senior Vice President for Finance and Administration. Mr. Ivec has a B.S. in economics from John Carroll University, an MBA in accounting from The Ohio State University. Mr. Ivec is a Certified Public Accountant and Certified Compliance and Ethics Professional. Mr. Ivec served as Vice President for Finance and Administrative Services at John Carroll University from 1995 to 2008 and as Chief Financial Officer for the Cleveland Sight Center, a non-profit agency serving the visually impaired. He held Controller positions for Figgie International, a Fortune 250 Company, served as Manager of Corporate Accounting for White Consolidated Industries, Inc., Senior Internal Auditor and Financial Analyst for Leaseway Transportation Corporation and Senior Accountant for Arthur Young and Company.

Paul J. Sutera is Senior Vice President for Advancement and External Affairs. Mr. Sutera has a B.S. and an M.S. from Central Connecticut State University and is a Certified Fund Raising Executive. He served as Associate Vice President for Development at Quinnipiac University and as Associate Athletic Director / Director of Development at Rice University in Houston, Texas.

Vincent Calluzzo, Ph.D. is Dean of the Hagan School of Business and Professor of Information Systems. Dr. Calluzzo had a B.S. in aerospace engineering from the Polytechnic Institute of Brooklyn. He has earned a M.S. in education from Queens College, a M.S. in applied mathematics from the Polytechnic Institute of New York, and has earned a Ph.D. in operations research from the Polytechnic University. Dr. Calluzzo served for nine years as a board member and president of the Manhasset School District.

Jeanne Zaino, Ph.D. is Interim Dean of the School of Arts and Science. Dr. Zaino has a B.A. in political science and a Masters Degree in survey research from the University of Connecticut. She also has a Masters Degree and a Ph.D. in political science from the University of Massachusetts, Amherst. Dr. Zaino has served as Director of the honors program and Chair of the Political Science Department at Iona College.

Charles Carlson is the Vice Provost for Student Development. Mr. Carlson has B.A. degree in Mathematics and an M.S. degree in Criminal Justice from Iona College. He also served in the positions of Director of Campus Safety and Security, Director of Student Development and Associate Vice Provost for Student Development at Iona

College from 1996 to the present. Prior to returning to Iona College, he worked with the City of New Rochelle Police Department from 1974 to 1996, retiring as a police lieutenant.

Joanne Laughlin Steele is Vice Provost for Information Technology / CIO. She served as Director of Information Technology prior to her appointment as Vice Provost. She holds a Bachelor's degree in Computer Science and Mathematics as well as an MBA in Finance from Iona College. She worked as a systems analyst for a consulting firm prior to joining the College in 1989.

Facilities

When Iona commenced operations in 1940, its physical plant consisted of a single academic building and a shared gymnasium on a campus that also housed Iona Preparatory School. Today, the College conducts its operations on its main campus in Westchester County, located on thirty-one acres in the Beechmont section of New Rochelle and at a branch location in leased space in Rockland County, New York.

The College's School of Arts and Science and the Hagan School of Business are located on the New Rochelle campus. The School of Arts and Science and the Hagan School of Business offer graduate programs in the College's branch campus in Rockland County.

The New Rochelle campus includes forty-nine buildings, of which fifteen are used for administrative, instructional, laboratory, student residence, recreational, and other education-related functions. The remaining structures are private homes owned by the College and used for faculty and departmental offices. The campus also includes a playing field and parking garage.

OPERATING INFORMATION

Admissions

The following table shows applications and admissions for Iona's undergraduate programs for the past five years:

FRESHMAN ADMISSION STATISTICS

<u>Fall</u>	<u>Total Applications</u>	<u>Acceptances</u>	<u>Acceptance Rate</u>	<u>Number Enrolled</u>	<u>Yield</u>
2007	5,914	3,798	64.2%	906	23.9%
2008	5,778	3,929	68.0	922	23.5
2009	7,309	4,905	67.1	789	16.1
2010	8,007	5,379	67.2	869	16.2
2011	7,884	5,697	72.3	812	14.3

Individuals who desire to participate in various graduate programs but do not meet matriculation standards, must satisfactorily complete a number of graduate credits before being allowed to matriculate.

Enrollment

The following table shows enrollments for Iona's graduate and undergraduate programs for the past five years:

ENROLLMENT SUMMARY

<u>Fall</u>	<u>Full-Time Undergraduate</u>	<u>Full-Time Graduate Professional</u>	<u>Total Full-Time Enrollment</u>	<u>Total Part-Time Enrollment</u>	<u>Total Headcount Enrollment</u>	<u>Total Full-Time Equivalent Enrollment</u>
2007	3,343	222	3,565	758	4,323	3,818
2008	3,329	236	3,565	810	4,375	3,835
2009	3,245	261	3,506	742	4,248	3,753
2010	3,156	309	3,465	658	4,123	3,684
2011	3,097	276	3,373	692	4,065	3,604

Total enrollment decreases at the undergraduate level are a function of the College's decision to strengthen academic standards for admission. From 2008 to 2009, freshmen enrollment and total headcount declined in part due to the College's decision to discontinue its football program following the 2007 season. This determination coincided with the dissolution of the MAAC Football League, of which Iona had been a member since 1993.

Reflecting the College's vision of its mission and the variety of post-secondary educational experiences it offers, Iona draws a diverse student body. A large number of the students on both campuses commute from their homes in Westchester County, Fairfield County (Connecticut), Bergen County (New Jersey), the five boroughs of New York City, and Long Island. However, of the total full-time undergraduate population of 3,097 on the New Rochelle campus, approximately 1,242 live away from home while attending Iona in either co-educational residence facilities on the campus or in off-campus housing in the areas surrounding or near the campus.

Tuition and Fees

The tuition for full-time undergraduate students and graduate tuition rates, as well as room and board rates at Iona are as follows:

STUDENT CHARGES

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Tuition:					
Undergraduate	\$23,024	\$24,406	\$25,600	\$26,850	\$28,192
Graduate (per credit):					
Hagan School of Business (per credit)	\$712	\$755	\$792	\$830	\$872
School of Arts & Science (per credit)	712	755	792	830	872
Returning Adults (per credit)	600	636	667	700	735
Room and Board	\$10,500	\$10,800	\$11,300	\$11,800	\$12,154
Student Fees	\$1,700	\$1,800	\$1,900	\$2,000	\$2,000

The College has the power to alter or revise its charges and fees and to increase or decrease them from time to time, upon due notice, as the Board of Trustees may determine.

Financial Aid and Scholarships

Iona College students received aid from the following sources for the past five fiscal years:

SOURCES OF UNDERGRADUATE SCHOLARSHIP AND GRANT AID

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Iona Grants	\$25,692,862	\$27,921,440	\$30,158,574	\$33,966,962	\$35,964,249
State Grants	3,864,694	3,901,363	3,685,798	3,455,784	3,300,911
Federal Grants	2,437,956	2,885,487	2,951,770	3,839,411	4,183,076
Outside Grants	<u>436,537</u>	<u>511,667</u>	<u>507,112</u>	<u>643,898</u>	<u>560,327</u>
Total	\$32,432,049	\$35,219,957	\$37,303,254	\$41,906,055	\$44,008,563

The amount available for student aid in future years under government programs may be reduced; the College believes it has the capability to allocate additional funds to students whose college careers would otherwise be in jeopardy.

Faculty

Total current faculty members employed by the College number 372 of whom 186 serve full-time; 64% of the permanent full-time faculty members hold tenure. The majority of the College's full-time faculty are appointed within one of the three principal academic ranks: Professor, Associate Professor and Assistant Professor.

The following table sets forth the faculty profile for the last five academic years.

FACULTY PROFILE

<u>Academic Year</u>	<u>Full-Time Faculty</u>	<u>Part-Time Faculty</u>	<u>Total Faculty</u>	<u>Full-Time Equivalent Faculty</u>	<u>Percent of Full-Time Faculty Tenured</u>
2007-08	176	227	403	252	66%
2008-09	176	220	396	249	68
2009-10	183	207	390	252	70
2010-11	185	201	386	252	69
2011-12	186	186	372	248	64

Employee Relations

Iona College does not have any collective bargaining contracts. The College has a history of satisfactory labor relations.

ANNUAL FINANCIAL STATEMENT INFORMATION

Financial Reporting

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

Summary of Unrestricted Activities

The following table summarizes the unrestricted activities of the College for the last five fiscal years. Information with respect to fiscal years 2011 and 2010 is derived in part from and should be read in conjunction with the College's audited financial statements for the fiscal years ended June 30, 2011 and 2010 and the report thereon of Grant Thornton LLP, independent auditors. Complete copies of such audited financial statements are included in Appendix B to this Official Statement.

Statements of Unrestricted Activities
Fiscal Year Ended June 30,
(in thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenue and gains:					
Tuition and fees	\$86,229	\$94,914	\$101,104	\$104,655	\$107,905
Less scholarships and fellowships	<u>(26,636)</u>	<u>(29,286)</u>	<u>(31,204)</u>	<u>(33,609)</u>	<u>(36,057)</u>
Net tuition and fees	59,593	65,628	69,900	71,046	71,848
Contributions	2,963	3,143	2,398	3,377	3,591
State appropriations	381	380	2,102	311	334
Government grants:					
Student Aid	816	727	755	871	867
Other	744	940	685	399	684
Auxiliary enterprises	11,181	12,457	12,593	12,920	14,957
Investment return (loss), net	2,120	309	(2,761)	1,492	4,760
Other sources	1,460	1,197	1,952	1,885	1,629
Net assets released from restrictions	<u>736</u>	<u>1,308</u>	<u>577</u>	<u>10,735</u>	<u>2,025</u>
Total revenues and other support	<u>79,994</u>	<u>86,089</u>	<u>88,201</u>	<u>103,036</u>	<u>100,695</u>
Expenses:					
Instruction	28,755	30,725	32,024	32,761	34,758
Academic support	2,259	2,432	2,207	2,394	2,705
Student services	14,366	14,643	15,096	15,300	16,594
Institutional support	20,333	20,439	21,500	22,813	22,069
Auxiliaries enterprises	<u>10,735</u>	<u>11,193</u>	<u>11,880</u>	<u>12,521</u>	<u>13,333</u>
Total expenses	<u>76,448</u>	<u>79,432</u>	<u>82,707</u>	<u>85,789</u>	<u>89,459</u>
Postretirement related changes other than net periodic benefit cost	—	(356)	(194)	(625)	897
Increase in unrestricted net assets before effect of adoption of FASB Statement No. 158	3,546	6,301	5,300	16,622	12,133
Effect of adoption of FASB Statement No. 158	<u>(3,152)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in unrestricted net assets	<u>\$ 394</u>	<u>\$6,301</u>	<u>\$5,300</u>	<u>\$16,622</u>	<u>\$ 12,133</u>

State Aid

The College benefits from a New York State program whereby State aid is allocable to certain non-profit institutions of higher education based on the number of academic degrees conferred during the previous year. Future payments by the State are dependent on the enactment of annual appropriations and the ability of the State to pay the sums appropriated.

The College received \$310,666 from New York State's 2010 funding cycle and \$333,518 from the 2011 funding cycle.

Management Discussion

In 2011, Dr. Joseph E. Nyre was inaugurated as Iona College's eighth President and the first non Christian Brother to lead the College since its founding in 1940. Dr. Nyre, together with College's Board of Legal Trustees, is leading the development of a new strategic plan for Iona College, building upon several recent initiatives and campaigns. For example, in 2011 a state-of-the-art model trading floor was completed, providing students hands on experience with the technology and analytic tools used on Wall Street and in corporate finance. The trading floor is the centerpiece of the planned Center for Financial Market Studies at the Hagan School of Business at Iona, which will allow for new concentrations and certificates in the School's graduate programs. In addition, in 2009, the Visions of Excellence Campaign, a \$14.7 million dollar capital campaign, concluded with the rededication of the newly-renovated Ryan Library as a modern academic center serving the campus.

In 2011, shortly after Dr. Nyre joined Iona, the College identified that inaccurate data regarding acceptance rates, SAT scores, graduation rates and alumni donors was being reported to external agencies. The College responded quickly, commissioning an investigation by outside counsel and an audit by an independent accounting firm. The College self-reported the inaccuracies to various external agencies, including US News & World Report.

In working with the College, US News & World Report has, since April 27, 2012, temporarily designated the College as an “Unranked” school until the publication of the next “Best Colleges” rankings in the fall 2012. The College will be re-ranked after submission (occurred on May 31, 2012) of this year’s data as well as corrected data from the previous year in accordance with US News standard requirements. The College cannot predict what impact, if any, such “unranked” status would have on the College’s enrollment. The College subsequently implemented new procedures with respect to the management of this data including the establishment of a Committee on Integrity in Reporting. The College was praised by the US Department of Education for its care and integrity with which it addressed this issue.

Contributions and Endowment

In 2005, the College concluded a very successful \$82.6 million dollar Visions into Reality capital campaign, which supported the Iona College Arts Center, renovations to the science building, the Mulcahy Campus Events Center and endowment for scholarships. In 2009, as well as completing the Visions for Excellence Campaign described above, the College commenced a feasibility study to assess the Iona community’s perception of Iona’s academic excellence and the need for endowment. The study showed support for the endowment. In 2010, Iona began a Legacy Society newsletter to illustrate different mechanisms for supporting the College.

The College’s endowment has increased in recent years, growing from \$40 million in 2010 to \$51.5 million dollars in 2012.

Budget

The Board of Trustees of Iona College approves the annual budget for the College. This includes tuition and fee increases, the amount of student financial aid and salary increases. Specifically, the Finance Committee of the Board of Trustees has responsibility for initial review and recommendation for approval of the budget, as well as the continual surveillance of actual performance in relation to the approved budget. Reports comparing actual performance to the budget are distributed to senior administration and department heads on a monthly basis. Interim condensed financial statements are provided to and reviewed with the Finance Committee on a quarterly basis.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Balance Sheets

The table below presents the College's balance sheets for the last five fiscal years. This table is derived in part from, and should be read in conjunction with, the audited financial statements for fiscal years 2010 and 2011 of the College included in Appendix B to this Official Statement.

Balance Sheets As of Ended June 30, (in thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assets					
Cash and cash equivalents	\$ 828	\$ 668	\$ 563	\$ 1,894	\$ 7,256
Short-term investments	2,812	6,957	1,987	-	-
Receivables:					
Accounts receivable from students, net	571	443	450	596	484
Other receivables, principally government agencies	1,062	611	638	825	559
Contributions receivable, net	5,258	8,481	6,852	3,961	3,442
Sale of Yonkers campus	225	225	-	-	-
Prepaid expenses and other assets	2,311	2,966	2,729	2,029	1,835
Cash and securities held by bond trustees	7,528	7,838	7,813	4,481	3,535
Investments	33,662	34,260	33,278	46,107	58,142
Federal Perkins loans to students, net	2,160	2,367	2,324	2,167	1,947
Restricted use assets	1,260	1,100	1,955	1,850	1,863
Land, buildings and equipment, net	<u>92,637</u>	<u>92,280</u>	<u>103,148</u>	<u>105,384</u>	<u>105,024</u>
Total assets	<u>\$150,314</u>	<u>\$158,196</u>	<u>\$161,737</u>	<u>\$169,294</u>	<u>\$184,087</u>
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 7,431	\$ 7,534	\$ 7,689	\$ 6,368	\$ 6,794
Deferred revenues and student deposits	5,532	5,472	4,511	3,927	4,212
Long-term debt	36,474	33,634	30,449	27,088	25,934
Refundable advances from U.S. Government	2,216	2,251	2,211	2,228	2,300
Accrued postretirement benefits	<u>10,103</u>	<u>10,258</u>	<u>10,511</u>	<u>11,512</u>	<u>11,119</u>
Total liabilities	<u>61,756</u>	<u>59,149</u>	<u>55,351</u>	<u>51,123</u>	<u>50,359</u>
Net Assets:					
Unrestricted net assets	65,996	72,298	77,597	94,219	106,353
Temporarily restricted	10,597	13,005	14,618	9,215	12,348
Permanently restricted	<u>11,965</u>	<u>13,744</u>	<u>14,171</u>	<u>14,737</u>	<u>15,027</u>
Total net assets	88,558	99,047	106,386	118,171	133,728
Total liabilities and net assets	<u>\$150,314</u>	<u>\$158,196</u>	<u>\$161,737</u>	<u>\$169,294</u>	<u>\$184,087</u>

Net Assets

Unrestricted net assets are available to fund the general day-to-day operations of the College. As of June 30, 2011, the College reported unrestricted net assets of \$106,352,740, consisting of amounts available for operations of \$23,727,496 and net investment in plant of \$82,625,244.

Temporarily restricted net assets are principally available for facilities and equipment and support of future periods. As of June 30, 2011, the College reported temporarily restricted net assets of \$12,347,759.

Permanently restricted net assets are restricted by the donor to be maintained permanently by the College; the investment return is used to support program activities such as instruction, financial aid, and general College operations. As of June 30, 2011, the College reported permanently restricted net assets of \$15,027,490.

Investments and Contributions

In May, 2001, the College's Investment Committee made the decision to transfer the Iona College Endowment to Commonfund. At that time, the Board of Trustees agreed upon asset allocations and an improved and detailed Investment Policy. As of June 30, 2011, the fair market value of the College's investments was \$58.1 million, which was principally invested in money market funds held with Commonfund. The fair market value of the College's Commonfund investments approximated \$54.2 million as of April 30, 2012.

The following table presents the contributions received by the College as contributions over the past five fiscal years:

	Contributions				
	Fiscal Year Ended June 30,				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Unrestricted	\$2,962,792	\$3,142,752	\$2,398,327	\$3,377,028	\$3,591,066
Temporarily Restricted	3,575,340	3,973,928	3,193,806	4,051,097	2,471,350
Permanently Restricted	<u>766,279</u>	<u>1,779,299</u>	<u>426,979</u>	<u>565,630</u>	<u>290,595</u>
Total	\$7,304,411	\$8,895,979	\$6,019,112	\$7,993,755	\$6,353,011

Land, Buildings and Equipment

The following table shows the book value of the land, buildings and equipment for the past five fiscal years.

	Land, Buildings and Equipment				
	Year Ended June 30,				
	(in thousands)				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Land improvements	\$ 9,319	\$ 10,319	\$ 12,629	\$ 13,401	\$ 13,986
Buildings and building improvements	115,755	116,223	116,223	130,786	131,331
Equipment, including software	26,113	27,527	29,176	30,834	31,542
Library books	<u>258</u>	<u>261</u>	<u>263</u>	<u>263</u>	<u>-</u>
	151,445	154,330	158,291	175,284	176,859
Less: Accumulated depreciation	<u>(59,440)</u>	<u>(63,787)</u>	<u>(68,166)</u>	<u>(72,948)</u>	<u>(77,831)</u>
	92,005	90,543	90,125	102,335	99,028
Land	-	-	-	2,512	2,512
Construction in progress	<u>633</u>	<u>1,737</u>	<u>13,023</u>	<u>536</u>	<u>3,484</u>
Total	\$92,638	\$92,280	\$103,148	\$105,384	\$105,024

Iona College presently carries, under blanket policies, insurance on its buildings and their contents, excluding building foundations and land, at 100% of the replacement cost of all buildings and facilities.

Outstanding Indebtedness

On July 2, 2002, the College entered into a loan agreement (the "2002 Agreement") with the Authority providing for the financing of the construction of two dormitory buildings and, along with other available monies, the refunding of a series of Authority bonds previously issued in 1991 on behalf of the College. The 2002 Agreement provided for a \$34,475,000 insured revenue bond issue which matures in annual installments, ranging from \$710,000 to \$1,890,000, during the period from July 1, 2011 to July 1, 2032 at annual interest rates of 4.00% to 5.00%. The outstanding obligation at June 30, 2011 was \$25,933,899 (net of \$256,101 of original issue discount). Interest on such bonds is payable semi-annually. Payment of the principal of and interest on the Series 2002 Bonds is guaranteed by a municipal bond insurance policy issued by Syncora Guarantee, formerly XL Capital Assurance Inc.

As a security for its obligations under the 2002 Agreement, the College has granted to the Authority a first mortgage on the related project and a security interest in an aggregate amount of tuition and fees. The amount of the security interest in tuition and fees is equal to the maximum amount of principal of, and interest on, any bonds coming due in the current or any future bond year.

A portion of the proceeds from the Series 2012 Bonds are expected be used to current refund all of the obligations issued under the 2002 Agreement.

Future Capital Plans

The College has completed the Lapenta Student Union, the Hynes Athletic Center, the Ryan Library addition, and the Spellman Hall renovation from funds raised by the "Visions into Reality" campaign. A new Strategic Plan was approved by the Board of Trustees in May 2012. The plan is less capital oriented than the previous plan and more qualitative in focus. A new campus master plan will be commissioned in the fall of 2012 to identify any competitive weaknesses in facilities. Increasing the number of residence hall beds will be the most important focus and will only be undertaken if the project is self funding.

The College is also contemplating the acquisition of certain residential property located adjacent to the College's campus that may be financed with proceeds from the issuance of additional Bonds under the Resolution or from a conventional commercial borrowing.

Pension Plans

The College has two contributory pension plans covering substantially all of its employees. The principal plan is with the TIAA/CREF. After two years of full-time service with the College, each individual who has attained 21 years of age becomes eligible to participate in the TIAA/CREF group retirement pension plans.

In those cases where an individual had TIAA/CREF coverage in a previous place of employment, the College will continue the coverage without the two year waiting period.

The base contractual taxable gross salary is reduced by 5% as the individual's contribution to the plan. The College will match this contribution according to the following schedule: less than 7 years full-time service, the College contribution will be 5%; 7 years but less than 11 years 7 1/2%; 11 years or more 10%. Total pension expense, which is funded currently, amounted to approximately \$2,308,000, representing the College's contribution for the 2010-11 fiscal year.

LITIGATION

The College, like other similar institutions, is subject to a variety of suits and proceedings arising in the ordinary course of business. The College has provided for all probable costs to be incurred with respect to these actions. In the opinion of the College, no litigation, individually or in the aggregate, currently pending, or to the knowledge of the College, threatened against it will result in a material adverse effect on its financial condition.

PART 8 — INVESTMENT CONSIDERATIONS RELATED TO THE SERIES 2012 BONDS

The purchase of the Series 2012 Bonds may involve certain risks. The following summary is not intended to be comprehensive, definitive or exhaustive but includes certain factors that should be considered, along with other factors set forth elsewhere in this Official Statement, including the Appendices. Investors should read the entire Official Statement, including the Appendices, to obtain information necessary to the making of an informed investment decision.

General

The Series 2012 Bonds are special obligations of the Authority payable solely from and secured by a pledge of the Revenues and funds and accounts established pursuant to the Series 2012A Resolution and Series 2012B Resolution, respectively, including the College's obligation to make certain payments under the Loan Agreement. No representation or assurance can be given to the effect that the College will generate sufficient revenues under the Loan Agreement to meet the Authority's payment obligations on the Series 2012 Bonds. Future legislation, regulatory actions, economic conditions, legal matters, changes in the number of students in attendance at the College or other factors could adversely affect the College's ability to generate sufficient revenues. The Underwriter has not made any independent investigation of the extent to which any factors in this section could have an adverse impact on the College's ability to make payments under the Loan Agreement.

The Series 2012 Bonds are not a debt of the State of New York (the "State") and the State is not liable on the Series 2012 Bonds.

Pledged Revenues are the Primary Source of Debt Service Payment

The Loan Agreement is a general obligation of the College and requires the College to pay, in addition to fees and expenses, amounts sufficient to pay the principal, Sinking Fund Installments and interest on the Series 2012 Bonds. The Pledged Revenues securing the College's obligation under the Loan Agreement consist of tuition and fees charged to students and received or receivable by the College. Such student charges comprised approximately 90.6% of the College's operating revenues for fiscal year 2011. These revenues are dependent on a number of factors including changes in demand for higher education in general, educational programs offered by the College, the College's facilities and, generally, the College's ability to attract and retain students. See PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS" and "Appendix C - Summary of Certain Provisions of the Loan Agreement." The amount of these Pledged Revenues in the future cannot be guaranteed.

Competition

The College competes with other public and private colleges and universities in a highly competitive market with a majority of its student originating from northeastern states which are expected to experience declines in high school graduate population over the next decade. In addition, some of the College's competitors are in close geographic proximity and may offer more competitive financial aid packages for students. The College's ability to continue to attract and retain students cannot be guaranteed.

Additional Indebtedness

Pursuant to the Loan Agreement, the College may issue, incur, assume or guarantee Long-Term Indebtedness without the consent of the Authority provided that certain provisions are met. Notwithstanding any provisions in the Loan Agreement or in the Resolution to the contrary, the College may issue, incur, assume, or guarantee Parity Indebtedness with the consent of the Authority. See PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2012 BONDS - Additional Indebtedness" and "Appendix C - Summary of Certain Provisions of the Loan Agreement." There is no assurance that, despite compliance with the covenants in the Loan Agreement, the ability of the College to make necessary payments to repay the Series 2012 Bonds would not be affected by the issuance of additional indebtedness.

Recent Data Inaccuracies

The College discovered that inaccurate data regarding acceptance rates, SAT scores, graduation rates and alumni donors was being reported to external agencies. The College self-reported the inaccuracies to various external agencies, including US News & World Report. US News & World Report, working with the College, has since April 27, 2012, temporarily designated the College as an “Unranked” school until the publication of the next “Best Colleges” rankings in the fall 2012. The College will be re-ranked after submission (occurred on May 31, 2012) of this year’s data as well as corrected data from the previous year in accordance with US News & World Report’s standard requirements. The College cannot predict what impact, if any, such “unranked” status would have on the College’s enrollment. See “PART 7 - THE COLLEGE - ANNUAL FINANCIAL STATEMENT INFORMATION -- Management Discussion.”

PART 9 — 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, 2012, the Authority had approximately \$46 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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, 2012 were as follows:

<u>Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Bonds and Notes Outstanding</u>
State University of New York				
Dormitory Facilities.....	\$ 2,738,656,000	\$ 1,364,250,000	\$ 0	\$ 1,364,250,000
State University of New York Educational and Athletic Facilities.....	16,277,917,999	6,698,289,207	0	6,698,289,207
Upstate Community Colleges of the State University of New York.....	1,644,630,000	664,175,000	0	664,175,000
Senior Colleges of the City University of New York.....	11,174,381,762	3,690,708,213	0	3,690,708,213
Community Colleges of the City University of New York.....	2,595,168,350	547,281,787	0	547,281,787
BOCES and School Districts.....	3,504,056,208	2,641,935,000	0	2,641,935,000
Judicial Facilities.....	2,161,277,717	646,412,717	0	646,412,717
New York State Departments of Health and Education and Other.....	9,070,560,000	6,440,090,000	0	6,440,090,000
Mental Health Services Facilities.....	8,662,585,000	4,070,030,000	0	4,070,030,000
New York State Taxable Pension Bonds.....	773,475,000	0	0	0
Municipal Health Facilities Improvement Program.....	<u>1,146,845,000</u>	<u>717,200,000</u>	<u>0</u>	<u>717,200,000</u>
Totals Public Programs.....	<u>\$ 59,749,553,036</u>	<u>\$ 27,480,371,924</u>	<u>\$ 0</u>	<u>\$ 27,480,371,924</u>
<u>Non-Public Programs</u>	<u>Bonds Issued</u>	<u>Bonds Outstanding</u>	<u>Notes Outstanding</u>	<u>Bonds and Notes Outstanding</u>
Independent Colleges, Universities and Other Institutions.....	\$ 21,217,289,952	\$ 10,920,998,311	\$ 70,895,000	\$ 10,991,893,311
Voluntary Non-Profit Hospitals.....	15,470,189,309	6,987,840,000	0	6,987,840,000
Facilities for the Aged.....	2,030,560,000	547,405,000	0	547,405,000
Supplemental Higher Education Loan Financing Program.....	<u>95,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals Non-Public Programs.....	<u>\$ 38,813,039,261</u>	<u>\$ 18,456,243,311</u>	<u>\$ 70,895,000</u>	<u>\$ 18,527,138,311</u>
Grand Totals Bonds and Notes.....	<u>\$ 98,562,592,297</u>	<u>\$ 45,936,615,235</u>	<u>\$ 70,895,000</u>	<u>\$ 46,007,510,235</u>

Outstanding Indebtedness of the Agency Assumed by the Authority

At June 30, 2012, the Agency had approximately \$183 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, 2012 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	\$ 2,035,000
Insured Mortgage Programs	6,625,079,927	178,175,000
Revenue Bonds, Secured Loan and Other Programs.....	<u>2,414,240,000</u>	<u>2,790,000</u>
Total Non-Public Programs.....	<u>\$ 9,265,549,927</u>	<u>\$ 183,000,000</u>
Total MCFFA Outstanding Debt.....	<u>\$ 13,082,780,652</u>	<u>\$ 183,000,000</u>

Governance

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

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

The current members of the Authority are as follows:

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

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

Carney holds a Bachelors degree in Philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His current term expires on March 31, 2013.

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

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on June 20, 2007. Mr. Johnson is Chairman of the Board and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He is director of the New York Newspapers Foundation, a member of the Development Authority of the North Country and the Fort Drum Regional Liaison Committee, a trustee of Clarkson University and president of the Bugbee Housing Development Corporation. Mr. Johnson has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001 and 2002. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expires on March 31, 2013.

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

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

TIM C. LOFTIS, Esq., Buffalo.

Tim Loftis was appointed as a Member of the Authority by the Governor on June 20, 2012. Mr. Loftis is a partner in the Business and Corporate practice group of the law firm Jaekle Fleischmann & Mugel, LLP. He has experience in business and corporate matters with an emphasis on transactional matters, including domestic and international mergers and acquisitions as well as complex commercial financing transactions. Mr. Loftis is Chair of the Board of Directors of the Buffalo Niagara Partnership. He is admitted to practice law in the State of New York and the U.S. District Court for the Western District of New York. Mr. Loftis holds a Bachelors of Arts degree from the State University of New York at Buffalo and a Juris Doctor degree from Georgetown University Law Center. His term expires on March 31, 2015.

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.

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

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

The position of General Counsel is currently vacant.

Claims and Litigation

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

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the “PACB”) has authority to approve the financing and construction of any new or reactivated projects proposed by the Authority and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. The Authority has obtained the approval of the PACB for the issuance of the Series 2012 Bonds.

Legislation

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

Environmental Quality Review

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

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of the Authority for the fiscal year ended March 31, 2012. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 10 — LEGALITY OF THE SERIES 2012 BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2012 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control.

The Series 2012 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

PART 11 — NEGOTIABLE INSTRUMENTS

The Series 2012 Bonds are negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2012 Bonds.

PART 12 — TAX MATTERS

Opinion of Co-Bond Counsel

In the opinion of Hodgson Russ LLP and Golden Holley James LLP, Co-Bond Counsel, under existing law, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and certifications made by the Authority and the College described below and compliance with the below mentioned covenants, interest on the Series 2012 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”). Co-Bond Counsel are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations.

Interest on the Series 2012 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

Co-Bond Counsel are also of the opinion that interest on the Series 2012 Bonds is exempt from personal income taxes of the State of New York and any political subdivision thereof, including The City of New York and the City of Yonkers. Co-Bond Counsel express no opinion regarding any other State of New York or local tax consequences arising with respect to the Series 2012 Bonds nor as to the taxability of the Series 2012 Bonds or the income therefrom under the laws of any state other than the State of New York.

Certain Ongoing Federal Tax Requirements and Covenants

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2012 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2012 Bonds, yield and other restrictions on investments of gross proceeds and other amounts, and the arbitrage rebate requirement that certain earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements could cause interest on the Series 2012 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2012 Bonds, irrespective of the date on which such noncompliance occurs. The Authority has covenanted in the Series 2012 Resolution and the College has covenanted in the Loan Agreement to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2012 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the College have made certain representations and certifications in their respective tax certificates relating to the Series 2012 Bonds. Co-Bond Counsel will not independently verify the accuracy of those representations and certifications.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain Federal income tax matters with respect to the Series 2012 Bonds under existing statutes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2012 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2012 Bonds.

As noted above, interest on the Series 2012 Bonds may be taken into account in computing the tax liability of corporations subject to the federal alternative minimum tax imposed by Section 55 of the Code. Interest on the Series 2012 Bonds may also be taken into account in computing the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Ownership or disposition of, or the accrual or receipt of interest on, the Series 2012 Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, financial institutions, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2012 Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Series 2012 Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of the Series 2012 Bonds is expected to be the initial public offering price set forth on the cover page of this Official Statement. Co-Bond Counsel further are of the opinion that, for any Series 2012 Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the

Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2012 Bonds.

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

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

Original Issue Premium

In general, if an owner acquires a Series 2012 Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2012 Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series 2012 Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the authorization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to the period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a tax-exempt Premium Bond may realize a taxable gain upon disposition of the tax-exempt Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, or sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest paid on tax-exempt obligations, including the Series 2012 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2012 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2012 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Other Impacts

Co-Bond Counsel are not rendering any opinion as to any Federal tax matters other than those described under the caption “Tax Matters”. Prospective investors, particularly those who may be subject to special rules mentioned above, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning or disposing of the Series 2012 Bonds.

Changes in Law and Post Issuance Events

The Code has been continuously subject to legislative modifications, amendments and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. Future legislative proposals, if enacted into law, clarifications of the Code or court decisions may cause interest on the Series 2012 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners of the Series 2012 Bonds (“Beneficial Owners”) from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarifications of the Code or court decisions may also affect the market price for, or marketability of, the Series 2012 Bonds. Prospective purchasers of the Series 2012 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Co-Bond Counsel express no opinion.

The engagement of Co-Bond Counsel with respect to the Series 2012 Bonds ends with the issuance of the Series 2012 Bonds. The Internal Revenue Service has established an active audit program of certain tax-exempt entities and tax-exempt bonds issued by state and local government units. Unless separately engaged, Co-Bond Counsel are not obligated to defend the Authority, College or the Beneficial Owners regarding the tax-exempt status of the Series 2012 Bonds in the event of an audit examination by the Internal Revenue Service. Under current procedures, parties other than the Authority, College and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of Internal Revenue Service positions, with which the Authority or College legitimately disagrees, may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Series 2012 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Series 2012 Bonds, and may cause the Authority, College or the Beneficial Owners to incur significant expense.

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

Form of Opinion of Co-Bond Counsel

The form of the approving opinion of Co-Bond Counsel is attached hereto as Appendix E. See “Form of Approving Opinion of Co-Bond Counsel” in APPENDIX E.

PART 13 — STATE NOT LIABLE ON THE SERIES 2012 BONDS

The Act provides that notes and bonds of the Authority are not a debt of the State, that the State is not liable on them and that such notes and bonds are not payable out of any funds other than those of the Authority. The Resolution specifically provides that the Series 2012 Bonds are not a debt of the State and that the State is not liable on them.

PART 14 — COVENANT BY THE STATE

The Act states that the State pledges and agrees with the holders of the Authority’s notes and bonds that the State will not limit or alter the rights vested in the Authority to provide projects, to establish and collect rentals

therefrom and to fulfill agreements with the holders of the Authority's notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State's pledges and agreements contained in the Act, the State may in the exercise of its sovereign power enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreements with the Authority and with the holders of the Authority's notes or bonds.

PART 15 — LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Series 2012 Bonds by the Authority are subject to the approval of Hodgson Russ LLP, Albany, New York, and Golden Holley James LLP, New York, New York, Co-Bond Counsel, whose approving opinion will be delivered with the Series 2012 Bonds. The proposed form of Bond Counsel's opinion is set forth in Appendix E hereto.

Certain legal matters will be passed upon for the College by its Counsel, Tarter Krinsky & Drogin, LLP, New York, New York. Certain legal matters will be passed upon for the Underwriter by its counsel, McKenna Long & Aldridge LLP, New York, New York.

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

PART 16 — UNDERWRITING

Citigroup Global Markets Inc. has agreed, subject to certain conditions, to purchase the Series 2012A Bonds from the Authority at an aggregate purchase price of \$24,593,382.71 and to make a public offering of Series 2012A Bonds at prices that are not in excess of the public offering prices stated on the cover page of this Official Statement. Citigroup Global Markets Inc. has agreed, subject to certain conditions, to purchase the Series 2012B Bonds from the Authority at an aggregate purchase price of \$6,543,586.10 and to make a public offering of Series 2012B 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 2012 Bonds if any are purchased.

The Series 2012 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.

Citigroup Inc., parent company of Citigroup Global Markets Inc., the underwriter of the Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2012 Bonds.

PART 17 — VERIFICATION OF MATHEMATICAL COMPUTATION

Barthe & Wahrman, PA, Minneapolis, Minnesota, a firm of independent public accountants, will deliver to the Authority its report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Authority and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of the mathematical computations of the adequacy of the cash, the maturing principal amounts and the interest on the Investment Securities deposited with the trustees under the resolutions pursuant to which the Refunded Bonds were issued to pay the redemption price of and interest coming due on the Refunded Bonds on the redemption date or respective redemption dates as described in "PART 5 - THE REFUNDING PLAN." Barthe & Wahrman, PA will express no opinion on the reasonableness of the assumptions provided to them, the likelihood that the principal of

and interest on the Series 2012 Bonds will be paid as described in the schedules provided to them, or the exclusion of the interest on the Series 2012 Bonds from gross income for federal income tax purposes.

PART 18 — CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as amended (“Rule 15c2-12”), the College has undertaken in a written agreement (the “Continuing Disclosure Agreement”) for the benefit of the Bondholders to provide to Digital Assurance Certification LLC (“DAC”), on behalf of the Authority as the Authority’s disclosure dissemination agent, on or before 120 days after the end of each fiscal year, commencing with the fiscal year of the College ending June 30, 2012, for filing by DAC with the Municipal Securities Rulemaking Board (“MSRB”) and its Electronic Municipal Market Access system for municipal securities disclosures, on an annual basis, operating data and financial information of the type hereinafter described which is included in “PART 7 - THE COLLEGE” of this Official Statement (the “Annual Information”), together with the College’s annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be delivered to DAC for delivery to the MSRB.

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

The College also will undertake in the Continuing Disclosure Agreement to provide to the Authority, the Trustee and DAC, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”). In addition, the Authority and the Trustee have undertaken, for the benefit of the Bondholders, to provide such Notices to DAC, should the Authority have actual knowledge of the occurrence of a Notice Event (as hereinafter defined). Upon receipt of Notices from the College, the Trustee or the Authority, DAC will file the Notices with the MSRB in a timely manner. With respect to the Series 2012 Bonds, DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC’s obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the College has provided such information to DAC as required by the Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosure or Notices made pursuant to the terms of the Continuing Disclosure Agreement and DAC has no duty or obligation to review or verify any information contained in the Annual Information, Audited Financial Statements, Notices or any other information, disclosures or notices provided to it by the College, the Trustee or the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the College, the Holders of the Series 2012 Bonds or any other party. DAC has no responsibility for the failure of the Authority to provide to DAC a Notice required by the Continuing Disclosure Agreement or duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the College, the Trustee or the Authority has complied with the Continuing Disclosure Agreement and DAC may conclusively rely upon certifications of the College, the Trustee and the Authority with respect to their respective obligations under the Continuing Disclosure Agreement. In the event the obligations of DAC as the Authority’s disclosure dissemination agent terminate, the Authority will either appoint a successor disclosure dissemination agent or, alternatively, assume all responsibilities of the disclosure dissemination agent for the benefit of the Bondholders.

The Annual Information will consist of the following: (a) operating data and financial information of the type included in this Official Statement in “PART 7 - THE COLLEGE” under the headings “OPERATING INFORMATION” and “ANNUAL FINANCIAL STATEMENT INFORMATION” relating to: (1) *student admissions*, similar to that set forth under the heading “FRESHMAN ADMISSIONS STATISTICS;” (2) *student enrollment*, similar to that set forth under the heading “ENROLLMENT SUMMARY;” (3) *tuition and other student charges*, similar to that set forth under the heading “STUDENT CHARGES;” (4) *financial aid*, similar to that set forth under the subheading “SOURCES OF UNDERGRADUATE SCHOLARSHIP AND GRANT AID;” (5) *faculty*, similar to that set forth under the heading “FACULTY PROFILE;” (6) *employee relations*, including

material information about union contracts and, unless such information is included in the audited financial statements of the College, post retirement benefits and pension plans; (7) *restricted and designated net assets and investments and cash equivalents*, unless such information is included in the audited financial statements of the College; (8) *investment in plant*, unless such information is included in the audited financial statements of the College; and (9) *outstanding long-term indebtedness*, unless such information is included in the audited financial statements of the College; together with (b) a narrative explanation, if necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the College and in judging the financial and operating condition of the College.

The Notices include notices of any of the following events (the “Notice Events”) with respect to the Series 2012 Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, IRS notices or events affecting the tax status of the Series 2012 Bonds; (7) modifications to the rights of holders of the Series 2012 Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2012 Bonds, if material; (11) rating changes; (12) tender offers; (13) bankruptcy, insolvency, receivership or similar event of the College; (14) merger, consolidation or acquisition of the College, if material; (15) appointment of a successor or additional trustee, or the change in name of a trustee, if material; and (16) failure to provide annual information as required. In addition, DAC will undertake, for the benefit of the Holders of the Series 2012 Bonds, to provide to the MSRB, in a timely manner, notice of any failure by the College to provide the Annual Information and annual financial statements by the date required in the College’s undertaking described above.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement described above is an action to compel specific performance of the undertaking of DAC, the College, the Trustee and/or the Authority, and no person, including any Holder of the Series 2012 Bonds, may recover monetary damages thereunder under any circumstances. The Authority or the College may be compelled to comply with their respective obligations under the Continuing Disclosure Agreement (i) in the case of enforcement of their obligations to provide information required thereunder, by any Holder of Outstanding Series 2012 Bonds or by the Trustee on behalf of the Holders of Outstanding Series 2012 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 2012 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 2012 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 2012A Resolution, the Series 2012B Resolution, or the Loan Agreement. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided; the description is not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Continuing Disclosure Agreement, however, may be amended or modified without consent of the Holders of the Series 2012 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 2012 Bonds will be on file at the principal office of the Authority.

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

PART 19 — RATINGS

Moody’s Investors Service (“Moody’s”) has assigned a rating of “Baa3” to the Series 2012 Bonds. Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc. (“Standard & Poor’s”) has assigned a rating of “BBB” to the Series 2012 Bonds. Such ratings reflect only the views of such rating agencies and any

desired explanation of the significance of such ratings or any outlooks or other statements given with respect thereto should be obtained from the rating agencies at the following addresses: Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and Standard & Poor's, 55 Water Street, New York, New York 10041. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by either rating agency (or both) if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the market price of the Series 2012 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

PART 20 — MISCELLANEOUS

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

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

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

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

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

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

"Appendix B - Financial Statements of Iona College With Report of Independent Certified Public Accountants" contains the financial statements of the College as of and for the years ended June 30, 2011 and 2010 which have been audited by Grant Thornton LLP, independent accountants as stated in their report appearing therein.

The College has reviewed the parts of this Official Statement describing the College, the Estimated Sources and Uses of Funds, the Project and Appendix B. The College, as a condition to issuance of the Series 2012 Bonds, is required to certify that as of the date of this Official Statement, such parts do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

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

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

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

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

APPENDIX A

CERTAIN DEFINITIONS

[THIS PAGE INTENTIONALLY LEFT BLANK]

CERTAIN DEFINITIONS

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

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

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

Annual Administrative Fee means the fee payable to the Authority 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 and made a part of the Loan Agreement.

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

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

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

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

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

Appendix A

holidays) in each calendar week in the Borough of Manhattan, City and State of New York, designated by the Authority.

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

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

Bond or Bonds when used in connection with the Resolution, means any of the bonds of the Authority authorized and issued pursuant to the Resolution and to a Series Resolution and, when used in connection with the Loan Agreement, means the Authority's Iona College Revenue Bonds, Series 2012 authorized by the Resolution and issued pursuant to the Series 2012 Resolutions.

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

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

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

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

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

Business Day when used in connection with any particular Series 2012 Bonds means a day other than (a) a Saturday and Sunday or (b) a day on which any of the following are authorized or required to remain closed: (i) banks or trust companies chartered by the State of New York or the United States of America, (ii) the Trustee, (iii) the New York Stock Exchange, (iv) the Facility Provider or a Credit Facility or Liquidity Facility, if any, or (v) DTC.

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

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

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

Continuing Disclosure Agreement means the Agreement to provide Continuing Disclosure, entered into in connection with the issuance of the Bonds, by and among the Authority, the Institution, Digital Assurance Certification LLC, as disclosure dissemination agent, and the Trustee, or such other parties thereto designated at such times, providing for continuing disclosure.

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

Cost or Costs of Issuance means the items of expense incurred in connection with the authorization, sale and issuance of Bonds of a Series, which items of 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, a Facility Provider or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums, fees and charges for insurance on such Bonds, commitment fees or similar charges relating to a Reserve Fund Facility, a Liquidity Facility, a Credit Facility, an Interest Rate Exchange Agreement or a Remarketing Agreement, 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, environmental inspections and assessments, 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 to the Resolution or to the Loan Agreement, a Mortgage, a Liquidity Facility, Credit Facility, a Reserve Fund Facility, an Interest Rate Exchange Agreement or a Remarketing Agreement.

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

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

(ii) an insurance company or association chartered or organized under the laws of any state of the United States of America;

(iii) the Government National Mortgage Association or any successor thereto;

Appendix A

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

Any such Credit Facility may also constitute a Liquidity Facility if it also meets the requirements of the definition of a Liquidity Facility in the Resolution. There is no Credit Facility for the Series 2012 Bonds upon the initial issuance thereof.

Debt Service Coverage Ratio means the ratio of Operating Income Available for Debt Service to Annual Debt Service.

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, if any, of and interest on a Series of Bonds so designated, created and established by the Authority by or pursuant to a Series Resolution. The Authority has not established a Debt Service Reserve Fund in favor of the Series 2012 Bonds. The Debt Service Reserve Fund for each series of the Series 2012 Bonds will be funded at the maximum size permitted by the Code.

Debt Service Reserve Fund Requirement means (A) with respect to the Series 2012A Bonds, the Series 2012A Debt Service Reserve Fund Requirement, and (B) with respect to the Series 2012B Bonds, the Series 2012B Debt Service Reserve Fund Requirement.

Defeasance Security means:

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

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

(c) 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 nationally recognized statistical rating services in the highest rating category for such Exempt Obligation; provided, however, that (1) such term shall not include any interest in a unit investment trust or mutual fund or (2) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof.

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

Depository means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation

designated in the Series Resolution authorizing a Series of Bonds or a Bond Series Certificate relating to a Series of Bonds to serve as securities depository for the Bonds of such Series.

Event of Default when used in connection with the Resolution, means each event described in Section 11.02 of the Resolution summarized in Appendix D under the heading “**Events of Default**” and, when used in connection with the Loan Agreement, means each event described in Section 32 of the Loan Agreement summarized in Appendix C under the heading “**Defaults and Remedies.**”

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 nationally recognized statistical 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 wholly comprised of any of the foregoing obligations.

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

Expendable Resources to Debt Ratio means the ratio of Expendable Resources to Long-Term Indebtedness.

Facility Provider means the issuer of a Reserve Fund Facility, a Credit Facility or a Liquidity 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, whose objective is to maintain a constant share value of \$1.00 per share, that is rated in the highest short term rating category by at least one nationally recognized statistical rating organization, and at the time such investment is made, such fund had a minimum asset value of \$500 million.

Fiscal Year means a twelve month period beginning on June 1st of a calendar year and ending on May 31st of the next succeeding calendar year, or such other twelve month period as the Institution may elect as its fiscal year.

Appendix A

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, whose objective is to maintain a constant share value of \$1.00 per share, that is rated in the highest short term rating category by at least one nationally recognized statistical rating organization, and at the time such investment is made, such fund had a minimum asset value of \$500 million.

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

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

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.

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

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

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

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

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

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

(ii) an insurance company or association chartered or organized under the laws of any state of the United States of America;

(iii) the Government National Mortgage Association or any successor thereto;

(iv) the Federal National Mortgage Association or any successor thereto; or

(v) any other federal agency or instrumentality approved by the Authority.

A Liquidity Facility may also be a Credit Facility. There is no Liquidity Facility for the Series 2012 Bonds upon the initial issuance thereof.

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.

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

Maximum Annual Debt Service means on any date, when used with respect to the Bonds, the greatest amount required for the Institution (in the then current or any future calendar year) to pay the sum of the principal and Sinking Fund Installments of and interest on Outstanding Bonds payable during such year assuming that a Variable Interest Rate Bond bears interest at a fixed rate of interest equal to that rate which, in the reasonable determination of an Authorized Officer of the Authority, such Variable Interest Rate Bond would have had to bear as a fixed rate bond to be marketed at par on the date of its initial issuance; provided, however, that such amounts required to be paid on Short-Term Indebtedness shall include interest only; and provided further that such amount shall not include interest to be paid from the proceeds of Indebtedness (i.e. capitalized interest) or principal amounts paid during the then current Fiscal Year from proceeds of Refunding Debt.

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

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.

Appendix A

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

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

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

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

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

Parity Indebtedness means any indebtedness incurred by the Institution or issued on behalf of the Institution that is secured equally and ratably by the Applicable Mortgaged Property and/or the Applicable Pledged Revenues.

Parity Pledges means the liens, pledges, charges, encumbrances and security interests in tuition and fees received by the Institution made and given pursuant to agreements entered into by the Institution in connection with Parity Indebtedness.

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 Obligations;
- (ii) Federal Agency Obligations described in clauses (i) or (ii) of the definition of Federal Agency Obligations;
- (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 nationally recognized statistical rating

service and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one nationally recognized statistical rating service no lower than in the second highest rating category; and

(iv) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a nationally recognized statistical 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;
- (vi) Covenants, conditions, reservations, restrictions and agreements heretofore recorded against the Mortgaged Property and described in the title insurance policy;
- (vii) The Mortgage; and
- (viii) 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 rated by at least one nationally recognized statistical rating service in at least the second highest rating category, and (b) fully collateralized by Permitted Collateral;
- (vi) Investment Agreements that are fully collateralized by Permitted Collateral; and

Appendix A

(vii) shares 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, that is rated in the highest short term rating category by at least one nationally recognized statistical rating organization, and at the time such investment is made, such fund had a minimum asset value of \$500 million.

Plant Equity means property, plant and equipment, net, plus any bond proceeds held by any bond trustee as reserves or otherwise, minus Long-Term Indebtedness.

Pledged Revenues means an amount equal to the Maximum Annual Debt Service from tuition and fees charged to students for academic instruction, the right to receive the same and the proceeds thereof.

Project, when used in the connection with the Resolution, 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 and, when used in connection with the Loan Agreement, means each of the buildings and improvements, and the land appurtenant thereto, more particularly described in Schedule C to the Loan Agreement, acquired, constructed, reconstructed or otherwise renovated or improved with the proceeds of the Bonds; provided, however, such term does not include any of the foregoing if and to the extent that the Bonds are no longer Outstanding.

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 Reserve Fund Facility, a Credit Facility or a Liquidity Facility, including interest on amounts advanced and fees and charges with respect thereto.

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

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one nationally recognized statistical 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 nationally recognized statistical 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 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 nationally recognized statistical 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 nationally recognized statistical 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 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 nationally recognized

statistical 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 nationally recognized statistical 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 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 moneys held hereunder purchased from such corporation, are insured by an insurer that meet the applicable rating requirements set forth above.

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

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

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

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

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

Related Agreements means, in connection with the Bonds, each Remarketing Agreement, any broker-dealer agreement, auction agent agreement and agreement entered into in connection with a Reserve Fund Facility, Credit Facility or Liquidity Facility, to which the Institution is a party.

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

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

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

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

Resolution means the Authority's Iona College Revenue Bond Resolution, adopted by the Authority May 23, 2012, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

Appendix A

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.

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

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

Series 2002 Bonds means the Dormitory Authority of the State of New York Iona College Insured Revenue Bonds, Series 2002.

Series 2012A Debt Service Reserve Fund Requirement means the amount of money required to be deposited in a Debt Service Reserve Fund related to the Series 2012A Bonds as determined in accordance with the Series 2012A Bond Series Certificate and the Series 2012A Series Resolution pursuant to which such Debt Service Reserve Fund has been established and means, as of any particular date of computation, an amount equal to 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 Series 2012A Bonds payable during such year, excluding interest accrued thereon prior to July 1 of the next preceding year, except that if, upon the issuance of the Series 2012A Bonds, such amount would require moneys, in an amount in excess of the maximum amount permitted under the Code to be deposited therein from the proceeds of the Series 2012A Bonds, to be deposited therein, the Series 2012A Debt Service Reserve Fund Requirement shall mean an amount equal to the proportionate share of the total maximum amount permitted under the Code to be deposited therein from the proceeds of the Series 2012 Bonds, as certified by an Authorized Officer of the Authority provided, however, that in no event shall the Series 2012A Debt Service Reserve Fund Requirement exceed the amount at which it is initially funded.

Series 2012B Debt Service Reserve Fund Requirement means the amount of money required to be deposited in a Debt Service Reserve Fund related to the Series 2012B Bonds as determined in accordance with the Series 2012B Bond Series Certificate and the Series 2012B Series Resolution pursuant to which such Debt Service Reserve Fund has been established and means, as of any particular date of computation, an amount equal to 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 Series 2012B Bonds payable during such year, excluding interest accrued thereon prior to July 1 of the next preceding year, except that if, upon the issuance of the Series 2012B Bonds, such amount would require moneys, in an amount in excess of the maximum amount permitted under the Code to be deposited therein from the proceeds of the Series 2012B Bonds, to be deposited therein, the Series 2012B Debt Service Reserve Fund Requirement shall mean an amount equal to the proportionate share of the total maximum amount permitted under the Code to be deposited therein from the proceeds of the Series 2012 Bonds, as certified by an Authorized Officer of the Authority provided, however, that in no event shall the Series 2012B Debt Service Reserve Fund Requirement exceed the amount at which it is initially funded.

Series 2012 Resolutions when used in connection with the Resolution, means a resolution of the Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to Article II of the Resolution and, when used in connection with the Loan Agreement, means the Authority's Series Resolutions Authorizing, individually and in the aggregate, \$42,000,000 Iona College Revenue Bonds, Series 2012 adopted with respect to the Project, as the same may be amended, supplemented or otherwise modified pursuant to the terms of the Resolution.

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

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

State means the State of New York.

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

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

Testing Date means the last day of the Institution's Fiscal Year.

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.

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

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

Appendix A

(i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times; or

(ii) a stated interest rate that may be changed from time to time as provided in such Series Resolution or Bond Series Certificate;

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

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

APPENDIX B

FINANCIAL STATEMENTS OF IONA COLLEGE

[THIS PAGE INTENTIONALLY LEFT BLANK]

Financial Statements Together with
Report of Independent Certified Public Accountants

IONA COLLEGE

June 30, 2011 and 2010

IONA COLLEGE

TABLE OF CONTENTS

	Page
Report of Independent Certified Public Accountants	1
Financial Statements:	
Statements of Financial Position as of June 30, 2011 and 2010	2
Statement of Activities for the year ended June 30, 2011	3
Statement of Activities for the year ended June 30, 2010	4
Statements of Cash Flows for the years ended June 30, 2011 and 2010	5
Notes to Financial Statements	6 - 22



Audit • Tax • Advisory

Grant Thornton LLP
666 Third Avenue, 13th Floor
New York, NY 10017-4011

T 212.599.0100
F 212.370.4520
www.GrantThornton.com

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
Iona College:

We have audited the accompanying statements of financial position of Iona College (the “College”) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iona College as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP
New York, New York
October 26, 2011

IONA COLLEGE
Statements of Financial Position
As of June 30, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	\$ 7,256,213	\$ 1,894,424
Receivables:		
Accounts receivable from students, net (Note 8)	483,862	596,332
Other receivables, principally government agencies	558,512	824,541
Contributions receivable, net (Note 8)	3,442,480	3,961,303
Prepaid expenses and other assets	1,834,883	2,029,214
Cash and securities held by bond trustees (Note 9)	3,534,843	4,481,220
Investments (Note 3)	58,141,852	46,107,187
Federal Perkins loans to students, net (Note 8)	1,946,998	2,166,584
Restricted use assets (Note 6)	1,863,500	1,850,000
Land, buildings and equipment, net (Note 7)	<u>105,024,300</u>	<u>105,384,024</u>
Total assets	<u>\$ 184,087,443</u>	<u>\$ 169,294,829</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 6,794,325	\$ 6,368,472
Deferred revenues and student deposits	4,212,046	3,926,900
Long-term debt (Note 9)	25,933,899	27,088,453
Refundable advances from U.S. government (Note 8)	2,300,184	2,227,814
Accrued postretirement benefits (Note 12)	<u>11,119,000</u>	<u>11,512,000</u>
Total liabilities	<u>50,359,454</u>	<u>51,123,639</u>
Commitments and contingencies (Note 14)		
NET ASSETS		
Unrestricted net assets	106,352,740	94,219,282
Temporarily restricted (Note 4)	12,347,759	9,215,013
Permanently restricted (Note 4)	<u>15,027,490</u>	<u>14,736,895</u>
Total net assets	<u>133,727,989</u>	<u>118,171,190</u>
Total liabilities and net assets	<u>\$ 184,087,443</u>	<u>\$ 169,294,829</u>

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

IONA COLLEGE
Statement of Activities
For the year ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating				
Revenues and gains:				
Tuition and fees	\$ 107,904,861	\$ -	\$ -	\$ 107,904,861
Less: Scholarships and fellowships	(36,056,895)	-	-	(36,056,895)
Net tuition and fees	<u>71,847,966</u>	<u>-</u>	<u>-</u>	<u>71,847,966</u>
Contributions	2,830,365	229,192	-	3,059,557
State appropriations	333,518	-	-	333,518
Government grants				
Student Aid	867,574	-	-	867,574
Other	683,809	-	-	683,809
Auxiliary enterprises	14,956,828	-	-	14,956,828
Other sources	1,629,441	-	-	1,629,441
Net assets released from restrictions	<u>376,854</u>	<u>(376,854)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>93,526,355</u>	<u>(147,662)</u>	<u>-</u>	<u>93,378,693</u>
Expenses (Note 13):				
Instruction	34,757,877	-	-	34,757,877
Academic support	2,705,576	-	-	2,705,576
Student services	16,593,750	-	-	16,593,750
Institutional support	22,068,990	-	-	22,068,990
Auxiliary enterprises	<u>13,333,055</u>	<u>-</u>	<u>-</u>	<u>13,333,055</u>
Total expenses	<u>89,459,248</u>	<u>-</u>	<u>-</u>	<u>89,459,248</u>
Increase in net assets from operating activities	<u>4,067,107</u>	<u>(147,662)</u>	<u>-</u>	<u>3,919,445</u>
Nonoperating				
Contributions for endowment, capital projects and bequests	760,701	2,242,158	290,595	3,293,454
Investment return, net (Note 3)	4,759,792	2,687,108	-	7,446,900
Net assets released from restriction for capital projects	1,648,858	(1,648,858)	-	-
Postretirement related changes other than net periodic benefit cost	<u>897,000</u>	<u>-</u>	<u>-</u>	<u>897,000</u>
Increase in net assets from nonoperating activities	<u>8,066,351</u>	<u>3,280,408</u>	<u>290,595</u>	<u>11,637,354</u>
Change in net assets	12,133,458	3,132,746	290,595	15,556,799
Net assets, beginning of year	<u>94,219,282</u>	<u>9,215,013</u>	<u>14,736,895</u>	<u>118,171,190</u>
Net assets, end of year	<u>\$ 106,352,740</u>	<u>\$ 12,347,759</u>	<u>\$ 15,027,490</u>	<u>\$ 133,727,989</u>

The accompanying notes are an integral part of this financial statement.

IONA COLLEGE
Statement of Activities
For the year ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating				
Revenues and gains:				
Tuition and fees	\$ 104,654,766	\$ -	\$ -	\$ 104,654,766
Less: Scholarships and fellowships	(33,609,208)	-	-	(33,609,208)
Net tuition and fees	71,045,558	-	-	71,045,558
Contributions	2,829,958	242,167	-	3,072,125
State appropriations	310,666	-	-	310,666
Government grants:				
Student Aid	871,120	-	-	871,120
Other	398,734	-	-	398,734
Auxiliary enterprises	12,920,215	-	-	12,920,215
Other sources	1,885,100	-	-	1,885,100
Net assets released from restrictions	414,111	(414,111)	-	-
Total revenues and other support	90,675,462	(171,944)	-	90,503,518
Expenses (Note 13):				
Instruction	32,761,218	-	-	32,761,218
Academic support	2,393,806	-	-	2,393,806
Student services	15,299,529	-	-	15,299,529
Institutional support	22,813,504	-	-	22,813,504
Auxiliary enterprises	12,520,750	-	-	12,520,750
Total expenses	85,788,807	-	-	85,788,807
increase in net assets from operating activities	4,886,655	(171,944)	-	4,714,711
Nonoperating				
Contributions for endowment, capital projects and bequests	547,070	3,808,930	565,630	4,921,630
Investment return, net (Note 3)	1,491,966	1,281,386	-	2,773,352
Net assets released from restriction for capital projects	10,321,239	(10,321,239)	-	-
Postretirement related changes other than net periodic benefit cost	(625,000)	-	-	(625,000)
Increase in net assets from nonoperating activities	11,735,275	(5,230,923)	565,630	7,069,982
Increase in net assets	16,621,930	(5,402,867)	565,630	11,784,693
Net assets, beginning of year	77,597,352	14,617,880	14,171,265	106,386,497
Net assets, end of year	\$ 94,219,282	\$ 9,215,013	\$ 14,736,895	\$ 118,171,190

The accompanying notes are an integral part of this financial statement.

IONA COLLEGE
Statements of Cash Flows
For the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 15,556,799	\$ 11,784,693
Adjustments to reconcile increase in net asset to net cash flows provided by operating activities:		
Depreciation	4,892,533	4,782,490
Net appreciation in fair value of investments	(6,606,741)	(1,990,402)
Net (appreciation) depreciation in fair value of cash and securities held by bond trustee	(4,274)	23,851
Loss on disposal of land, buildings and equipment	6,604	31,605
Change in fair value of restricted use asset	(13,500)	105,000
Write-off of library books	262,820	-
Provision for losses on contributions receivable	(36,993)	2,304,952
Amortization of original issue discount and bond issuance costs	399,537	114,448
Contributions restricted for endowment and capital projects	(2,532,753)	(4,374,560)
Contributed investment securities	(579,220)	(484,586)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable from students, net	112,470	(146,620)
Decrease (increase) in other receivables	266,029	(186,094)
Decrease in contributions receivable	-	36,526
(Increase) decrease in prepaid expenses and other assets	(124,760)	599,878
Increase (decrease) in accounts payable and accrued expenses	425,853	(1,300,295)
Increase (decrease) in deferred revenues and student deposits	285,146	(584,314)
(Decrease) increase in accrued postretirement benefits	(393,000)	1,001,000
Net cash provided by operating activities	<u>11,916,550</u>	<u>11,717,572</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Changes in short-term investments	-	1,986,904
Acquisition of land, buildings and equipment	(4,802,233)	(7,050,530)
Proceeds from sales of investments	5,545,941	20,436,527
Purchases of investments	(10,394,645)	(30,790,620)
Changes in Federal Perkins loans to students, net	219,586	157,984
Net cash used in investing activities	<u>(9,431,351)</u>	<u>(15,259,735)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment and capital projects	2,532,753	4,374,560
Change in contributions receivable for endowment and capital projects	555,816	549,371
Principal payments on long-term debt	(1,235,000)	(3,375,000)
Net decrease in deposits held by bond trustees	950,651	3,308,082
Change in refundable advances from U.S. government	72,370	16,841
Net cash provided by financing activities	<u>2,876,590</u>	<u>4,873,854</u>
Net increase in cash and cash equivalents	5,361,789	1,331,691
Cash and cash equivalents, beginning of year	1,894,424	562,733
Cash and cash equivalents, end of year	<u>\$ 7,256,213</u>	<u>\$ 1,894,424</u>
Supplemental disclosures:		
Interest paid	<u>\$ 1,324,636</u>	<u>\$ 1,426,223</u>
(Decrease) increase in accounts payable and accrued expenses relating to capital	<u>\$ (330,293)</u>	<u>\$ 355,478</u>

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

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

1. ORGANIZATION

Founded as a private, independent college for men by the Congregation of Christian Brothers, a Roman Catholic order of teaching brothers, Iona College (the "College") commenced operations in 1940 in New Rochelle, NY. From an initial class of 90 freshmen students, the College has grown to a current enrollment of approximately 4,500 students studying in two component schools at the New Rochelle campus in Westchester County and at a branch campus in Rockland County. The College is an independent, coeducational, nonsectarian, liberal arts, not-for-profit institution of higher education.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Unrestricted Net Assets are not subject to donor-imposed restrictions. All revenues, gains and losses that are not permanently or temporarily restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction. Unrestricted net assets may be designated for specific purpose by the Board of Trustees.

Temporarily Restricted Net Assets generally result from contributions or inflows of assets whose use by the College is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the College pursuant to those stipulations or by law. Gifts of cash and other non-capital assets are reported as temporarily restricted operating revenue if the gifts are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets are subject to donor-imposed restrictions to be held by the College in perpetuity. Generally, the donors of these assets permit the College to use all or part of the income earned on related investments for specific purposes.

Operating Indicator

The accompanying statements of activities distinguish between operating and nonoperating activities. Items which the College considers nonoperating activities include contributions related to endowment purposes, capital campaigns and projects, and bequests; investment income, gains and losses; temporarily restricted releases associated with capital projects; and postretirement changes other than net periodic benefit cost. All other activity is classified as part of operating activities.

Investments

Investments in publicly traded debt and equity securities are recorded at fair market value generally determined on the basis of quoted market values. Investments that are not readily marketable are carried at fair value as determined by the respective investment manager.

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are determined based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Dividends and interest are recognized as earned. The College's investments are pooled to facilitate their management. Investment return is allocated to unrestricted, temporarily restricted and permanently restricted funds based on donor restrictions or absence thereof on a unit basis that reflects the ratio of the related funds invested in the pooled portfolio to the total market value.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Furthermore, fair value measurements are categorized within a three-level hierarchy prioritizing the use of market-based information over entity-specific information. The hierarchy is based on the transparency of information used in the valuation of an asset or liability at the measurement date as follows:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. The type of investments in Level 1 include listed equities held in the name of the College, and exclude listed equities and other securities held indirectly through commingled funds.
- Level 2: Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at that NAV at the date of the statement of financial position or in the near term, which is generally considered to be within 90 days.
- Level 3: Pricing inputs are unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the assets or liabilities. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at the NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

The carrying amount of the College's financial instruments approximates fair value because of their short maturity, except as follows. The fair value of investments, deposits held by trustees, and contributions receivable are discussed in Notes 3, 9, and 8, respectively. A reasonable estimate of the fair value of federal Perkins loans to students could not be made because the loans are not saleable and can only be assigned to the U.S. government or its designees.

The estimated fair value of the College's long-term debt is based on the discounted future cash payments to be made for each issue. The discount rate used approximates current market rates for loans of similar maturities and credit quality. At June 30, 2011 and 2010, the carrying amount of long-term debt approximates fair value.

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Contributions to be received after one year are discounted at an appropriate discount rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. The carrying value of contributions receivable has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience, and therefore, approximates net realizable value. Receivables are written off in the period in which they are deemed to be uncollectible and payments subsequently received are recorded as income in the period received.

Gifts of long-lived assets such as land, buildings, or equipment are reported at fair value as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that can only be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

In contrast to unconditional promises as described above, conditional promises (primarily bequest intentions) are not recorded until donor contingencies are substantially met.

Cash Equivalents

The College considers money market funds with original maturities of less than 90 days to be cash equivalents, except for such investments purchased with funds held by bond trustees or funds managed by external investment managers as part of the long-term investment strategy.

Deferred Bond Issuance Costs

The College capitalizes and amortizes bond issuance costs over the term of the bonds using the effective interest method.

Land, Buildings, and Equipment

Purchased land, buildings, and equipment in excess of \$1,500 are recorded at cost (or fair market value at date of donation, in the case of gifts). Repairs and maintenance costs are expensed as incurred. Additions to the library collections are expensed at the time of purchase. Depreciation is computed on a straight-line basis over the estimated useful lives of land improvements (10-25 years), buildings (20-40 years) and equipment (4-10 years).

Refundable Advances from U.S. Government

Funds provided by the U.S. government under the federal Perkins loan program are loaned to qualified students and may be reloaned after collection. These funds are ultimately refundable to the U.S. government and are presented in the accompanying statements of financial position as a liability.

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

Revenue

Revenue is recorded on the accrual basis of accounting. The College derives its revenue primarily from student tuition and fees, auxiliary enterprises, which primarily relate to student and campus activities, government grants and aid, contributions and investment earnings. The carrying value of student receivables has been reduced by an appropriate allowance for uncollectible accounts, based on historical collection experience, and therefore, approximates net realizable value. Receivables are written off in the period in which they are deemed to be uncollectible and payments subsequently received are recorded as income in the period received. Amounts received in advance are reported as deferred revenues.

Direct Grants to Students

During fiscal years 2011 and 2010, the College administered the New York State Tuition Assistance Program ("TAP") and the Pell Grants Program ("Pell"), a federally funded Title IV program. In fiscal years 2011 and 2010, students of the College were awarded TAP and Pell grants aggregating approximately \$6,891,000 and \$6,708,000, respectively. Because these are direct grants to students, the College does not include these amounts in its accompanying financial statements.

Income Taxes

Iona College is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code), and is generally exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The College has processes presently in place to ensure the maintenance of its tax-exempt status. The College recognizes the effect of uncertain tax provisions only if those positions are more likely than not of being sustained. Management has determined that the College has no uncertain tax positions that would require financial statement recognition or disclosure. The tax years ended 2008, 2009, and 2010 are still open to audit for both federal and state purposes. The College is, however, subject to federal and state income tax on unrelated business income, and a provision for such taxes is included in the accompanying financial statements.

Use of Estimates

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

Concentrations of Credit Risk

Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash and cash equivalents and investments. The College maintains its cash and cash equivalents in various bank accounts and money market funds that, at times, may exceed federally insured limits. The College's cash and cash equivalent accounts were placed with high credit quality financial institutions. The College has not experienced, nor does it anticipate, any losses in such accounts.

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2011 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2010 financial statements.

3. INVESTMENTS

Investments, at fair value, at June 30, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 174,708	\$ 181,119
Corporate stocks and mutual funds	122,793	93,163
Multi-Strategy Bond Fund	14,865,083	13,011,689
Multi-Strategy Equity Fund	29,498,623	21,610,162
Government Securities Fund	9,424,653	9,296,700
Commodities Fund	3,968,743	1,910,799
Cash value of life insurance	<u>87,249</u>	<u>3,555</u>
	<u>\$ 58,141,852</u>	<u>\$ 46,107,187</u>

The life insurance policies have a cumulative face amounts of approximately \$836,000 and \$750,000 at June 30, 2011 and 2010, respectively.

Investment return, net, for the years ended June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 840,159	\$ 782,950
Net appreciation in fair value of investments	<u>6,606,741</u>	<u>1,990,402</u>
Total investment return, net	<u>\$ 7,446,900</u>	<u>\$ 2,773,352</u>

Investment return, net, for the years ended June 30, 2011 and 2010 was reported in the accompanying statements of activities as follows:

	<u>2011</u>	<u>2010</u>
Unrestricted	\$ 4,759,792	\$ 1,491,966
Temporarily restricted	<u>2,687,108</u>	<u>1,281,386</u>
Total investment return, net	<u>\$ 7,446,900</u>	<u>\$ 2,773,352</u>

Investment fees charged to the College totaled \$104,033 and \$78,102, respectively, for the years ended June 30, 2011 and 2010.

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

The following table summarizes investments by level within the College's fair value hierarchy as of June 30, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash equivalents	\$ 174,708	\$ -	\$ 174,708
Corporate stocks and mutual funds	122,793	-	122,793
Multi-Strategy Bond Fund (a)	-	14,865,083	14,865,083
Multi-Strategy Equity Fund (b)	-	29,498,623	29,498,623
Government Securities Fund (c)	-	9,424,653	9,424,653
Commodities Fund (d)	-	3,968,743	3,968,743
Cash value of life insurance	87,249	-	87,249
	<u>\$ 384,750</u>	<u>\$ 57,757,102</u>	<u>\$ 58,141,852</u>

The following table summarizes investments by level within the College's fair value hierarchy as of June 30, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash equivalents	\$ 181,119	\$ -	\$ 181,119
Corporate stocks and mutual funds	93,163	-	93,163
Multi-Strategy Bond Fund (a)	-	13,011,689	13,011,689
Multi-Strategy Equity Fund (b)	-	21,610,162	21,610,162
Government Securities Fund (c)	-	9,296,700	9,296,700
Commodities Fund (d)	-	1,910,799	1,910,799
Cash value of life insurance	3,555	-	3,555
	<u>\$ 277,837</u>	<u>\$ 45,829,350</u>	<u>\$ 46,107,187</u>

- (a) this fund provides exposure to global debt markets and seeks to add value above the return of the broad U.S. bond market over a full market cycle, as measured by the Barclays Capital U.S. Aggregated Bond Index and, due to its strategy and manager diversification, to reduce volatility to that of invested in the index.
- (b) this fund invests in domestic and international equities and seeks to add value over long periods of time, above the return of the U.S. equity market as measured by the S&P 500 Index and, due to its strategy and manager diversification, to reduce volatility to that of investing in the index.
- (c) this fund is typically invested at least 80% in obligations issued or guaranteed as to principal and interest by the U.S. government or its agencies and seeks to maximize current income, to the extent consistent with the preservation of capital and liquidity and the maintenance of the stable \$1.00 per share NAV.

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

- (d) this fund allocates assets across a broad spectrum of commodity-oriented asset categories. It pursues a multi-strategy approach to investing in the commodities market, which include (but are not limited to) futures, options on futures and forward contracts on exchange traded agricultural goods, metals, minerals, energy products and foreign currencies.

The College's level 2 investments are valued at NAV as described in Note 2. As of June 30, 2011 and 2010, these investments are available on a same day basis in consideration of a five day blackout period at each month end. The College committed to fund \$2.5 million to the Commodities Fund as of June 30, 2011. There were no unfunded commitments as of June 30, 2010.

The College did not have any Level 3 investments as of June 30, 2011 and 2010.

4. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2011 and 2010, temporarily and permanently restricted net assets comprised the following:

	<u>2011</u>	<u>2010</u>
Temporarily restricted net assets:		
Support for future periods	\$ 1,361,624	\$ 1,361,624
Real estate	1,863,500	1,850,000
Capital projects	2,580,810	3,223,370
Other program support	834,913	1,377,172
Hagan School of Business initiatives	1,688,833	-
Scholarships	4,018,079	1,402,847
Total temporarily restricted net assets	<u>\$ 12,347,759</u>	<u>\$ 9,215,013</u>
Permanently restricted net assets, the income of which is temporarily restricted to:		
Scholarships	\$ 12,718,485	\$ 12,422,407
Professorship for Jewish and Catholic Studies	1,000,000	1,000,000
Endowment support for operations	570,638	581,121
Support of the Arts	150,000	150,000
Academic Support	526,424	521,424
Mentorship Program	61,943	61,943
Total permanently restricted net assets	<u>\$ 15,027,490</u>	<u>\$ 14,736,895</u>

5. ENDOWMENTS

The College adopted the provisions of "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" of the Codification. This standard provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), passed by the State of New York in September 2010, and also requires additional disclosures about endowments for both donor-restricted funds and board-designated funds.

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

The College has interpreted the New York State UPMIFA (“NYPMIFA”) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment; and, the (c) accumulations to the permanent endowment made in accordance with the directions of the applicable donor gift instrument, at the time the accumulation is added to the fund.

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

In accordance with NYPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the endowment fund;
- Purposes of the College and the endowment fund;
- General economic conditions;
- The possible effects of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other College resources;
- Alternatives to expenditure of the endowment fund; and
- The College’s investment policy.

The College has a policy of appropriating for distribution each year a Board of Trustees approved spending rate of its endowment fund’s average fair value over five years. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long term, the College expects the current spending policy to grow at a pace at least equal to inflation. This is consistent with the College’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The College has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The College’s endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (quasi-endowments). Donor-restricted funds are funds that the College must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without putting the assets at imprudent risk. To satisfy its long-term objectives, The College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diverse asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

The College's endowment consists of approximately 86 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following table summarizes endowment net asset composition by type of fund as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 3,850,094	\$ 15,027,490	\$ 18,877,584
Board-designated endowment funds	30,718,037	-	-	30,718,037
Total funds	<u>\$ 30,718,037</u>	<u>\$ 3,850,094</u>	<u>\$ 15,027,490</u>	<u>\$ 49,595,621</u>

The following table summarizes changes in endowment net assets for the fiscal year 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 23,068,806	\$ 1,309,342	\$ 14,736,895	\$ 39,115,043
Contributions and bequests	-	21,417	290,595	312,012
Board designation of investments for endowment	3,000,000	-	-	3,000,000
Interest and dividends	545,743	294,802	-	840,545
Investment return	4,103,488	2,379,193	-	6,482,681
Appropriations for expenditure	-	(154,660)	-	(154,660)
Endowment net assets, end of year	<u>\$ 30,718,037</u>	<u>\$ 3,850,094</u>	<u>\$ 15,027,490</u>	<u>\$ 49,595,621</u>

The following table summarizes endowment net asset composition by type of fund as of June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,309,342	\$ 14,736,895	\$ 16,046,237
Board-designated endowment funds	23,068,806	-	-	23,068,806
Total funds	<u>\$ 23,068,806</u>	<u>\$ 1,309,342</u>	<u>\$ 14,736,895</u>	<u>\$ 39,115,043</u>

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

The following table summarizes changes in endowment net assets for the fiscal year 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 15,869,442	\$ 140,874	\$ 14,171,265	\$ 30,181,581
Contributions and bequests	-	34,700	565,630	600,330
Board designation of investments for endowment	6,000,000	-	-	6,000,000
Interest and dividends	415,755	278,003	-	693,758
Investment return	783,609	1,077,251	-	1,860,860
Appropriations for expenditure	-	(221,486)	-	(221,486)
Endowment net assets, end of year	<u>\$ 23,068,806</u>	<u>\$ 1,309,342</u>	<u>\$ 14,736,895</u>	<u>\$ 39,115,043</u>

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the College to retain as a fund of perpetual duration. These deficiencies generally result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions and the continued appropriation for certain programs that are deemed prudent by the Board of Trustees. At June 30, 2011 and 2010, there were no cumulative deficiencies of this nature that were required to be charged to unrestricted net assets in accordance with U.S. GAAP.

6. RESTRICTED USE ASSETS

In fiscal years 2009 and 2006, the College received gifts of two residences valued at \$980,000 and \$1,225,000, respectively. At June 30, 2011 and 2010, market value of the residence gifted in fiscal year 2009 was \$905,300 and \$930,000, respectively, based upon independent valuation techniques and appraisals. At June 30, 2011 and 2010, the market value of the residence gifted in fiscal year 2006 was \$958,200 and \$920,000, respectively, based upon independent valuation techniques and appraisals. Under the terms of these contributions, the donors will continue to reside at the residences. The College will be entitled to occupy or sell the residences upon the death of the donors. These residences are recurring fair value measurements and are therefore classified as Level 2 assets within the College's fair value hierarchy as of June 30, 2011 and 2010.

The College also owns three properties valued at \$110,000 and \$112,800 as of June 30, 2011 and 2010, respectively, that are classified as held for sale and are included within prepaid expenses and other assets on the accompanying statements of financial position. These properties are also recurring fair value measurements and are therefore also classified as Level 2 assets within the College's fair value hierarchy as of June 30, 2011 and 2010.

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

7. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Land improvements	\$ 13,986,457	\$ 13,400,988
Buildings and building improvements	131,331,311	130,785,801
Equipment, including installation of administrative software	31,541,651	30,834,493
Library books	-	262,820
	<u>176,859,419</u>	<u>175,284,102</u>
Less: accumulated depreciation	<u>(77,830,886)</u>	<u>(72,948,734)</u>
	99,028,533	102,335,368
Land	2,512,212	2,512,212
Construction in progress	<u>3,483,555</u>	<u>536,444</u>
	<u>\$ 105,024,300</u>	<u>\$ 105,384,024</u>

Depreciation expense for the years ended June 30, 2011 and 2010 was \$4,892,533 and \$4,782,490, respectively.

Construction in progress for the year ended June 30, 2011 and 2010 consists primarily of renovations to existing campus buildings, including houses, the library, student dormitories and office space.

The College recognizes a liability for the fair value of conditional asset retirement obligations if the respective fair values can be reasonably estimated. This liability is initially recorded as an increase to the associated asset and depreciated over the remaining useful life of the asset. As of June 30, 2011 and 2010, the College has an accrual of approximately \$168,000 and \$160,000, respectively, representing the fair value of these conditional asset retirement obligations associated with potential environmental remediation costs.

8. RECEIVABLES

Student accounts receivable are net of an allowance for uncollectible amounts of approximately \$476,000 and \$599,000 at June 30, 2011 and 2010, respectively.

The College makes uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources. As of June 30, 2011 and 2010, there were no loans outstanding from students funded with institutional resources. The College participates in the Perkins federal revolving loan program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government of \$2.3 million and \$2.2 million at June 30, 2011, and 2010, respectively, are ultimately refundable to the government and are classified as liabilities in the statement of financial position.

Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government. At June 30, 2011 and 2010, student loans as part of the Perkins federal revolving loan program represented 1.1% and 1.3% of total assets, respectively.

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

At June 30, student loans consisted of the following:

	<u>2011</u>	<u>2010</u>
Federal government programs	\$ 2,632,196	\$ 2,901,181
Less: allowance for doubtful accounts:		
Beginning of year	(734,597)	(721,088)
Increases	-	(13,509)
Decreases	49,399	-
End of year	<u>(685,198)</u>	<u>(734,597)</u>
Perkins loans receivable, net	<u>\$ 1,946,998</u>	<u>\$ 2,166,584</u>

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms.

At June 30, 2011 and 2010, contributions receivable consist primarily of amounts to be collected in future years in connection with the College's "Visions of Excellence" capital campaign, Hagan School of Business initiatives, and endowment purposes, as follows:

	<u>2011</u>	<u>2010</u>
Amounts expected to be collected in:		
Less than one year	\$ 2,207,541	\$ 2,181,538
One to five years	<u>2,000,752</u>	<u>2,618,976</u>
	4,208,293	4,800,514
Less: discount to present value (ranging from 0.61% to 5.1%)	(399,814)	(436,219)
Less: allowance on contributions receivable	<u>(365,999)</u>	<u>(402,992)</u>
	<u>\$ 3,442,480</u>	<u>\$ 3,961,303</u>

Contributions receivable at June 30, 2011 include amounts due from one donor representing approximately 40% of the gross receivable balance. Contributions receivable at June 30, 2010 include amounts from two donors representing approximately 52% of the gross receivable balance.

9. LONG-TERM DEBT

Land, buildings and equipment includes various facilities financed through revenue obligations of the Dormitory Authority of the State of New York (the "Authority"). The following Authority obligation was outstanding at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Revenue Bonds of 2002, 4.2% to 5.125% (net of discount of \$256,101 and \$336,547 in 2011 and 2010, respectively)	<u>\$ 25,933,899</u>	<u>\$ 27,088,453</u>

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

On July 2, 2002, the Authority issued \$34,475,000 of insured revenue bonds (“Revenue Bonds of 2002”) on behalf of the College. The proceeds of this issue were used for the construction of two dormitory buildings and, along with other available monies were used to refund the Revenue Bonds of 1991. The College was released from its obligation with respect to the Revenue Bonds of 1991. Accordingly, the trustee assets and debt are excluded from the College’s statements of financial position. Of the Revenue Bonds of 2002, \$19,185,000 of the bonds will mature serially through 2023, of which \$10,900,000 and \$12,135,000 were outstanding at June 30, 2011 and 2010, respectively. In addition, \$6,710,000 and \$8,580,000 of the bonds are due July 1, 2027 and July 1, 2032, respectively.

Payment of the principal and interest on the Revenue Bonds of 2002 is guaranteed by a municipal bond insurance policy issued by Syncore Guarantee, formerly XL Capital. In addition, the College is required to maintain a debt service fund, as well as a minimum balance of \$7 million in a separate account with the College’s investment manager so long as the bonds issued for the College shall remain outstanding. At June 30, 2011 and 2010, cash and securities held by trustees included debt service funds of \$3,534,843 (cost \$3,535,342) and \$4,481,220 (cost \$4,479,488), respectively. At June 30, 2011 and 2010, cash and U.S. treasury securities held by trustees are considered Level 1 assets within the fair value hierarchy.

As security for its obligations under the Revenue Bonds of 2002 (the “Agreement”), the College has granted to the Authority a first mortgage on the projects and a security interest in room rents, tuition, and fees. The amount of the security interest in room rents, tuition, and fees is equal to the maximum amount of principal, sinking fund installments of, and interest on, any bonds coming due in the current or any future bond year (the “Pledged Revenues”). The Pledged Revenues will be subordinate to any prior pledges of room rents, tuition, and fees securing certain outstanding indebtedness of the College.

Maturities of bonds are as follows:

Year	Principal	Interest	Total
2012	\$ 710,000	\$ 1,248,380	\$ 1,958,380
2013	740,000	1,218,780	1,958,780
2014	770,000	1,186,440	1,956,440
2015	800,000	1,152,040	1,952,040
2016	835,000	1,115,300	1,950,300
Thereafter	<u>22,335,000</u>	<u>10,360,025</u>	<u>32,695,025</u>
	26,190,000	<u>\$ 16,280,965</u>	<u>\$ 42,470,965</u>
Less: net unamortized original issue discount	<u>(256,101)</u>		
	<u>\$ 25,933,899</u>		

Interest expense for the years ended June 30, 2011 and 2010 was \$1,276,780 and \$1,383,085, respectively.

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

10. OBLIGATIONS WITH FINANCIAL INSTITUTIONS

The College has a line of credit (“LOC”) for an amount not to exceed \$3,000,000. The LOC bears interest at the higher of the prime rate or the federal funds rate plus 0.5% and is due on demand. During the year ended June 30, 2011 and 2010, the College did not utilize the LOC.

11. PENSION PLANS

The College has two defined contribution pension plans covering substantially all of its employees. In addition, the College makes an annual pension payment to the Christian Brothers Community. Total pension expense amounted to approximately \$2,308,000 and \$2,200,000 in fiscal 2011 and 2010, respectively.

12. POSTRETIREMENT BENEFITS

In addition to the pension benefits discussed in Note 11, the College sponsors unfunded defined benefit plans to provide certain healthcare and life insurance benefits for retirees hired prior to July 1, 2002. The College recognizes the funded status (the difference between the fair value of plan assets and the benefit obligation) of its postretirement plans in the statement of financial position, with a corresponding adjustment to unrestricted net assets. Net periodic benefit cost is recognized within operating activities and actuarial gains and losses other than net period benefit cost are recognized as nonoperating changes in unrestricted net assets.

The following table provides a reconciliation of the changes in benefit obligation and fair value of plan assets, and funded status for the years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 11,512,000	\$ 10,511,000
Service cost	285,000	258,000
Interest cost	606,000	604,000
Plan participants’ contributions	98,000	90,000
Actuarial (gain) loss	(487,000)	925,000
Benefits paid, net of Medicare Part D subsidy	<u>(895,000)</u>	<u>(876,000)</u>
Benefit obligation at end of year	<u>\$ 11,119,000</u>	<u>\$ 11,512,000</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ -	\$ -
Employer contributions	797,000	786,000
Plan participants’ contributions	98,000	90,000
Estimated Medicare Part D subsidy	87,000	81,000
Benefits paid	<u>(982,000)</u>	<u>(957,000)</u>
Fair value of plan assets at end of year	<u>\$ -</u>	<u>\$ -</u>

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

The following table provides the components of net periodic benefit cost for the years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Components of net periodic cost:		
Service cost	\$ 285,000	\$ 258,000
Interest cost	606,000	604,000
Recognized prior service cost	(7,000)	(15,000)
Recognized net loss	417,000	315,000
Net periodic benefit cost	<u>\$ 1,301,000</u>	<u>\$ 1,162,000</u>

Weighted average assumptions as of and for the year ended June 30:

Discount rate - Benefit obligation	5.50 %	5.50 %
Discount rate - Net periodic cost	5.50 %	6.00 %

For measurement purposes, an 8% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for the years ended June 30, 2011 and 2010; the rate was assumed to decrease by 1% per year to an ultimate rate of 5%.

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

	<u>1% increase</u>		<u>1% decrease</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Effect on total of service and interest cost components	\$ 11,000	\$ 3,000	\$ (13,000)	\$ (5,000)
Effect on postretirement benefit obligation	\$ 164,000	\$ 205,000	\$ (164,000)	\$ (198,000)

At June 30, 2011 and 2010, the items not yet recognized as a component of net periodic benefit cost were as follows:

	<u>2011</u>	<u>2010</u>
Prior service credit	\$ -	\$ (7,000)
Net loss	<u>2,330,000</u>	<u>3,234,000</u>
Total unamortized items	<u>\$ 2,330,000</u>	<u>\$ 3,227,000</u>

The College expects to amortize \$244,000 and \$0 of the net loss and prior service credit, respectively, in fiscal 2012.

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

The College expects to contribute \$933,000 to these postretirement plans in fiscal year 2012.

The benefits expected to be paid in each fiscal year from fiscal year 2012 through fiscal year 2016 and the five subsequent years are:

Year:	Expected Benefits Reflecting Medicare Subsidy	Medicare Subsidy	Expected Benefits before Reflecting Medicare Subsidy
2012	\$ 933,000	\$ 97,000	\$ 1,030,000
2013	974,000	105,000	1,079,000
2014	1,037,000	116,000	1,153,000
2015	1,062,000	123,000	1,185,000
2016	1,049,000	127,000	1,176,000
2017 -2021	4,743,000	684,000	5,427,000

13. PROGRAM AND SUPPORTING SERVICES EXPENSES

Expenses are reported in the accompanying statements of activities in functional categories recommended by the National Association of College and University Business Officers. The College's programs include instruction, academic support, student services, institutional support, and auxiliary enterprises. Fund-raising costs incurred by the College's advancement office approximated \$2,437,000 and \$2,382,000 in 2011 and 2010, respectively, and are included in institutional support.

14. COMMITMENTS AND CONTINGENCIES

The College is a party to various litigation and other claims in the ordinary course of business. In the opinion of management, the College does not expect the ultimate resolution of these actions to have a significant effect on the College's financial position.

Certain federally funded financial aid programs are routinely subject to special audit. The reports on the examinations, which are conducted pursuant to specific regulatory requirements by the auditors of the College, are required to be submitted to both the College and the U.S. Department of Education. Such agency has the authority to determine liabilities as well as to limit, suspend, or terminate federal student aid programs. In the opinion of management, adjustments that might result from such audits would not have a significant effect on the College's financial position.

IONA COLLEGE
Notes to Financial Statements
June 30, 2011 and 2010

The College leases certain facilities and equipment under operating leases, which expire at various dates through 2018. Future minimum lease commitments due under these leases are as follows:

2012	\$ 2,188,145
2013	739,824
2014	247,602
2015	223,967
2016	227,320
2017 and thereafter	<u>465,257</u>
	<u>\$ 4,092,115</u>

Rent expense, including cancelable and noncancelable leases, totaled \$1,163,460 and \$1,163,907 for the years ended June 30, 2011 and 2010, respectively.

15. SUBSEQUENT EVENTS

The College evaluated its June 30, 2011 financial statements for subsequent events through October 26, 2011, the date the financial statements were available to be issued. The College is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a brief summary of certain provisions of the Loan Agreement. This summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of such and all provisions. The headings below are not part of the Loan Agreement but have been added for ease of reference. Defined terms used herein shall have the meaning 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 2012 Resolutions and under the Loan Agreement, the Institution shall complete the acquisition, design, construction, reconstruction, rehabilitation and improving or otherwise providing and furnishing and equipping of the Project, substantially in accordance with the Contract Documents relating thereto. 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 or delayed (subject to receipt by the Authority of all required documents and information as set forth in the Loan Agreement).

(Section 5)

Amendment of the Project; Additional Bonds

(a) The Project may be amended by the Institution, with the prior written consent of the Authority, which consent will not be unreasonably withheld, or delayed (subject to receipt by the Authority of all required documents and information as set forth in the Loan Agreement) 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, improving, or otherwise providing, furnishing and equipping of the Project which the Authority is authorized to undertake.

(b) The Institution shall provide such moneys or an irrevocable letter of credit or other security in such form as may be reasonably acceptable to the Authority as in the reasonable judgment of the Authority may be required for the cost of completing the Project or a portion thereof in accordance with the Contract Documents in excess of the moneys in the Construction Fund established for such Project, whether such moneys, letter of credit or other security are required as a result of an increase in the scope of the Project or otherwise. Such moneys, letter of credit or other security shall be paid or made available 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 or other security are required.

(c) The Institution agrees to furnish or cause to be furnished to the Authority copies of all change orders regardless of amount, upon the request of the Authority therefor.

(d) The Authority, upon the request of the Institution, may, but shall not be required to, issue additional Series of 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 such 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 Series of 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)

Appendix C

Financial Obligations

(a) Except to the extent that moneys are available therefor under the Resolution or the Series 2012 Resolutions or under the Loan Agreement, including, without limitation, moneys in the Debt Service Fund, and interest accrued but unpaid on investments held in the Debt Service Fund, the Institution unconditionally agrees to pay or cause to be paid, so long as the Bonds are Outstanding, to or upon the order of the Authority, from its general funds or any other moneys legally available to it:

(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) In the case of Variable Interest Rate Bonds that pay interest more frequently than semi-annually, on or before the tenth (10th) day of each month, an amount equal to the interest coming due on such Variable Interest Rate Bonds on all Interest Payment Dates in the next succeeding month, assuming that such Variable Interest Rate Bonds will, during such next succeeding month, bear interest at the rate borne by such Variable Interest Rate Bonds on the last day of the month immediately preceding the month of payment by the Institution plus one percent (1%) per annum;

(iv) On the tenth (10th) day of each month commencing on the tenth (10th) day of the sixth (6th) month immediately preceding the date on which interest on the Bonds, becomes due, other than Variable Interest Rate Bonds that pay interest more frequently than semi-annually, one-sixth (1/6) of the interest coming due on the Bonds, , on the immediately succeeding interest payment date; **provided, however**, that, if with respect to such Bonds there are more or less than six (6) such payment dates prior to the first interest payment on such Bonds, on each payment date prior to such interest payment date, the Institution shall pay with respect to such Bonds an amount equal to the interest coming due on such Bonds on such interest payment date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to the first interest payment date on such Bonds;

(v) On the tenth (10th) day of each month commencing on the tenth (10th) day of the July immediately preceding the July 1 on which the principal or a Sinking Fund Installment of Bonds becomes due, one-twelfth (1/12) of the principal and Sinking Fund Installment on the Bonds coming due on such July 1; **provided, however**, that, if with respect to the Bonds there are less than twelve (12) such payment dates prior to the July 1 on which principal or Sinking Fund Installments come due on such Bonds, on each payment date prior to such July 1, the Institution shall pay with respect to such Bonds an amount equal to the principal and Sinking Fund Installments of such Bonds coming due on such July 1 multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of payment dates prior to such July 1;

(vi) At least forty-five (45) days with respect to Bonds other than Option Bonds and Variable Interest Rate Bonds, and fifteen (15) days with respect to Option Bonds and Variable Interest Rate Bonds, prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or contracted to be purchased is to be paid, the amount required to pay the Redemption Price or purchase price of such Bonds;

(vii) On December 10 of each Bond Year, one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with the Bonds, and on June 10 of each Bond Year the balance of the Annual Administrative Fee payable during such Bond Year; **provided, however**, that the Annual Administrative Fee with respect to the Bonds payable during the Bond Year during which such Annual Administrative Fee became effective shall be equal to the Annual Administrative Fee with respect to the Bonds multiplied by a fraction the numerator of which is the number of calendar months or parts thereof remaining in such Bond Year and the denominator of which is twelve (12);

(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 provisions of the Loan Agreement summarized in paragraph (e) below and any expenses or liabilities incurred by the Authority pursuant to provisions of the Loan Agreement summarized under the headings “**Damage or Condemnation,**” “**Taxes and Assessments,**” “**Indemnity by Institution**” and “**Arbitrage; Tax Exemption**” below and other provisions of the Loan Agreement relating to indemnity by the Institution, (C) to reimburse the Authority for any external costs or expenses incurred by it attributable to the issuance of the Bonds or the financing or construction of the Project, including but not limited to any fees or other amounts payable by the Authority under a Remarketing Agreement, Credit Facility or Liquidity Facility, (D) for the costs and expenses incurred by the Authority to compel full and punctual performance by the Institution of all the provisions of the Loan Agreement or of the Mortgage or of the Resolution in accordance with the terms thereof, (E) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution, and (F) to pay any Provider Payments then due and unpaid;

(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 provisions of the Loan Agreement summarized under the heading “**Default and Remedies;**”

(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) By 5:00 P.M., New York City time, on the day notice thereof is given to the Institution by the Authority or the Trustee, the amount, in immediately available funds, required to pay the purchase price of Option Bonds tendered for purchase and not remarketed or remarketed at less than the principal amount thereof and which is not to be paid from moneys to be made available pursuant to a Liquidity Facility; provided, however, that if such notice is given to the Institution by 10:00 A.M., New York City time, then such amount shall be paid, in immediately available funds, by 12:30 P.M., New York City time, on such day; provided, further, that, if such notice is given to the Institution after 3:00 P.M., New York City time, then such amount shall be paid, in immediately available funds, by 10:00 A.M., New York City time, on the next succeeding day; and

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

(xiii) To the extent not otherwise set forth in the provisions of the Loan Agreement summarized 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 2012 Resolutions, whether at maturity, upon acceleration, redemption or otherwise.

Subject to the provisions of the Loan Agreement and of the Resolution or the Series 2012 Resolutions, the Institution shall receive a credit against the amount required to be paid by the Institution during a Bond Year pursuant to provisions of the Loan Agreement summarized 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 and maturity to be so redeemed or (ii) the Trustee, at the direction of the Authority, has purchased one or more Bonds and maturity to be so redeemed from

Appendix C

amounts on deposit in the Debt Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

The Authority directs the Institution, and the Institution agrees, to make the payments required by provisions of the Loan Agreement summarized in this paragraph (a) as follows: (i) the payments required by paragraphs (a)(iii), (a)(iv), (a)(v), (a)(vi), (a)(ix), and (a)(xiii) directly to the Trustee for deposit and application in accordance with the Resolution and the Bond Series Certificate(s); (ii) the payments required by paragraph (a)(ii) 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) directly to the Trustee for deposit in the Arbitrage Rebate Fund; and (iv) the payments required by paragraphs (a)(i), (a)(vii), a(viii), (a)(xi) and (a)(xii) to or upon the written order of the Authority.

(b) Notwithstanding any provisions in the Loan Agreement or in the Resolution to the contrary (except as otherwise specifically provided for 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 provisions of the Resolution summarized in Appendix D under the heading "**Defeasance.**" 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, failure of the Institution to complete the Project or, the completion thereof with defects, failure of the Institution to occupy or use the Project, any declaration or finding that the Bonds are or the Resolution is invalid or unenforceable or any other failure or default by the Authority or the Trustee; **provided, however,** that nothing in the Loan Agreement shall be construed to release the Authority from the performance of any agreements on its part 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 by 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 provisions of the Loan Agreement summarized herein which has not been made by the Institution when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority under provisions of the Loan Agreement summarized under the heading "**Defaults and Remedies**" below 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 there is not then an Event of Default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be deposited in the Debt Service Fund and applied in accordance with the Resolution or held by the Trustee for the payment of Bonds in accordance with the Resolution. Upon any voluntary payment by the Institution or any payment made pursuant to provisions of the Loan Agreement summarized under the heading **“Sale of the Project”** below, 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 provisions of the Resolution summarized in Appendix D under the heading **“Defeasance”** 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 provisions of the Resolution summarized in Appendix D under the heading **“Defeasance,”** 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 Sub-Series, if applicable, 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, other than the Parity Pledges, 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 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 (other than as permitted in Exhibit A to the Loan Agreement) to the pledge made by provisions of the Loan Agreement summarized herein.

(Section 12)

Collection of Pledged Revenues

(a) Subject to the provisions of the Loan Agreement summarized in 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 shall deliver to the Trustee for deposit in accordance with the provisions summarized in the Bond Series Certificate(s) and in Appendix D under the heading **“Deposit of Revenues and Allocation Thereof,”** all Pledged Revenues (other than the amounts subject to the Parity Pledges) within ten (10) days following the Institution’s receipt thereof unless and until there is on deposit in the Debt Service Fund an amount at least equal to the sum of (i) the interest coming due on or prior to the earlier of the next succeeding January 1 or July 1, assuming that Variable Interest Rate Bonds will, from and after the next succeeding date on which the rates at which such Variable Interest Rate Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum at which such Variable Interest Rate Bonds then bear interest, plus one percent (1%) per annum, (ii) the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, and (iii) the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased and accrued interest thereon to the date of redemption or purchase. In the event that, pursuant to the Loan Agreement, the Authority notifies the Institution that account debtors are to make payments

Appendix C

directly to the Authority or to the Trustee, such payments shall be made directly to the Authority or the Trustee notwithstanding anything contained in this subdivision, but the Institution shall continue to deliver to the Trustee for deposit in accordance with the provisions summarized in Appendix D under the heading “**Deposit of Revenues and Allocation Thereof**” any payments received by the Institution with respect to the Pledged Revenues (other than such amounts as are subject to the Parity Pledges).

(b) Notwithstanding anything to the contrary in the Loan Agreement, in the event that, on or prior to the date on which a payment is to be made pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments or Redemption Price of or interest on Outstanding Bonds, the Institution has made such payment from its general funds or from any other money legally available to it for such purpose, the Institution shall not be required solely by virtue of the Loan Agreement, 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 Loan Agreement shall be free and clear of the security interest granted by the Loan Agreement and may be disposed of by the Institution for any of its corporate purposes provided that no Event of Default (as defined in the Loan Agreement) nor any event which but for the passage of time or the receipt of notice or both would be an Event of Default has occurred and is continuing.

(Section 13)

Mortgages; Lien on Fixtures, Furnishings and Equipment

The Authority, without the consent of the Trustee or the Holders of Bonds, may consent to the amendment, partial release, modification, termination, subordination or satisfaction of the Mortgage and of any security interest in fixtures, furnishings or equipment located in or on or used in connection with the Mortgaged Property and the property subject to the Mortgage or security interest may be released from the lien thereof, all upon such terms and conditions as the Authority may reasonably require. As a condition to such approval, except as provided for in in the following paragraph, 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 14)

Warranty of Title; Utilities and Access

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

If the Institution is required pursuant to Section 14 of the Loan Agreement to make and execute the Mortgage in connection with the delivery of the Bonds and as a condition precedent to the Authority’s obligation to deliver such Bonds, the Institution agrees to provide (i) a title insurance policy in form and substance and by insurer(s), all acceptable to the Authority, in the amount of the Bonds issued or such other amount as is acceptable to the Authority, insuring the Mortgage to be a valid lien on the Mortgaged Property of a priority acceptable to the Authority, free and clear of all liens and encumbrances except Permitted Encumbrances and (ii) a current survey or surveys, including a metes and bounds description, of the Mortgaged Property, certified to the Authority and the issuer of the title insurance policy and showing any easements to which the Mortgaged Property is subject.

The Institution warrants, represents and covenants that the Project and the Mortgaged Property from and after the time the Authority is granted a security interest therein (i) is and will be kept free from any encumbrances, liens or commitments of any kind, other than Permitted Encumbrances, (ii) is and will be serviced by all necessary utilities (including, to the extent applicable, without limitation, electricity, gas, water, sewer, steam, heating, air-conditioning and ventilation) and (iii) to the extent applicable, has and will have its own separate and independent means of access, apart from any other property owned by the Institution or others; **provided, however**, that such access may be through common roads or walks owned by the Institution used also for other parcels owned by the Institution.

(Section 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 Mortgage and the Related Agreements, (B) to incur the indebtedness contemplated by the Loan Agreement and thereby and (C) to make the pledge of and grant the security interest in the Pledged Revenues given by the Loan Agreement and to mortgage any Mortgaged Property, (ii) the Loan Agreement and the Related Agreements constitute valid and binding obligations of the Institution enforceable in accordance with their terms subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting or relating to the rights of creditors generally and general principles of equity, and (iii) the execution and delivery of, consummation of the transaction contemplated by and performance of the Institution's obligations under the Loan Agreement and each of the Related Agreements, including, but not limited to, the pledge of and security interest in the Pledged Revenues and the Government Obligations and Exempt Obligations made or granted pursuant to the Loan Agreement and the mortgaging of the Mortgaged Property, do not violate, conflict with or constitute a default under the charter or by-laws 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 interests or encumbrance thereon or with respect thereto, other than the Parity Pledges, prior to or of equal (other than as described in Exhibit A to the Loan Agreement) 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 17)

Tax-Exempt Status of Institution

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

Appendix C

business unrelated to the educational purposes of the Institution, which could adversely affect the exclusion of interest on the Bonds from federal gross income pursuant to Section 103 of the Code.

(Section 18)

Securities Acts Status

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

(Section 19)

Maintenance of Corporate Existence

The Institution covenants that it will maintain its corporate existence, will continue to operate as a an institution for higher education, will obtain, maintain and keep in full force and effect such governmental approvals, consents, licenses, permits and accreditations as may be necessary for the continued operation of the Institution as an institution for higher education, providing such programs of instruction as it may from time to time determine, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; **provided, however**, that (a) if no Event of Default shall be continuing, then , upon prior written notice to the Authority and the Trustee, the Institution may (a) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into, another organization or corporation which qualifies under Section 501(c)(3) of the Code, or any successor provision of federal income tax law, or (b) permit one or more corporations or any other organization to consolidate with or merge into it, or (c) acquire all or substantially all of the assets of one or more corporations or any other organizations; **provided, further**, that (i) any such sale, transfer, consolidation, merger or acquisition does not in the opinion of counsel satisfactory to the Authority adversely affect the exclusion from federal gross income the interest paid or payable on the Bonds, (ii) the surviving, resulting or transferee corporation, as the case may be, is incorporated under the laws of the State and qualified under Section 501(c)(3) of the Code or any successor provision of federal income tax law, and (iii) the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of and restrictions on the Institution under the Loan Agreement, under the Mortgage, under the Continuing Disclosure Agreement and under the Related Agreements, and furnishes to the Authority (A) a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation shall be in compliance with each of the provisions of the Loan Agreement and of the Related Agreements and shall meet the requirements of the Act, and (B) such other certificates and documents as the Authority and the Trustee may reasonably require to establish compliance with provisions of the Loan Agreement summarized herein.

(Section 20)

Environmental Quality Review and Historic Preservation

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

(Section 21)

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 any 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 and the Mortgaged Property by persons other than the Institution or its students, staff or employees in furtherance of the Institution's corporate purposes, if such use will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(Section 22)

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 the provisions of the Loan Agreement summarized herein 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 23)

Sale of the Project

The Institution covenants that it will not transfer, sell or convey any interest in the Project or any part thereof or interest therein, including development rights, without the prior approval of the Authority, unless (a) in the opinion of Bond Counsel, the same will not adversely affect the exclusion of interest on any Bond from gross income for federal income tax purposes and (b) the Institution pays to the Trustee either for deposit into the Debt Service Fund, or, pursuant provisions of the Resolution summarized in Appendix D under the heading "**Defeasance**," to be set aside or to purchase Defeasance Securities in accordance with the direction of the Authority; an amount equal to the greater of:

Appendix C

(i) the amount, if any, which is sufficient to redeem or provide for payment in accordance with Section 12.01(b) of the Resolution of any Outstanding Bonds required to be redeemed or deemed paid in order to preserve the exclusion of interest on Bonds from gross income for federal income tax purposes; and

(ii) the lesser of (A) the net proceeds of such transfer, sale or conveyance or (B) a percentage of the Outstanding Bonds determined by dividing (1) the principal amount of the Bonds issued to financ

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

(Section 24)

Maintenance, Repair and Replacement

The Institution agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain the Project and any Mortgaged Property in a careful, prudent and economical manner, and keep the same, with the appurtenances and every part and parcel thereof, in good repair, working order and safe condition, reasonable wear and tear expected, and shall from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted. The Institution shall give the Authority not less than fifteen (15) days prior written notice of its intention to make a change or alteration that materially alters the scope or nature of the Project or any Mortgaged Property or a portion thereof. The Institution shall have the right to remove or replace any type of fixtures, furnishings and equipment in the Project or any Mortgaged Property which may have been financed by the proceeds of the sale of the Bonds provided the Institution substitutes for any such removed or replaced fixtures, furnishings and equipment, additional fixtures, furnishings and equipment having equal or greater value and utility than the fixtures, furnishings and equipment so removed or replaced.

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

(Section 25)

Covenant as to Insurance

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

(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 26)

Damage or Condemnation

In the event of a taking of the Project or any Mortgaged Property or any portion thereof by eminent domain or condemnation, or of damage or destruction affecting all or part thereof, any property casualty insurance, condemnation or eminent domain proceeds shall, if in excess of \$250,000 which are not applied to reimburse the Institution for costs incurred to repair or restore the same, be paid to the Trustee for deposit in the Construction Fund. All proceeds derived from an award for such taking or from property casualty insurance shall be applied as follows:

(i) If within one hundred twenty (120) days (or such longer period as the Authority and the Institution may agree) from the receipt by the Authority of actual notice or knowledge of the occurrence, the Institution and the Authority agree in writing that the property or the affected portion thereof shall be repaired, replaced or restored, the Institution shall proceed to repair, replace or restore the same, or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible with such changes and additions as shall be appropriate to the needs of the Institution and approved in writing by the Authority. The funds required for such repair, replacement or restoration shall be paid, subject to such conditions and limitations as the Authority may impose, from the proceeds of insurance, condemnation or eminent domain awards received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the Institution.

(ii) If no agreement for the repair, restoration or replacement of the property or the affected portion thereof shall have been reached by the Authority and the Institution within such period, the proceeds then held by the Institution shall be paid to the Trustee for deposit in the Debt Service Fund and all respective proceeds then held in the Construction Fund shall be transferred to the Debt Service Fund, whereupon such proceeds shall be applied to the purchase or redemption of Outstanding Bonds.

(Section 27)

Taxes and Assessments

The Institution shall pay when due at its own expense, and hold the Authority harmless from, all taxes, assessments, water and sewer charges and other impositions, if any, which may be levied or assessed upon the Project, the Mortgaged Property or any part thereof, and upon all ordinary costs of operating, maintaining, repairing and replacing the Project, the Mortgaged Property and its equipment. The Institution shall file exemption certificates as required by law. The Institution agrees to exhibit to the Authority within ten (10) days after written demand by the Authority, certificates or receipts issued by the appropriate authority showing full payment of all taxes, assessments, water and sewer charges and other impositions; **provided, however**, the good faith contest of such impositions and deposits with the Authority of the full amount such impositions shall be deemed to be complete compliance with the requirements of the Loan Agreement. Notwithstanding the foregoing, the Authority in its sole discretion, after notice in writing to the Institution, may pay any such charges, taxes and assessments if, in the reasonable judgment of the Authority, the Project, the Mortgaged Property or any part thereof would be in substantial danger by reason of the Institution's failure to pay such charges, taxes and assessments of being sold, attached, forfeited, foreclosed, transferred, conveyed, assigned or otherwise subjected to any proceeding, equitable remedy, lien, charge, fee or penalty that would impair: (a) the interests or security of the Authority under the Loan Agreement or under the Resolution or the Mortgage; (b) the ability of the Authority to enforce its rights thereunder; (c) the ability of the Authority to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement or under the Resolution or the Mortgage; or (d) the ability of the Institution to fulfill the terms of any covenants or perform any of its obligations under the Loan Agreement and the Institution agrees to reimburse the Authority for any such payment, with interest thereon from the date payment was made by the Authority at a rate equal to the highest rate of interest payable on any investment held for the Debt Service Fund on the date such payment was made by the Authority.

(Section 28)

Appendix C

Defaults and Remedies

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

(i) the Institution shall (A) default in the timely payment of any amount payable pursuant to the Loan Agreement (other than pursuant to Section 9(a)(xi) or 9(a)(xiii) of the Loan Agreement) or the payment of any other amounts required to be delivered or paid by or on behalf of the Institution in accordance with the Loan Agreement, the Series 2012 Resolutions or with the Resolution, and such default continues for a period in excess of seven (7) days or days or (B) default in the timely payment of any amount payable pursuant to Section 9(a)(xi) or 9(a)(xiii) of the Loan Agreement; 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; provided, however, that, if in the determination of the Authority such default cannot be corrected within such thirty (30) day period but can be corrected by appropriate action, it shall not constitute an Event of Default if corrective action is instituted by the Institution within such period and is diligently pursued until the default is corrected; 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, a Provider 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 be in default under any agreement entered into with the issuer of or in connection with a Liquidity Facility or a Credit Facility (which default has not been waived or cured) if the Institution’s obligations thereunder are secured by a lien upon or pledge on the Pledged Revenues which is equal or prior to the lien created by the Loan Agreement thereon or the pledge thereof made pursuant to the Loan Agreement and, upon such default, (A) the principal of any indebtedness thereunder may be declared to be due and payable or (B) the lien upon or pledge may be foreclosed or realized upon; or

(v) 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

(vi) 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

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

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

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

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

(xi) 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

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

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

(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, to the extent of the assigned Pledged Revenues, take possession of all checks or other orders for payment of money and moneys in the possession of the Institution representing Pledged Revenues or proceeds thereof; (B) notify any account debtors obligated on any Pledged Revenues to make payment directly to the Authority or to the Trustee, as the Authority may direct, and of the amount to be so paid; **provided, however**, that (1) the Authority may, in its discretion, immediately collect the entire amount of interest, principal, or Sinking Fund Installments, if any, coming due on Outstanding Bonds on the next interest payment date therefor, subject to the Parity Pledges, and may continue to do so commencing on each such interest payment date to the extent of amounts due on

Appendix C

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, (A) enter upon the Project and complete the construction thereof in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the Institution, consent to such entry being given by the Institution, (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; and

(vii) to the extent permitted by law, (A) enter upon the Project and complete the construction thereof in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Project, all at the risk, cost and expense of the Institution, consent to such entry being 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 hereunder 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 hereunder of any kind whatsoever shall be paid by the Institution to the Authority upon demand. The Institution hereby 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 hereof; and

(viii) 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 the Mortgaged Property and take possession of any such fixtures, furnishings and equipment; (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 commercially reasonable manner and upon five (5) days prior written notice to the Institution of the time and place of such sale; and

(ix) take any action necessary to enable the Authority to realize on its liens under the Loan Agreement or under the Mortgage or by law, and any other action or proceeding permitted by the terms of the Loan Agreement or by law.

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

At any time before the entry of a final judgment or decree in any suit, action or proceeding instituted on account of any Event of Default or before the completion of the enforcement of any other remedies under the Loan Agreement, the Authority may annul any declaration made pursuant to provisions of the Loan Agreement summarized in paragraph (b) above 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 32)

Investment of Moneys

The Institution acknowledges that the Authority may in its sole discretion direct the investment of certain moneys held under the Resolution and the Series 2012 Resolutions as provided therein and that no representation or warranty has been made by the Authority with respect to interest rates on, or the amount to be earned as a result of, any such investment. Neither the Authority nor the Trustee shall have any liability arising out of or in connection with the making of any investment authorized by the provisions of the Resolution in the manner provided therein, or for any loss, direct or indirect, resulting from any such investment. The Authority agrees that it shall direct the

Appendix C

making of investments as permitted by the Resolution as soon as practicable when moneys are legally available therefor.

(Section 34)

Limitation on Agreements

Except as expressly provided in the Loan Agreement or by the Resolution of the Series 2012 Resolutions the Institution shall not enter into any contracts or agreements or perform any act which may adversely affect any of the assurances, interests or rights of the Authority or the Bondholders hereunder or under the Resolution or the Series 2012 Resolutions.

(Section 36)

Arbitrage; Tax Exemption

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

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, unless, in the opinion of Bond Counsel, taking or failing to take such action or failing to comply with its obligations under such Tax Certificate would not adversely effect the exclusion of interest on the Bonds from gross income for federal tax purposes..

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 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 37)

Limitation on Authority Rights

As long as no Event of Default has occurred and is continuing, and no event has occurred that, with the giving of notice or lapse of time, or both, would constitute an Event of Default, the Authority will not, without the prior written consent of the Institution, (i) change the dates on which an Option Bond is to be tendered for purchase or the period during which a Variable Interest Rate Bond is to bear interest at a particular rate, (ii) convert a Variable Interest Rate Bond to bear interest at a fixed rate to its maturity, (iii) seek the removal or resignation of a

Remarketing Agent or appoint a successor Remarketing Agent, (iv) amend or modify the dates on or Redemption Price at which a Variable Interest Rate Bond after its conversion to bear interest at a fixed rate to the maturity date thereof may be redeemed at the election or direction of the Authority in accordance with Section 4.02 of the Resolution or (v) remarket at a price other than par any Option Bond tendered or deemed to have been tendered for purchase. The Institution may, at any time no Event of Default, or an event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default, has occurred and is continuing, request the Authority to take such action as may be required by the Resolution, the Series 2012 Resolutions or the Bond Series Certificate(s) to change the dates on which Option Bonds are to be tendered for purchase or the period during which Variable Interest Rate Bonds shall bear interest at a particular rate or to convert Variable Interest Rate Bonds to bear interest at a fixed rate to their maturity.

(Section 38)

Certificate as to Representations and Warranties

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

(Section 41)

Further Assurances

The Institution, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as are necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Pledged Revenues and other moneys, securities, funds and security interests by the Loan Agreement or by the Resolution pledged, assigned or granted, or intended so to be, or which the Institution may hereafter become bound to pledge, assign or grant to the Authority pursuant to the Loan Agreement.

(Section 44)

Amendments to Loan Agreement; Credit Facility or Liquidity Facility

(a) The Loan Agreement may be amended only in accordance with the Resolution and the Bond Series Certificate(s) and each amendment shall be made by an instrument in writing signed by the Institution and the Authority, an executed counterpart of which shall be filed with the Trustee.

(b) The Institution agrees that it will consult with the Authority at least six (6) months prior to the mandatory tender date on July 1, 2016 resulting from the end of the initial Term Rate Period (as described in the Bond Series Certificate) with respect to the Institution's plans for such mandatory tender date.

(c) If a Credit Facility or Liquidity Facility shall be required pursuant to and in accordance with the terms of the Bond Series Certificate(s), the Institution covenants to maintain a Credit Facility and a Liquidity Facility with respect to the Bonds pursuant to and in accordance with the requirements set forth in such Bond Series Certificate(s).

(Section 45)

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

Appendix C

provision made for the payment thereof; **provided, however**, that the liabilities and the obligations of the Institution to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to provisions of the Loan Agreement in connection with taxes and assessments or indemnity by the institution or relating to the prompt payment of arbitrage rebate shall nevertheless survive any such termination. Upon such termination, the Authority shall promptly deliver such documents as may be reasonably requested by the Institution to evidence such termination and the discharge of the Institution's duties under the Loan Agreement, including the release or surrender of any security interests granted by the Institution to the Authority pursuant to the Loan Agreement.

(Section 46)

Maintenance Covenants

A. Debt Service Coverage Ratio Covenant

(i) Debt Service Coverage Ratio Requirement. During each Fiscal Year, the Institution covenants to charge and maintain student tuition, fees and other charges and to budget operating expenses sufficient to provide a Debt Service Coverage Ratio of 1.25:1.

(ii) Reporting Requirement. On or prior to each Reporting Date, the Institution shall file with the Authority a certificate of an Authorized Officer of the Institution stating whether at the immediately preceding Testing Date the Debt Service Coverage Ratio requirement is satisfied and setting forth the calculation upon which such statement is based.

(iii) Remedies. (a) If on two consecutive Testing Dates the Institution does not satisfy the Debt Service Coverage Ratio requirement, or (b) if on any Testing Date the Debt Service Coverage Ratio falls below 1:1, the Authority may require the Institution to retain a Management Consultant. Failure to maintain the required Debt Service Coverage Ratio, however, shall not be an Event of Default under the Loan Agreement.

B. Expendable Resources to Debt Ratio Covenant

(i) Expendable Resources to Debt Ratio Requirement. Commencing with the Institution's Fiscal Year ending in 2013, the Institution covenants to have available on each Testing Date Expendable Resources at least equal to: (a) 40% of the Institution's Long-Term Indebtedness in fiscal years 2013 and 2014, (b) 50% of the Institution's Long-Term Indebtedness in fiscal years 2015 and 2016, (c) 60% of the Institution's Long-Term Indebtedness in fiscal years 2017 and 2018 and (d) 75% of the Institution's Long-Term Indebtedness in fiscal years 2019 and beyond.

(ii) Reporting Requirement. On or prior to each Reporting Date, the Institution shall file with the Authority a certificate of an Authorized Officer of the Institution stating whether at the immediately preceding Testing Date the Expendable Resources to Debt Ratio requirement is satisfied and setting forth the calculation upon which such statement is based.

(iii) Remedies. If on any Testing Date the Institution does not satisfy the Expendable Resources to Debt Ratio requirement, the Authority may require the Institution to retain a Management Consultant. Failure to maintain the required Expendable Resources to Debt Ratio, however, shall not be an Event of Default under the Loan Agreement.

(Section 2 of Schedule D)

Management Consultant Call-In

A. If the Authority elects to require the Institution to retain the services of a Management Consultant in accordance with Section 2A(iii) or 2B(iii) of this Schedule D, then the Authority shall, at its election which shall

be exercised in writing within sixty (60) days of notice of the applicable covenant failure, request the Institution to engage, at the Institution's expense, a Management Consultant to review the fees and tuition, operations and management of the Institution and any other matter deemed appropriate by the Authority and to make such recommendations with respect to such fees and tuition, operations, management and other matters as will enable the Institution to comply with such covenants within a reasonable period acceptable to the Authority. The Institution shall engage a Management Consultant within sixty (60) days of such request by the Authority.

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

If the Institution complies in all material respects with the reasonable recommendations of the Management Consultant to the satisfaction of the Authority, the Institution will be deemed to have complied with the covenants contained in Section 2 of this Schedule D for the Institution's Fiscal Year in which the Management Consultant's report is delivered.

(Section 3 of Schedule D)

Additional Indebtedness

Except as otherwise provided below, the Institution will not after the date of execution of the Loan Agreement issue, incur, assume or guarantee any Indebtedness without the prior written consent of the Authority.

A. Long-Term Indebtedness

The Institution may issue, incur, assume or guarantee Long-Term Indebtedness without the consent of the Authority provided that (i) it maintains a debt rating in the "BBB" category without regard for "+" or "-" from at least one Rating Service **and** (ii) (a) such Long-Term Indebtedness issued, assumed or guaranteed in any Fiscal Year is in an amount less than or equal to ten percent (10%) of the amount of its unrestricted and temporarily restricted net assets as reported for the most recently concluded Fiscal Year for which audited financial statements are available **or** (b) the Institution provides to the Authority a certificate of an Authorized Officer of the Institution containing pro forma calculations demonstrating that the maintenance covenants described in Section 2 of this Schedule D would be met for the most recently concluded Fiscal Year for which audited financial statements are available taking into account the additional Long-Term Indebtedness proposed to be issued.

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

Appendix C

the project to be financed with such additional Long-Term Indebtedness is expected to generate additional revenues, such revenues, net of anticipated expenses, may be included in the pro forma calculations of the Debt Service Coverage Ratio provided that such estimations of additional net revenues are deemed reasonable in the sole discretion of the Authority.

B. Refunding Debt

The Institution may issue, incur, assume or guarantee Refunding Debt without the consent of the Authority or compliance with the requirements of paragraph A of this Section 4 provided that, after giving effect to such Refunding Debt, the Annual Debt Service on the Institution's Long-Term Indebtedness to be outstanding thereafter will not be increased in any Fiscal Year as established by a certificate or report to that effect by an Authorized Officer of the Institution delivered to the Authority on or prior to the date such Refunding Debt is issued, incurred, assumed or guaranteed; provided, however, that the Authority's consent will be required if the security interest in the collateral securing such Refunding Debt is proposed to be prior to the security interest in the collateral securing any Authority Indebtedness.

C. Non-Recourse Indebtedness

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

D. Short-Term Indebtedness

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

E. Parity Indebtedness

Notwithstanding anything in the Loan Agreement to the contrary, the Institution shall not incur Parity Indebtedness without having obtained the written consent of the Authority.

(Section 4 of Schedule D)

Exceptions

Notwithstanding the foregoing, the Institution will not be considered to have failed to meet the Debt Service Coverage Ratio requirement in accordance with Section 2A above or the Expendable Resources to Debt Ratio requirement in accordance with Section 2B above if the Institution can demonstrate to the satisfaction of the Authority that such failure was solely due to a change in generally accepted accounting principles applicable to the Institution or to the application to the Institution of generally accepted accounting principles not previously applicable to the Institution.

(Section 5 of Schedule D)

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS

[THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS

The following is a brief summary of certain provisions of the Resolution and the Series 2012 Resolutions (collectively, the “Resolutions”). This summary does not purport to be complete and reference is made to the Resolutions for full and complete statements of such and all provisions. The headings below are not part of the Resolutions but have been added for ease of reference only. Defined terms used herein shall have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

Resolution and Bonds Constitute a Contract

It is the intent of the Resolution to authorize the issuance by the Authority, from time to time, of its Iona College Revenue Bonds in one or more Series, each such Series to be authorized by a separate Series Resolution and, inter alia, to be separately secured from each other Series of Bonds. Each such Series of Bonds shall be separate and apart from any other Series of Bonds authorized by a different Series Resolution and the Holders of Bonds of such Series shall not be entitled to the rights and benefits conferred upon the Holders of Bonds of any other Series of Bonds by the respective Series Resolution authorizing such Series of Bonds. With respect to each Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of a Series authorized to be issued under the Resolution and under a Series Resolution by those who shall hold or own the same from time to time, the Resolution and such Series Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of 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)

Assignment of Certain Rights and Remedies to the Trustee

With respect to each Series of Bonds, as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Outstanding Bonds of such Series and for the performance of each other obligation of the Authority under the Resolution and under a Series Resolution, the Authority may, and upon the happening of an Event of Default under the Resolution, shall, grant, pledge and assign to the Trustee all of the Authority’s estate, right, title, interest and claim in, to and under the applicable Loan Agreement or the applicable Mortgage, together with all rights, powers, security interests, privileges, options and other benefits of the Authority under such Loan Agreement or Mortgage, including, without limitation, the immediate and continuing right to receive, enforce and collect (and to apply the same in accordance with the Resolution) all Revenues, insurance proceeds, sale proceeds and other payments and other security now or hereafter payable to or receivable by the Authority under such Loan Agreement or Mortgage, and the right to make all waivers and agreements in the name and on behalf of the Authority, as Trustee for the benefit of the Holders of a Series of Bonds, and to perform all other necessary and appropriate acts under such Loan Agreement or Mortgage, including but not limited to the right to declare the indebtedness under such Loan Agreement immediately due and payable and to foreclose, sell or otherwise realize upon the applicable Pledged Revenues or the Mortgage, subject to the following conditions, that (i) the Holders of such Bonds, if any, shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions thereof to be performed by the Authority and (ii) unless and until the Trustee is assigned the applicable Loan Agreement and Mortgage, the Trustee shall not be responsible or liable in any manner or to any extent for the performance of any of the covenants or provisions contained in such Loan Agreement and Mortgage to be performed by the Authority (except to the extent of actions undertaken by the Trustee in the course of its performance of any such covenant or provision), (iii) with respect to a Mortgage granted by the Institution to the Authority in connection with a Series of Bonds, any grant, pledge and assignment to the Trustee of the Authority’s estate, right, title, interest and claim, in, to and under such Mortgage shall secure only the payment of the principal and Redemption Price of and interest on the Outstanding Bonds of such Series. Until such election is made, the Authority shall remain liable to observe and perform all the conditions and covenants, in the applicable Loan Agreement and Mortgage provided to be observed and performed by it. Upon

Appendix D

any such grant, pledge or assignment contemplated by the Resolution, the Authority may retain the right to (i) the payment of any fees, costs and expenses of the Authority payable pursuant to the applicable Loan Agreement, (ii) the indemnities provided thereby and payments made pursuant to such indemnities and (iii) the exercise of any right or remedy available under the applicable Loan Agreement or any applicable Mortgage for the enforcement of the obligations of the Institution to which the Authority has retained such right.

Any grant, pledge or assignment made pursuant to these provisions of the Resolution shall be made by instruments in form and substance reasonably satisfactory to the Trustee executed and delivered by the Authority within thirty (30) days after written notice of the Authority's election to make such grant, pledge or assignment.

If an Event of Default under the Resolution has been cured and is no longer continuing, the Trustee, as soon as practicable after the written request of the Authority, shall re-grant and re-assign to the Authority, and release from any pledge made by the Authority pursuant to the Resolution as summarized herein, all of the Authority's estate, right, title, interest and claim in, to and under the Loan Agreement and the Mortgage, together with all rights, powers, security interests, privileges, options and other benefits of the Authority thereunder, theretofore granted, pledged or assigned to the Trustee pursuant to the Resolution. The Trustee shall execute such instruments as the Authority may reasonably require to effect or evidence such re-grant, re-assignment or release.

(Section 1.04)

Authorization and Issuance of Bonds

Additional Obligations; Incurrence of Parity Indebtedness

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

(Section 2.05)

Redemption of Bonds

Authorization of Redemption

Bonds of a Series subject to redemption prior to maturity pursuant to the Resolution or to a Series Resolution or a Bond Series Certificate shall be redeemable, in accordance with the Resolution, at such times, at such Redemption Prices and upon such terms as may otherwise be specified in the Resolution or in the Series Resolution authorizing such Series or the applicable Bond Series Certificate.

(Section 4.01)

Redemption at the Election or Direction of the Authority

In the case of any redemption of Bonds of a Series other than as summarized in the following paragraph, the Authority shall give to the Trustee and each applicable Facility Provider written notice of its election or direction to redeem, of the Series and of the principal amounts of the Bonds of each maturity of such Series and Sub-Series to be redeemed. The Series, Sub-Series, maturities and principal amounts thereof to be redeemed at the election or direction of the Authority shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Resolution or in the Series Resolution authorizing such Series or the applicable Bond Series Certificate. Such notice shall be given to the Trustee and each applicable Facility Provider at least forty-five (45) days prior to the date on which such Bonds are to be redeemed, or such lesser number of days as shall be acceptable to the Trustee. Unless the notice of redemption required by the Resolution provides that the redemption is subject to the condition that moneys for payment of the Redemption Price is available on the

redemption date, such notice shall not be given with respect to Bonds to be redeemed pursuant to provisions of the Resolution summarized herein unless prior to the date such notice is to be given the Authority shall have paid or caused to be paid to the Trustee an amount which, in addition to other amounts available therefor held by the Trustee, is sufficient to redeem, on the redemption dates at the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, all of the Bonds of such Series to be so redeemed.

(Section 4.02)

Redemption Other Than at Authority's Election or Direction

Whenever by the terms of the Resolution the Trustee is required to redeem Bonds of a Series through the application of mandatory Sinking Fund Installments, the Trustee shall select the Bonds of such Series, Sub-Series and maturities to be redeemed in the manner summarized in the following paragraph, give the notice of redemption and pay out of moneys available therefor the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, to the appropriate Paying Agents in accordance with the terms of the Resolution.

(Section 4.03)

Selection of Bonds to Be Redeemed

Unless otherwise provided in the Series Resolution authorizing the issuance of a Series of Bonds or the Bond Series Certificate relating to such Bonds, in the event of redemption of less than all of the Outstanding Bonds of like Series, Sub-Series, maturity and tenor, the Trustee shall assign to each Outstanding Bond of the Series, Sub-Series, maturity and tenor to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw such Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as provided in provisions of the Resolution summarized herein) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; **provided, however**, that only so much of the principal amount of each such Bond of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued shall be redeemed as shall equal the lowest denomination in which the Bonds of such Series are authorized to be issued for each number assigned to it and so selected.

For purposes of the Resolution as summarized herein, the lowest denomination in which a Capital Appreciation Bond is authorized to be issued shall be the lowest Accreted Value authorized to be due at maturity on such Bonds and the lowest denomination in which a Deferred Income Bond is authorized to be issued shall be the lowest Appreciated Value on the Interest Commencement Date authorized for such Bonds.

(Section 4.04)

Notice of Redemption

Whenever Bonds of a Series are to be redeemed, the Trustee shall give notice of the redemption of such Bonds in the name of the Authority which notice shall specify: (i) the Bonds to be redeemed which shall be identified by the designation of the Bonds given in accordance with the Resolution, the maturity dates and interest rates of the Bonds to be redeemed and the date such Bonds were issued; (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the

Appendix D

Redemption Price; (v) of each such Bond, the principal amount thereof to be redeemed; (vi) the date of publication, if any, of the notice of redemption; (vii) that such Bonds will be redeemed at the principal corporate trust office of the Trustee giving the address thereof and the name and telephone number of a representative of the Trustee to whom inquiries may be directed; (viii) that no representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on such Bond or as contained in such notice shall not affect the validity of the proceedings for redemption; and (ix) if the Authority's obligation to redeem the Bonds is subject to one or more conditions, a statement to that effect that describes the conditions to such redemption.

Any notice of redemption, other than a notice for special or extraordinary redemption provided for in a Series Resolution or Bond Series Certificate, may state that the redemption is conditioned upon receipt by the Trustee, on or prior to the redemption date, of moneys sufficient to pay the Redemption Price of the Bonds to be redeemed, and that if such moneys are not received such notice shall be of no force or effect and such Bonds shall not be required to be redeemed.

Such notice shall further state that on such date there shall become due and payable upon each Bond of a Series to be redeemed the Redemption Price thereof, together with interest accrued and unpaid thereon to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue. Such notice shall be given by mailing a copy of such notice not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date or, in the case of Variable Interest Rate Bonds or Option Bonds, such shorter period as shall be established by the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, but in no event less than fifteen (15) days prior to the redemption date. Such notice shall be sent by first class mail, postage prepaid, to the registered owners of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice the Trustee shall promptly certify to the Authority that it has mailed or caused to be mailed such notice to the Holders of the Bonds to be redeemed in the manner provided in the Resolution. Such certificate shall be conclusive evidence that such notice was given in the manner required by the Resolution. The failure of any Holder of a Bond of a Series to be redeemed to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds. If directed in writing by an Authorized Officer of the Authority, the Trustee shall also give such notice by publication thereof once in an Authorized Newspaper, such publication to be not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date or, in the case of Variable Interest Rate Bonds or Option Bonds, such shorter period as shall be established by the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, but in no event less than fifteen (15) days prior to the redemption date; **provided, however**, that such publication shall not be a condition precedent to such redemption, and failure to so publish any such notice or a defect in such notice or in the publication thereof shall not affect the validity of the proceedings for the redemption of the Bonds.

In addition, unless otherwise provided for in a Series Resolution with respect to a Series of Bonds, the Trustee shall (i) if any of the Bonds to be redeemed are Book Entry Bonds, mail a copy of the notice of redemption to the Depository for such Book Entry Bonds not less than thirty-five (35) days prior to the redemption date, but, if notice of redemption is to be published as aforesaid, in no event later than five (5) Business Days prior to the date of publication, and (ii) mail a copy of the notice of redemption to Kenny Information Systems Notification Service and to Standard & Poor's Called Bond Record, in each case at the most recent address therefor. Such copies shall be sent by certified mail, return receipt requested, but mailing such copies shall not be a condition precedent to such redemption and failure to so mail or of a person to which such copies were mailed to receive such copy shall not affect the validity of the proceedings for the redemption of the Bonds.

(Section 4.05)

Payment of Redeemed Bonds

Notice having been given by mail in the manner provided in the Resolution, the Bonds of a Series or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender of such Bonds, other than Book Entry Bonds of like Series, Sub-Series, maturity and tenor to be redeemed in part, at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner,

together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. Payment of the Redemption Price shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be redeemed, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has, at the time such Bond is surrendered to the Trustee, directed in writing the Trustee to wire such Redemption Price. If there shall be drawn for redemption less than all of the principal amount of a registered Bond of a Series, the Authority shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of such registered Bond so surrendered, Bonds of like Series, Sub-Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all Bonds of a Series or portions thereof of any like Series, Sub-Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date, interest on such Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds shall no longer be considered to be Outstanding under the Resolution. If such moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(Section 4.06)

Purchase of Purchased Bonds

Whenever Bonds are to be purchased at the election of the Institution, written notice thereof and of the Bonds of the Series and maturity to be so purchased having been given by the Institution to the Authority, the Trustee, and each applicable Facility Provider, the Trustee shall select the particular Bonds of such Series and maturity to be so purchased in the same manner as provided in the Resolution for the selection of Bonds to be redeemed in part. Promptly thereafter the Trustee shall give notice of the purchase of the Bonds at the times and in the manner provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate related thereto. The Trustee shall not give such notice unless prior to the date such notice is given, the Institution has caused to be delivered to the Trustee the written consent to such purchase of the Authority. All such purchases may be subject to conditions to the Institution's obligation to purchase such Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required by the Series Resolution authorizing the Bonds to be so purchased or the Bond Series Certificate relating thereto, then, if sufficient money to pay the purchase price of such Bonds is held by the Trustee, the purchase price of the Bonds or portions thereof so called for purchase shall become due and payable on the date set for purchase, upon presentation and surrender of such Bonds (other than Book Entry Bonds) to be purchased at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney. Payment of the purchase price of other than Book Entry Bonds shall be made, upon the request of the registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds to be so purchased, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has prior to the purchase date directed in writing the Trustee to wire such purchase price. Bonds so purchased shall be considered to be Outstanding and each such Bond so purchased that is not a Book Entry Bond shall be registered in the name or at the direction of the Institution.

(Section 4.07)

Pledge of Revenues; Funds and Accounts; Revenues and Application Thereof

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 pursuant to the Resolution, subject to the adoption of a Series Resolution, pledged and assigned by the Resolution to the Trustee as security for the payment

Appendix D

of the principal and Redemption Price of and interest on such Series of Bonds, all in accordance with the provisions of the Resolution and thereof. The pledge made by the Resolution shall relate only to the Bonds of a Series authorized by such Series Resolution and no other Series of Bonds and such pledge shall not secure any such other Series of Bonds. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of a Series of Bonds, the applicable Revenues, the Authority's security interest in the applicable Pledged Revenues 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 as provided in the Resolution, which pledge shall constitute a first lien thereon, subject only to the applicable Prior Pledge(s).

(Section 5.01)

Establishment of Funds and Accounts

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

Construction Fund;

Debt Service Fund;

Debt Service Reserve Fund; and

Arbitrage Rebate Fund.

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 the proceeds derived from the remarketing of Option Bonds tendered or deemed to have been tendered for purchase in accordance with the Series Resolution authorizing the issuance of such Bonds or the Bond Series Certificate relating to such Bonds or derived from a Liquidity Facility relating to such Bonds, and any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of Bonds other than such Option Bonds and are pledged by the Resolution for the payment of the purchase price or Redemption Price of such Option Bonds; provided further, that any Debt Service Reserve Fund established by or pursuant to a Series Resolution, the amounts held therein and amounts derived from any Reserve Fund Facility related thereto, shall not be held in trust for the benefit of the Holders of Bonds other than the Bonds of the Series secured thereby as provided in such Series Resolution and are pledged solely thereto and no Holder of the Bonds of any other Series shall have any right or interest therein.

(Section 5.02)

Application of Moneys in the Construction Fund

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

Authority pursuant to provisions of the Resolution summarized under the heading “**Deposit of Certain Moneys in the Construction Fund**” below. The Trustee shall also deposit in the Construction Fund all amounts paid to it by the Institution which by the terms of the 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, substantiated by a certificate filed with the Authority in accordance with a Loan Agreement naming the Project in connection with which payment is to be made and describing in reasonable detail the purpose for which 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 Resolution, any balance remaining.

(Section 5.04)

Appendix D

Deposit of Revenues and Allocation Thereof

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

First: To the Debt Service Fund (i) in the case of Revenues received during the period from the beginning of each Bond Year until December 31 thereof, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on Outstanding Bonds of a Series payable on or prior to the next succeeding January 1, including the interest estimated by the Authority to be payable on any Variable Interest Rate Bond of a Series on and prior to the next succeeding January 1, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum, (b) the Sinking Fund Installments of Outstanding Option Bonds of a Series and Variable Interest Rate Bonds of a Series payable on or prior to the next succeeding January 1 and (c) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption pursuant to the provisions of the Resolution summarized under the heading section entitled “**Debt Service Fund**” in this Appendix D, plus accrued interest thereon to the date of purchase or redemption; and (ii) in the case of Revenues received thereafter and until the end of such Bond Year, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on and the principal and Sinking Fund Installments of Outstanding Bonds of a Series payable on and prior to the next succeeding July 1, including the interest estimated by the Authority to be payable on any Variable Interest Rate Bond on and prior to the next succeeding July 1, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum and (b) the purchase price or Redemption Price of Outstanding Bonds of a Series theretofore contracted to be purchased or called for redemption pursuant to the provisions of the Resolution summarized under the heading section entitled “**Debt Service Fund**” in this Appendix D, 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 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 hereby, (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 Loan Agreement or any Mortgage in accordance with the terms thereof, and (iii) any fees of the Authority; but only upon receipt by the Trustee of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph 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 the provisions of the Resolution summarized herein shall be irrevocably pledged to and applied to such payments.

(b) In the event that on the fourth Business Day preceding any interest payment date the amount in the Debt Service Fund shall be less than the amounts, respectively, required for payment of interest on the Outstanding Bonds, for the payment of principal of such Outstanding Bonds of a Series, for the payment of Sinking Fund Installments of such Outstanding Bonds due and payable on such interest payment date or for the payment of the purchase price or Redemption Price of such Outstanding Bonds theretofore contracted

(c) Notwithstanding the provisions of the Resolution summarized in 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 a 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.

(d) 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, assuming that a Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum, and the purchase price or Redemption Price of Outstanding Bonds of a Series theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to the purchase of Outstanding Bonds of a Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of the Authority shall direct. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Debt Service Fund, such moneys shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority given pursuant to the Resolution to the redemption of Bonds of a Series as provided in the redemption provisions of the Resolution, at the Redemption

Appendix D

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)

Debt Service Reserve Fund

(a) (1) The Trustee shall deposit to the credit of the Debt Service Reserve Fund such proceeds of the sale of Bonds of a Series, if any, as shall be prescribed in the applicable Series Resolution or the applicable Bond Series Certificate, and any Revenues, moneys, Government Obligations and Exempt Obligations as, by the provisions of the Loan Agreement are delivered to the Trustee by the Institution for the purposes of the Debt Service Reserve Fund.

(2) In lieu of or in substitution for moneys, Government Obligations or Exempt Obligations, the Authority may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of the Holders of the Bonds of a Series for all or any part of the Debt Service Reserve Fund Requirement.

(b) Moneys held for the credit of the Debt Service Reserve Fund shall be withdrawn by the Trustee and deposited to the credit of the Debt Service Fund at the times and in the amounts required to comply with the provisions of the Resolution; provided that no payment under a Reserve Fund Facility shall be sought unless and until moneys are not available in the applicable Debt Service Reserve Fund and the amount required to be withdrawn from the Debt Service Reserve Fund cannot be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; provided further, that, if more than one Reserve Fund Facility is held for the credit of the Debt Service Reserve Fund at the time moneys are to be withdrawn therefrom, the Trustee shall obtain payment under each such Reserve Fund Facility, pro rata, based upon the respective amounts then available to be paid under the Resolution. The Trustee shall provide notification as set forth in the Resolution of any withdrawal of moneys from the Debt Service Reserve Fund or payment of a Reserve Fund Facility immediately upon such withdrawal or payment.

With respect to any demand for payment under any Reserve Fund Facility deposited in the Debt Service Reserve Fund, the Trustee shall make such demand for payment in accordance with the terms of such Reserve Fund Facility at the earliest time provided in the Resolution to assure the availability of moneys on the interest payment date for which such moneys are required.

(c) (1) Moneys and investments held for the credit of the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement, upon direction of an Authorized Officer of the Authority, shall be withdrawn by the Trustee and (i) deposited in the Arbitrage Rebate Fund, Debt Service Fund or Construction Fund, (ii) paid to the Institution or (iii) applied by the Authority to pay the principal or Redemption Price of and interest on bonds of the Authority issued in connection with the Institution pursuant to resolutions other than the Resolution, in accordance with such direction; **provided, however**, that no such amount shall be withdrawn and deposited, paid or applied unless in the opinion of Bond Counsel such deposit, payment or application will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes.

(2) Notwithstanding the provisions of the Resolution, if, upon a Bond of a Series having been deemed to have been paid in accordance with the defeasance provisions of the Resolution or redeemed prior to maturity from the proceeds of Bonds, bonds, notes or other obligations issued for such purpose, the moneys and investments held for the credit of the Debt Service Reserve Fund will exceed the Debt Service Reserve Fund Requirement, then the Trustee shall, simultaneously with such redemption or a deposit made in accordance with the defeasance provisions of the Resolution, withdraw all or any portion of such excess from the Debt Service Reserve Fund upon the direction of an Authorized Officer of the Authority and either (i) apply such amount to the payment of the principal or Redemption Price of and interest on such Bond in accordance with the irrevocable instructions of the Authority, or (ii) either (x) fund any reserve for the payment of the principal and sinking fund installments of or interest on the bonds, notes or other obligations, if any, issued to provide for payment of such Bond if, in the opinion of Bond Counsel, application of such moneys to the use authorized in provisions summarized in this clause (x) will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes, (y) pay such amount to the Authority for deposit to the Construction Fund if, in the opinion of Bond Counsel,

application of such moneys to the payment of Costs of the Project will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes, or (z) apply such amount to such other purpose as may be approved in writing by the Authority if, in the opinion of Bond Counsel, application of such amount to such purpose will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes; provided that after such withdrawal the amount remaining in the Debt Service Reserve Fund shall not be less than the Debt Service Reserve Fund Requirement.

(d) Subject to the limitation described in the definition of Debt Service Reserve Fund Requirement, if upon a valuation, the moneys, investments and Reserve Fund Facilities held for the credit of the Debt Service Reserve Fund are less than the applicable Debt Service Reserve Fund Requirement, the Trustee shall immediately notify the Authority and the Institution of such deficiency and the Institution shall, as soon as practicable, but in no event later than fifteen (15) days after receipt of such notice, deliver to the Trustee moneys, Government Obligations, Exempt Obligations or Reserve Fund Facilities the value of which is sufficient to increase the amount in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. If the Institution has not made timely payment, the Trustee shall immediately notify the Authority of such non-payment.

(Section 5.07)

Arbitrage Rebate Fund

The Trustee shall deposit to the Arbitrage Rebate Fund any moneys delivered to it by the Institution for deposit therein and, notwithstanding any other provisions of 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 5.08)

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 defeasance provisions of the Resolution for the payment of such Outstanding Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the

Appendix D

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 redemption provisions of the Resolution, or (ii) give the Trustee irrevocable

instructions in accordance with the defeasance provisions 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 5.09)

Transfer of Investments

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

(Section 5.10)

Security for Deposits and Investment of Funds

Security for Deposits

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

(Section 6.01)

Investment of Funds and Accounts

(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 summarized in paragraph (a) above, the Trustee shall, to the extent permitted by law, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority, invest money in the Construction Fund 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 of the Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

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

(e) Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee shall, sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in provisions of the Resolution summarized herein. 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 summarized in paragraphs (a), (b) and (c) above. 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)

Particular Covenants

Payment of Principal and Interest

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

(Section 7.01)

Further Assurance

The Authority, at any and all times, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, pledges and assignments by the Resolution and by the Series Resolution created or made or intended to be created or made, or which the Authority may hereafter become bound to pledge or assign.

(Section 7.04)

Appendix D

Accounts and Audits

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the Institution, the Trustee or of any Holder of a Bond or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, to each Facility Provider and to the Institution. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Resolution and of each Series Resolution; a statement of the Revenues collected in connection with the Resolution and with each Series Resolution; and complete and correct entries of the Authority's transactions relating to each Series of Bonds. A copy of such report shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book Entry Bond requesting the same.

(Section 7.05)

Creation of Liens

Except as permitted by the Resolution 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 (i) issuing bonds, notes or other obligations under another and separate resolution or otherwise incur indebtedness 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 (ii) incurring obligations with respect to a Credit Facility or a Liquidity Facility which are secured by a lien upon and pledge of the applicable Revenues and the Authority's security interest in the applicable Pledged Revenues of equal priority with the lien created and the pledge made by the Resolution and by the applicable Series Resolution.

(Section 7.06)

Enforcement of Duties and Obligations of the Institution

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

(Section 7.07)

Deposit of Certain Moneys in the Construction Fund

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

(Section 7.08)

Offices for Payment and Registration of Bonds

The Authority shall at all times maintain an office or agency in the State where Bonds of a Series may be presented for payment. The Authority may, pursuant to a Supplemental Resolution or a Series Resolution or pursuant to a resolution adopted in accordance with the Resolution, designate an additional Paying Agent or Paying Agents where Bonds of a Series authorized thereby or referred to therein may be presented for payment. The Authority shall at all times maintain an office or agency in the State where Bonds of a Series may be presented for registration, transfer or exchange and the Trustee is appointed as its agent to maintain such office or agency for the registration, transfer or exchange of such Bonds. The provisions of the Resolution summarized in this paragraph shall be subject to the provisions of the Resolution relating to place and medium of payment.

(Section 7.09)

Amendment of Loan Agreement

A Loan Agreement may not be amended, changed, modified, altered or terminated nor may any provision thereof be waived if any such amendment, change, modification, alteration, termination or waiver would adversely affect the interest of the Holders of Outstanding Bonds of the applicable Series in any material respect unless consented to in writing by the Holders of at least a majority in aggregate principal amount of the Bonds of such Series then Outstanding; provided, however, that no such amendment, change, modification, alteration, or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds of a Series the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the Institution under the Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Any consent given pursuant to the paragraph summarized herein by the Holders of Bonds shall, except as otherwise provided in the paragraph summarized herein, be given in the same manner required by the portion of the Resolution addressing amendments of the Resolution.

A Loan Agreement may be amended, changed, modified or altered (i) to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of any facilities constituting a part of any Project or to otherwise amend the Project or (ii) with the consent of the Trustee, to cure any ambiguity, or to correct or supplement any provisions contained in the Loan Agreement which may be defective or inconsistent with any other provisions contained in the Resolution or in the Loan Agreement. Except as otherwise provided in the paragraph summarized herein, the Loan Agreement may be amended, changed, modified or altered without the consent of the Holders of Outstanding Bonds or the Trustee. Prior to execution by the Authority of any amendment, a copy thereof certified by an Authorized Officer of the Authority shall be filed with the Trustee.

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

In addition, the Holder of an Outstanding Auction Rate Bond of a Series shall be deemed to have consented to an amendment, change, modification, alteration or termination permitted by this Section if (i) the Trustee has mailed notice of such proposed amendment to the Holder of such Bonds in the same manner required by the portion of the Resolution addressing amendments of the Resolution for an amendment to the Resolution, (ii) on the first Auction Date for such Bond occurring at least twenty (20) days after the date on which the aforementioned notice is given by the Trustee the interest rate determined on such date is the Winning Bid Rate and (iii) there is delivered to the Authority and the Trustee an opinion of Bond Counsel to the effect that such amendment shall not adversely affect the validity of such Auction Rate Bond or any exemption from federal income tax to which the interest on

Appendix D

such Auction Rate Bond would otherwise be entitled. The following terms shall have the respective meanings: “Auction Rate Bond” means a Variable Interest Rate Bond of a Series that is not an Option Bond, and that bears interest at rates determined by periodic auctions in accordance with procedures therefore established by the Series Resolution authorizing such Bond or the Bond Series Certificate related thereto; “Auction Date” means, with respect to particular any Auction Rate Bond, the date on which an auction is held or required to be held for such Bond in accordance with the procedures established therefore; and “Winning Bid Rate” when used with respect to an auction held for any particular Auction Rate Bond, shall have the meaning given to such term in the Series Resolution authorizing such Auction Rate Bond or the Bond Series Certificate related thereto, or, if not otherwise defined, means the lowest rate specified in any purchase bid submitted in such auction, which, if selected, would cause the aggregate principal amount of Auction Bonds offered to be sold in such auction to be subject to purchase bids at rates no greater than the rate specified in such purchase bid.

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

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

(Section 7.11)

Notice as to Event of Default under Loan Agreement

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

(Section 7.12)

Issuance of Obligations under Previous Resolutions

The Authority so long as Bonds are Outstanding shall not issue additional bonds or notes pursuant to its Master Insured Revenue Bond Resolution, adopted October 25, 1989 and supplemented on February 28, 1990 and on May 15, 1991, or its “Iona College Insured Revenue Bond Resolution, Series 2002” adopted April 24, 2002.

(Section 7.13)

Series Resolutions and Supplemental Resolutions

Modification and Amendment without Consent

Notwithstanding any other provisions of the Resolution, the Authority may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority:

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

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

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

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

(g) To modify or amend a Project; or

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

(Section 9.01)

Supplemental Resolutions Effective With Consent

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)

General Provisions Relating to Series Resolutions and Supplemental Resolutions

The Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of the Resolution. Nothing contained in the Resolution shall affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Resolution summarized under the heading “**Further Assurance**” above or the right or obligation

Appendix D

of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere provided or permitted in the Resolution to be delivered to the Trustee or any Paying Agent.

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

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

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent or of a Facility Provider shall become effective without the written consent of the Trustee, Paying Agent or Facility Provider affected thereby.

(Section 9.03)

Amendments of Resolution

Powers of Amendment

Any modification or amendment of the Resolution or of any Series Resolution that modifies or amends the rights and obligations of the Authority and of the Holders of a Series of Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution and summarized in the following paragraph, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding of such Series at the time such consent is given or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond of a Series or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds of a Series the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of the provisions of the Resolution summarized in this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of a particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds of such Series. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution. The Trustee shall transmit a copy of such Supplemental Resolution to the Institution upon its becoming effective.

(Section 10.01)

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution summarized in the preceding paragraph to take effect when and as provided in the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto

in form approved by the Trustee) together with a request to the Holders of a Series of Bonds affected thereby for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to such Bondholders (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds of a Series specified in provisions of the Resolution summarized in the preceding paragraph and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution as provided below. Each such consent shall be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds of a Series with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive proof that the consents have been given by the Holders of the Bonds of a Series described in the certificate or certificates of the Trustee. Any consent given by the Holder of a Bond of a Series shall be binding upon such Bondholder giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bond and of any Bond issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by such Bondholder giving such consent or a subsequent Holder of such Bond by filing with the Trustee, prior to the time when the written statement of the Trustee provided for in the Resolution is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds of a Series shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds of each Series and will be effective as provided in the Resolution, shall be given to such Bondholders by the Trustee at the direction of the Authority by mailing such notice to such Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of such Bonds of a Series shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee provided for in the Resolution is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in the Resolution). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted by the Resolution to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent and the Holders of such Series of Bonds upon the filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; **provided, however**, that the Authority, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

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

(Section 10.02)

Appendix D

Modifications by Unanimous Consent

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

(Section 10.03)

Consent of Facility Provider

Whenever by the terms of the Resolution the consent of any of the Holders of the Bonds of a Series to a modification or amendment of the Resolution made by a Series Resolution or Supplemental Resolution is required, such modification or amendment shall not become effective until the written consent of each applicable Facility Provider has been obtained. No modification or amendment of the Resolution which adversely affects a Facility Provider shall be made without the written consent thereto of the Facility Provider affected thereby. Notice of the adoption of any such Series Resolution or Supplemental Resolution and of the effectiveness of the modification or amendment made thereby shall be given to each applicable Facility Provider by mail at the times and in the manner provided herein with respect to notices thereof required to be given to the Holders of the Bonds of a Series. Notice thereof shall also be given to each Rating Service as soon as practical after adoption of such Series Resolution or Supplemental Resolution and of the effectiveness thereof.

(Section 10.07)

Defaults and Remedies

Events of Default

An event of default shall exist under the Resolution and under a Series Resolution (referred to in the Resolution as an "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 Loan Agreement, arising out of or resulting from the failure of the Institution to comply with the requirements of the Loan Agreement shall have occurred and is continuing and all sums payable by the Institution under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any Event of Default specified in the Resolution, other than an Event of Default specified in provisions of the Resolution summarized in paragraph (c) under the heading “**Events of Default**” above, 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 under the Resolution) 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 under the Resolution) 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 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 or any Paying Agent) to protect and enforce its rights and the rights of the Bondholders under the Resolution or under the applicable Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or under 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

Appendix D

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)

Limitation of Rights of Individual Bondholders

No Holder of any of the Bonds of a Series shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution, or for any other remedy under the Resolution unless such Holder 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 by the Resolution 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

Defeasance

(a) If the Authority shall pay or cause to be paid to the Holders of Bonds of a Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution, and in the applicable Series Resolution and Bond Series Certificate, then the pledge of the Revenues or other 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 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 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 the Resolution. 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 provisions of the Resolution summarized in the preceding paragraph (a) 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 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 the Resolution 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 the Resolution. The Trustee shall select which Bonds of such Series, Sub-Series and maturity payment of which shall be made in accordance with the Resolution in the manner provided in the Resolution. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to the provisions of the Resolution summarized in 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 of the Resolution, 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 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 Loan Agreement.

Appendix D

(c) For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b), the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; **provided, however**, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b), the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each 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 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 Loan Agreement.

(d) Option Bonds shall be deemed to have been paid in accordance with provisions of the Resolution summarized in clause (ii) of the second sentence of the preceding paragraph (b) only if, in addition to satisfying the requirements of clauses (i) and (iii) of such sentence, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; **provided, however**, that if, at the time a deposit is made with the Trustee pursuant to provisions of the Resolution summarized in the preceding paragraph (b), the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph (d). If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each 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 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 Loan Agreement.

(e) 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)

Provider Provisions

Credit Facility Provider as Holder

If provided in or authorized by the Series Resolution authorizing the issuance of a Series of Bonds, the Authority may provide for the rights of a Facility Provider of a Credit Facility in connection with Bonds of such Series, which rights may include that, whenever by the terms of the Resolution the Holders of any percentage in principal amount of Outstanding Bonds may exercise any right or power, consent to any amendment, change, modification or waiver, or request or direct the Trustee to take an action, such Facility Provider may be deemed to be the Holder of such Bonds.

(Section 14.08)

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

FORM OF LEGAL OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]

FORM OF APPROVING OPINION OF CO-BOND COUNSEL

Upon delivery of the Series 2012 Bonds, Hodgson Russ LLP, Albany, New York and Golden Holley James, LLP, New York, New York, Co-Bond Counsel to the Authority, propose to issue their approving opinion as to the Series 2012 Bonds in substantially the following form:

August 1, 2012

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

Re: \$29,560,000 Dormitory Authority of the State of New York
Iona College Revenue Bonds, Series 2012

Ladies and Gentlemen:

We have acted as bond counsel to the Dormitory Authority of the State of New York (the "Authority") in connection with the issuance of \$29,560,000 aggregate principal amount of its above-referenced bonds (the "Series 2012 Bonds"), issued pursuant to the provisions of (a) the Dormitory Authority Act, as amended, constituting Chapter 524 of the Laws of 1944 of New York, being Title 4 of Article 8 of the New York Public Authorities Law, as amended to the date hereof, including, without limitation, by the Healthcare Financing Consolidation Act, being Title 4-B of the New York Public Authorities Law, as amended to the date hereof (the "Act"), (b) the Authority's Iona College Revenue Bond Resolution, adopted May 23, 2012, as amended and supplemented (the "Resolution"), (c) the Authority's Series Resolution Authorizing Up To \$42,000,000 Iona College Revenue Bonds, Series 2012A, adopted May 23, 2012 (the "Series 2012A Resolution"), (d) the Bond Series Certificate relating to the Series 2012A Bonds executed and delivered concurrently with the issuance of the Series 2012A Bonds in the amount of \$22,825,000 (the "2012A Bond Series Certificate"), (e) the Authority's Series Resolution Authorizing Up To \$42,000,000 Iona College Revenue Bonds, Series 2012B, adopted May 23, 2012 (the "Series 2012B Resolution" and together with the Series 2012A Resolution, the "Series 2012 Resolution") and (f) the Bond Series Certificate relating to the Series 2012B Bonds executed and delivered concurrently with the issuance of the Series 2012B Bonds in the amount of \$6,735,000 (the "2012B Bond Series Certificate" and together with the 2012A Bond Series Certificate, the "2012 Bond Series Certificate"). The Resolution, the Series 2012 Resolution and the 2012 Bond Series Certificate are herein collectively referred to as the "Resolutions." Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

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

The Authority has entered into a Loan Agreement dated May 23, 2012 (the "Loan Agreement") with Iona College, pursuant to which, among other things, the Authority will make the proceeds of the

Series 2012 Bonds available to Iona College for the purposes permitted thereby and by the Resolutions. Pursuant to the Loan Agreement, Iona College is required to make payments sufficient to pay the principal, sinking fund installments and redemption price of and interest on the Series 2012 Bonds as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the owners of the Series 2012 Bonds.

The Series 2012 Bonds are secured by, among other things, funds and accounts held under the Resolutions and a pledge by Iona College of tuition payments as described in the Loan Agreement.

Interest on the Series 2012 Bonds is to be paid semiannually on January 1 and July 1 of each year, commencing on January 1, 2013. The Series 2012 Bonds are to mature on the dates and in the years and amounts set forth in the 2012 Bond Series Certificate.

The Series 2012 Bonds are to be issued in fully registered form in denominations of \$5,000 at maturity or any integral multiple thereof. The Series 2012 Bonds are payable, subject to redemption prior to maturity, exchangeable, transferable and secured upon such terms and conditions as are contained in the Resolutions.

In such connection, we have reviewed the Resolutions, the Loan Agreement, a Tax Certificate and Agreement dated as of the date hereof (the "Tax Certificate and Agreement") between the Authority and Iona College, opinions of counsel to the Authority, the Trustee and Iona College, certificates of the Authority, the Trustee, Iona College and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Series 2012 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and certificates, and of the legal conclusions contained in the opinions, referred to above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Agreement, the Loan Agreement and the Tax Certificate and Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2012 Bonds to be included in gross income for federal income tax purposes. Under the Code, noncompliance with such covenants and agreements may cause interest on the Series 2012 Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Series 2012 Bonds, irrespective of the date on which such noncompliance occurs or is ascertained.

Any opinion concerning the validity, binding effect or enforceability of any document (A) means that (1) such document constitutes an effective contract under applicable law, (2) such document is not invalid in its entirety under applicable law because of a specific statutory prohibition or public policy and is not subject in its entirety to a contractual defense under applicable law and (3) subject to the following

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

The Authority has covenanted in the Series 2012 Resolution and Iona College has covenanted in the Loan Agreement to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code") in order to maintain the exclusion of the interest on the Series 2012 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and Iona College have made certain representations and certifications in their respective tax agreements relating to the Series 2012 Bonds. Bond Counsel will not independently verify the accuracy of those representations and certifications. The opinions set forth in paragraphs 6 [and] 7 [and 8] below assume, among other matters, the accuracy of certain representations and certifications made by the Authority and Iona College described above and compliance with the aforementioned covenants and the requirements of the Code that must be satisfied subsequent to the issuance of the Series 2012 Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes, including covenants and requirements regarding use, expenditure of proceeds and timely payment of certain investment earnings to the United States Treasury. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2012 Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2012 Bonds.

Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2012 Bonds and express no opinion with respect thereto.

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

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

2. The Series 2012 Bonds have been duly and validly authorized to be issued and constitute the valid and binding special obligations of the Authority enforceable in accordance with their terms and the terms of the Resolutions, will be payable solely from the sources provided therefor in the Resolutions, and will be entitled to the benefit of the Resolutions and the Act.

3. The Resolutions are in full force and effect, have been duly adopted by, and constitute the valid and binding obligations of the Authority. The Resolutions create a valid pledge, to secure the payment of the principal of and interest on the Series 2012 Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Series 2012 Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions (except the Arbitrage Rebate Fund), subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

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

5. The Series 2012 Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of New York or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2012 Bonds. The Series 2012 Bonds are not a debt of the State of New York, and said State is not liable for the payment thereof.

6. Under existing law, interest on the Series 2012 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Series 2012 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes; provided, however, that such interest is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations and the branch profits tax imposed on foreign corporations doing business in the United States.

7. Interest on the Series 2012 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York).

8. "Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2012 Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity (in general, the "issue price" of a maturity means the first price at which a substantial amount of those Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers)). For any Series 2012 Bonds having OID (a "Discount Bond"), OID that is properly allocable to the owners of the Discount Bonds is excluded from gross income for federal income tax purposes to the same extent as other interest on the Series 2012 Bonds. In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on a periodic compounding of interest over prescribed accrual periods at least annually, using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond.

Except as stated in paragraphs 6, 7 and 8 above, we express no opinion regarding any Federal, state or local tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2012 Bonds. Further, we express no opinion as to any Federal, state or local tax law consequences with respect to the Series 2012 Bonds, or the interest thereon, if any action is taken with respect to the Series 2012 Bonds or the proceeds thereof upon the advice or approval of other counsel.

Very truly yours,

